



**COGNE ACCIAI SPECIALI SPA**

**Interim financial statements as at 30 June 2023**



---

## INFORMAZIONI GENERALI

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  
Yu-Lon Chiao

Vice Chairman  
Eugenio Marzorati

Managing Director  
Massimiliano Burelli

General Manager - Delegated Board Member  
Monica Pirovano

Directors  
Roberto Marzorati  
Hsin-Yi Ho  
Chi-Sheng Niu  
Justin Wei-Shiong Wong  
Motoo Ono

### BOARD OF STATUTORY AUDITORS

Chairwoman  
Mara Vanzetta

Statutory auditors  
Paola Barazzetta  
Aldo Valsecchi

Alternate statutory auditors  
Franco Boga  
Roberto Piatti

### SUPERVISORY BODY

Chairman  
Paolo Gallarati

Members  
Dott. Aldo Valsecchi  
Avv. Roberto Fiore

### AUDITING FIRM

EY S.p.A.



## **COGNE ACCIAI SPECIALI SPA**

**Interim financial statements as at 30 June 2023**



## Management Report - Table of contents

1. Profile .....	5
2. The Group .....	6
3. Key Financial Statements data .....	8
4. The economic scenario .....	8
5. Significant Events During the Period .....	12
6. Comment on the results .....	13
7. Analysis of financial ratios .....	17
8. Analysis of non-financial ratios .....	17
9. Business outlook and going concern assumption .....	18
10. Investments .....	18
11. Human Resources .....	19
12. Greenhouse gas emissions .....	21
13. Risk analysis .....	21
14. Financial risks .....	21
15. Non-financial Risks .....	23
16. Privacy Obligations .....	23
17. Research and Development: Innovation for improvement .....	24
18. Relations with subsidiaries, associates and holding companies .....	24
19. Number and nominal value of own shares .....	27
20. List of secondary Offices .....	27



## 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:

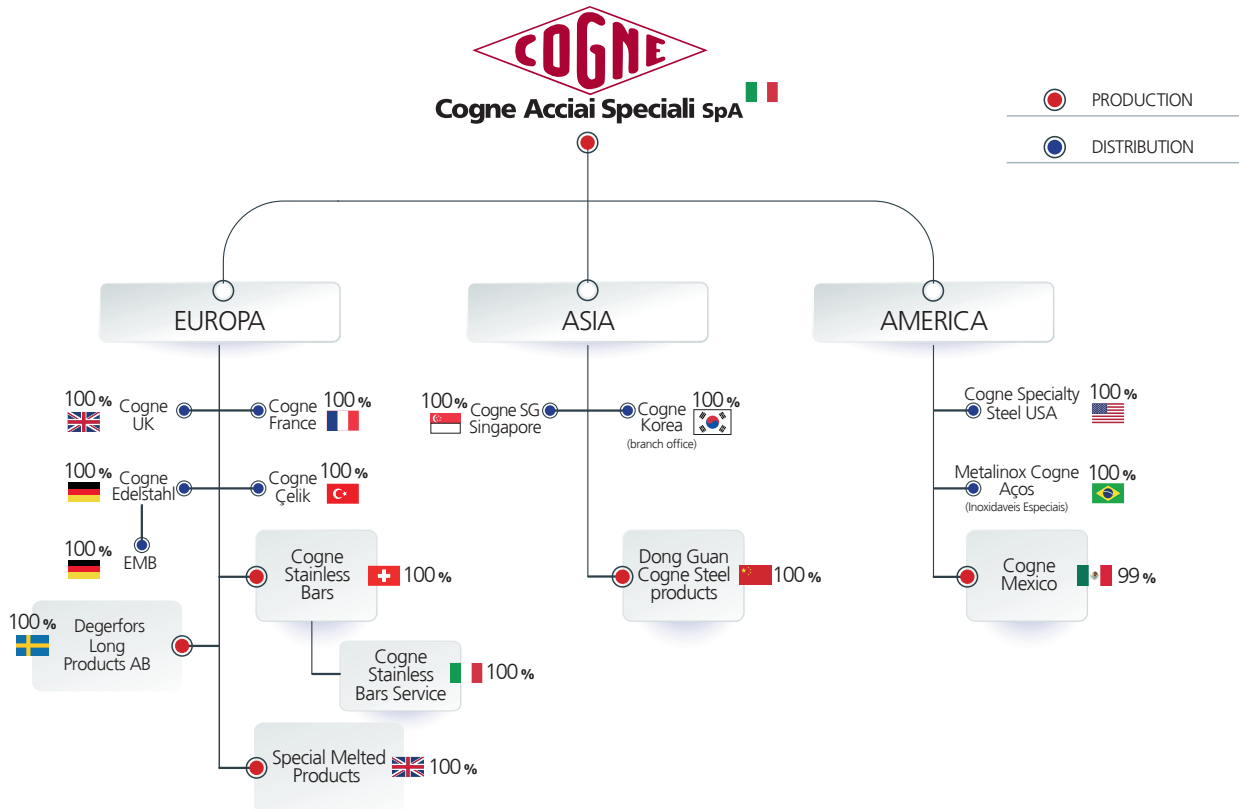
- a long-standing one linked closely to Valle d'Aosta, which stood out after the war for its production of special and stainless steels;
- a family-run business, consolidated over the generations and willing to invest in order to develop this excellent business.

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 parent company which it then sells and distributes within the group and to third party customers.

The company holds 100% of the capital in Cogne Edelstahl GmbH, registered in Germany; the subsidiary operates out of the two locations in Germany which are Neuss, where the registered and administrative office are also located, and the Rudesberg warehouse in the South.

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 holds 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.

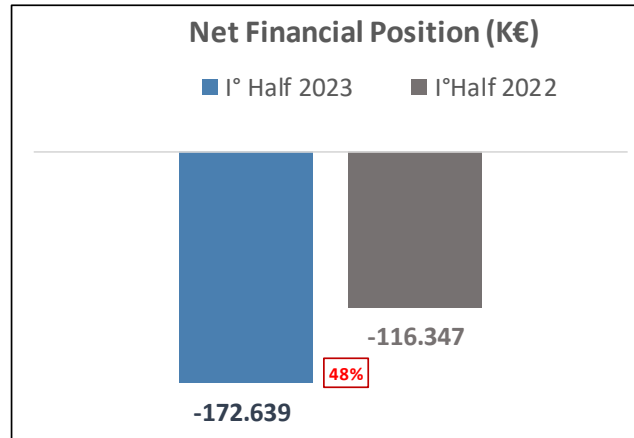
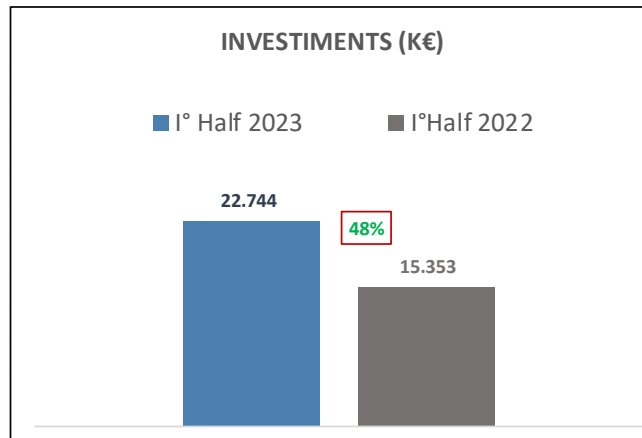
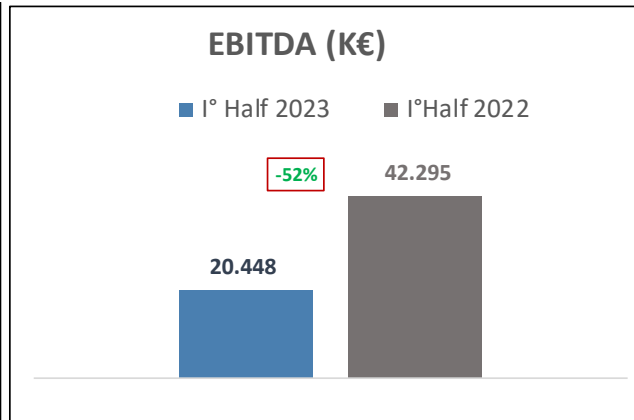
The company holds 100% of the share capital in Cogne Speciality Steel USA Inc., registered in Fairfield, New Jersey, which carries out distribution in the US market through its warehouses in Chicago, Illinois and Lyndhurst, New Jersey.

The company also has a branch office (Cogne Asia) 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€	I° Half 2023	I°Half 2022
REVENUES	386.694	487.889
EBITDA	20.448	42.295
% of sales	5%	9%
NET INCOME	9.629	22.199
NET FINANCIAL POSITION -	172.639 -	116.347
INVESTMENTS IN FIXED ASSETS	22.744	15.353
TOTAL SALES (Tonnes)	73.176	98.121



### 4. The economic scenario

#### The international economic scenario

More than a year after the outbreak of the Russia-Ukraine war, the international economic situation is still conditioned by the dynamics of the ongoing conflict and characterized by a great sense of uncertainty.

Already starting from the first months of 2023, the benefits linked to the results obtained in the context of the process of diversifying Russia's supplies with those of other countries were evident: the prices of raw materials - and in particular of energy goods - fell quickly, stemming the inflationary dynamics.

Nonetheless, the medium and long-term forecasts weigh on some risk factors such as the stability of the international financial system, the consequences produced by the restrictive monetary policies used by the main countries and, finally, the potential future tensions on the prices of energy products, not only gas and electricity but also oil.





In April's World Economic Outlook, the International Monetary Fund estimated world GDP growth of +2.8% for the current year, with a reduction of 0.6 percentage points compared to the result achieved in 2022.

In the United States, where economic activity has shown, since the first months of the year, a resilience higher than expected despite the high interest rates launched by the Fed and the crisis in the banking sector, the total GDP growth forecast for 2023 it should settle at +1.6%, to be followed by a modest +1.1% in 2024.

The Chinese economy, supported by the sudden removal of anti-pandemic restrictions, achieved a 2.2% increase in GDP in the first quarter compared to the previous quarter and 4.5% on an annual basis (Source: National Bureau of Statistics ). However, the new slowdown in the real estate sector, with knock-on effects on the rest of the economy, risks weakening the country's recovery in the second half of the year. The IMF forecasts a recovery of Chinese GDP equal to +5.2% in 2023 and 4.5% in 2024.

Despite the drop in energy prices, the easing of bottlenecks in supply chains and the excellent performance of the labor market, according to Eurostat data, the economy of the Eurozone countries entered a technical recession in the first quarter, following the 0.1% contraction recorded for two consecutive quarters. For these countries, the Fund's forecasts remain cautious: +0.8% and +1.4% respectively for 2023 and 2024.

Finally, the expansion of world trade should settle at +2.4% this year, almost three percentage points less than the value referred to 2022.

Unquestionably, the duration of the conflict will constitute the crucial variable in the evolution of the international economy, and especially in Europe, in the coming months.

Despite the voluntary cuts planned by the main producing countries, in the first half of the year the price of oil was calmed by forecasts of a global recession.

The year opened with quotations around \$78/barrel, slightly higher than the closing values of the semester (\$75/barrel).

After a 2022 characterized by a strong consolidation of the US currency against the European one, in the first part of the semester the euro gradually recovered part of the lost ground. However, the race for recovery was hampered by the gloomy results of the German economy. The average €/US\$ exchange rate for the period was 1.080, with a minimum value of 1.050 (06 June) and a maximum of 1.107 (04 May).

### **The Italian scenario**

In the first part of the year, after a slight decline at the end of 2022, the expansion phase of the national economy continued. In the first quarter, the level of Italian GDP recorded +0.9% compared to the same period last year, the best result obtained among all the countries in the euro area.

In particular, the fall in inflation rates was favored by the fall in the prices of energy goods, while the effects of the restrictive monetary policy were partially offset by the investments linked to the implementation of the PNRR.



Despite the positive start, some indicators suggest a general slowdown in economic activity in the coming months. Italy too will suffer from the climate of international uncertainty, the contraction of international trade and the contraction in consumption.

Based on ISTAT estimates, in 2023 the Italian GDP would register a growth of around 1.2% on an annual basis, therefore slowing down compared to 2022 (+3.7%).

### **The stainless steel market**

In 2022, world stainless steel production recorded a -13.4% year-on-year (source: Worldstainless Association). The contraction affected all the main geographical areas, albeit with varying degrees of intensity: among the Asian economies, China recorded a -2% while in India production remained substantially stable (-0.6%). The negative trend was more marked in the United States and Europe, where production respectively recorded -14.8% and -12.4% on an annual basis.

As regards long stainless steel products – the company's main reference market – in 2022 world demand settled at 6.1 million tonnes, with a decrease of approximately 4% on an annual basis (source: SMR). For 2023, estimates point to modest growth in global consumption (+1.6%), with the following differences by geographical area: Europe -2%, United States and Asia (including China) +2%.



## The raw materials market

### Average monthly prices – Nickel

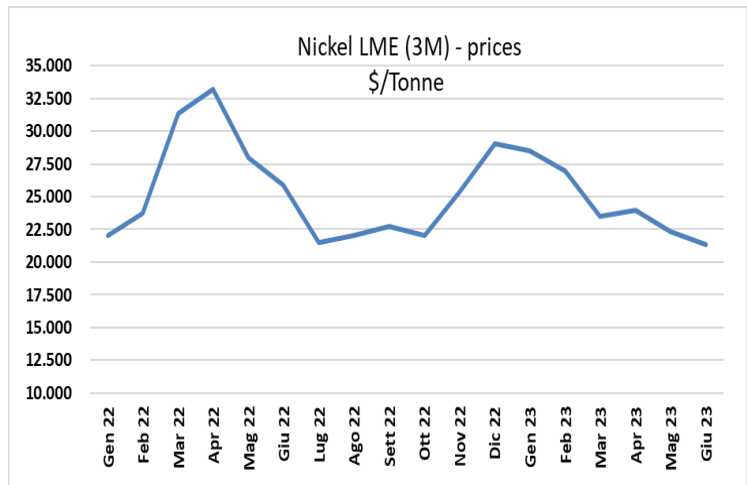
January 2022 – June 2023

#### Nichel

The first half of the year was characterized by high volatility in prices, combined with a constant downward trend.

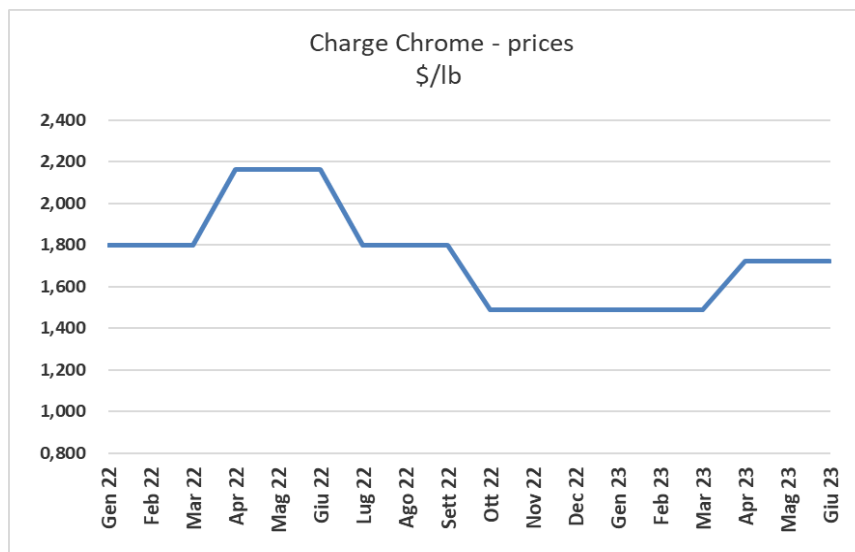
The planned growth of nickel ore production in Indonesia and the weakness of global demand have solidified the market a supply surplus forecast for all of 2023.

The average price in dollars for the first six months was approximately 10% lower than the average value for the same period last year.



### Average monthly prices – Charge Chrome

January 2022 – June 2023



#### Chrome

The stability of the European benchmark in the first quarter was followed by an increase of 15.4% in the second quarter of the year, with a rebound in prices from 1.49 to 1.72 \$/lb).

The average value in dollars for the first half of 2023 was approximately 19% lower than the average value for the same period of 2022.

The benchmark for the third quarter

was set at 1.51 \$/lb, with a decrease of 12.2% on the previous quarter.

### Average monthly prices - Iron Molybdenum

January 2022 – June 2023

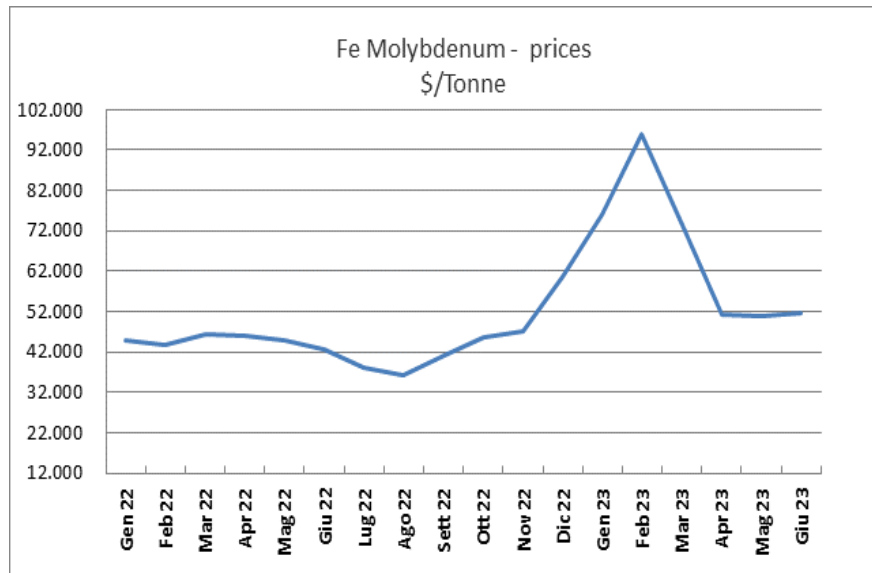
#### Molybdenum

In the first few months of the year, higher-than-expected demand and the risk of material shortages linked to the difficulties encountered on the supply side - in particular due to the paralyzing energy crisis that hit South Africa - led to a sudden surge in prices, with quotations exceeding the threshold of \$100,000/t in the first few days of February.

From the first days of March, the upward trend was interrupted:

quotations quickly fell again, stabilizing at \$52,000/t from April onwards.

The increase in the average price in US\$ in the first half of 2023 compared to the same period last year was 49%.



## 5. Significant Events During the Period

### March 2023

On March 31, 2023, the Company entered into a Share Purchase Agreement for the acquisition of Outokumpu Long Products AB in Sweden, namely the Degerfors and Storfors Plants.

The transaction is expected to be completed in the next months and it will be carried out as a share purchase.

### May 2023

On May 5, 2023, the Company entered into a Share Purchase Agreement for the acquisition of Special Melted Products based in Sheffield, UK. It is a leading supplier of melted, forged and precision machined premium, specialty steels and nickel based super alloys used in critical applications in the Aerospace, Oil & Gas and Nuclear end markets. The transaction is expected to be completed in the next months and is subject to



customary closing conditions and regulatory approvals by the competition authorities, and it will be carried out as a share purchase.

The subsidiary Cogne Hong Kong, in view of the future liquidation which will take place by the end of this year, finalized, on 23 May 2023, the transfer to Cogne Acciai Speciali SPA of 100% of the shares held in the company Dong Guang Cogne Steel Product ; the company also proceeded to transfer all existing liquidity to the Parent Company in order to proceed with the closing operation.

### June 2023

On June 2023, the Company received a loan guaranteed by MPS Bank for a total amount of €4,000,000 and destined to increase share capital on Cogne Mexico.

## 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

(euro/000)	30.06.2023	%	31.12.2022	%
Tangible fixed assets	147.343		135.975	
Intangible fixed assets	24.552		25.208	
Financial fixed assets	77.791		74.341	
<b>Total fixed assets</b>	<b>249.686</b>	<b>52%</b>	<b>235.525</b>	<b>57%</b>
Inventory	204.017		212.651	
Trade Receivables	143.661		151.030	
Trade Payables	(131.159)		(201.331)	
<b>Total Working Capital</b>	<b>216.519</b>	<b>45%</b>	<b>162.350</b>	<b>40%</b>
Other Receivables	28.322		33.717	
Other Payables	(14.041)		(17.019)	
Financial assets other than fixed assets				
Provisions for Risks and Charges	(1.874)		(1.785)	
Employee Severance Indemnity	(2.465)		(2.547)	
<b>Total Net Working Capital</b>	<b>226.461</b>	<b>48%</b>	<b>174.716</b>	<b>43%</b>
<b>Net Invested Capital</b>	<b>476.146</b>	<b>100%</b>	<b>410.240</b>	<b>100%</b>
<b>Total application of funds</b>	<b>476.146</b>	<b>100%</b>	<b>410.240</b>	<b>100%</b>



The **Inventory** amounted to €204 million at 30 June 2023, low compared to the comparison period. A detailed comparison with the inventory at 31 December 2022:

- **Raw materials inventory:** there was a 10 mln€ decrease in total amount mainly attributable to the decrease in quantity.
- **Inventory of semi-finished products and work-in-progress:** overall increase in volume of 5% accompanied by a decrease in unit value of 8%. 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 2022, there was a stability in quantity, while unit values show an increase of 8% due to the mix. Inventory values were compared with selling prices in June 2022, which showed a write-down for alignment to market values of approximately €132 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 €393 thousand compared to 31 December 2022.

This increase is attributable to the increase in purchase prices recorded in the first half of 2023.

The decrease in **Trade Receivables** reflects the lower turnover recorded in the first half of 2023; the Company has continued to intensively monitor the past due payments, recording a general stability in the past due levels.

The decrease in **Trade Payables** of €70 million is due to the decrease in the volume of purchases, as a result of the decrease in turnover, and the decrease on days payables outstanding compared to 2022.

**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 33% compared to the comparison period.

**Net Invested Capital** increased compared to 2022 mainly due to the increase in Operating Working Capital.

The details for the **sources of funds** as at 30 June 2023 are as follows:

(euro/000)	30.06.2023	31.12.2022
Cash and cash equivalents	15.862	59.967
Financial assets other than fixed assets	4.987	5.695
Cash-pooling account	-	-
Payables to banks due within the period	(65.055)	(41.337)
Payables to other short-term lenders - factoring	-	-
<b>Total current financial payables</b>	<b>(44.206)</b>	<b>24.325</b>
Bonds - short term	(1.500)	(3.000)
Payables for short-term loans	(31.134)	(29.430)
Short-term financial receivables from subsidiaries	-	-
Short-term financial payables to subsidiaries	-	-
Financial derivatives liabilities	(2.042)	(6.866)
<b>Payables for short-term loans</b>	<b>(78.882)</b>	<b>(14.971)</b>
Medium/long-term bonds	(7.438)	(7.425)
Payables for medium/long-term loans	(86.319)	(97.009)
Securities	-	-
Medium/long-term financial receivables from subsidiaries	-	-
<b>Net m/l-term financial position</b>	<b>(93.757)</b>	<b>(104.434)</b>
<b>NET FINANCIAL POSITION -NFP</b>	<b>(172.639)</b>	<b>(119.406)</b>
Net equity	(303.507)	(290.835)
Share capital and reserves	(293.878)	(261.595)
Net Income (loss) for the Period	(9.629)	(29.239)
<b>Total Sources of funds</b>	<b>(476.146)</b>	<b>(410.240)</b>

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

(Figures in EUR/000)	30.06.2023	%	30.06.2022	%
Revenues from sales and services	386.694	100%	487.889	100%
Other Revenues and Income	14.325	4%	15.558	3%
Cost of Raw Materials and inventory changes	(306.345)	79%	(387.838)	79%
Service Costs	(34.945)	9%	(36.410)	7%
Costs for use of third party assets	(3.203)	1%	(2.357)	0%
Personnel Costs	(32.162)	8%	(30.617)	6%
Provisions	-	0%	(848)	0%
Other Operating Costs	(3.021)	1%	(2.376)	0%
<b>EBITDAR</b>	<b>21.342</b>	<b>6%</b>	<b>43.001</b>	<b>9%</b>
Leases	(894)	0%	(1.050)	0%
<b>EBITDA</b>	<b>20.448</b>	<b>5%</b>	<b>42.295</b>	<b>9%</b>
Depreciation/Amortisation	(12.145)	3%	(11.022)	2%
Net Financial Income and Charges	(656)	0%	(2.468)	1%
Value adjustments to financial assets	1.282	0%	(2.034)	0%
<b>Income (loss) before taxes</b>	<b>8.929</b>	<b>2%</b>	<b>26.771</b>	<b>5%</b>
Income tax	700	0%	(4.571)	1%
<b>Net Income (loss) for the Period</b>	<b>9.629</b>	<b>2%</b>	<b>22.199</b>	<b>5%</b>

Revenues of €386 million were down 21% compared to the comparison period.

The decrease in turnover is attributable to the quantity component (79.176 tonnes sold, less 25% compared to the same comparison period) and the price effect, which increased by 6% compared to the first half of 2022.

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 €20,448 thousand, recording an decrease in relation to the comparison period (-€21,8 million).

This decrease is related to the lower sales volumes recorded in the first six months of 2023.

The first half closed with a positive **pre-tax income** of €8,929 thousand.

The first half ended with a **profit** of €9,629 thousand.





## 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

<b>Profitability ratios</b>		<b>30.06.2023</b>		<b>30.06.2022</b>	
ROE (Return on Equity) =	Net Income	9.629	3,17%	22.199	7,71%
	Net Equity	303.507		287.976	
ROI (Return on Investment) =	Operating Income	8.303	1,28%	31.272	4,00%
	Total assets	646.534		782.748	
ROS (Return on Sales) =	Operating Income	8.303	2,15%	31.272	6,41%
	Revenues from sales	386.694		487.889	
ROCE (Return On Capital Employed) =	Operating Income	8.303	1,74%	31.272	7,73%
	Net invested capital	476.146		404.323	
<b>Debt ratio</b>					
Financial debt =	Net financial debt	172.639	56,88%	116.347	40,40%
	Net Equity	303.507		287.976	

## 8. Analysis of non-financial ratios

		<b>30.06.2023</b>		<b>30.06.2022</b>	
Labour costs		(32.162)		(30.617)	
Average number of employees		1.148		1.106	
Per-capita labour costs	<u>Labour costs</u>	<u>(32.162)</u>	(28)	<u>(30.617)</u>	(28)
	Average number of employees	1.148		1.106	
Per-capita productivity	<u>Revenues from sales</u>	<u>386.694</u>	337	<u>487.889</u>	441
	Average number of employees	1.148		1.106	



## 9. Business outlook and going concern assumption

It should be noted that from the point of view of sales volumes, the Company expects lower volumes in 2023 than forecast in the 2023 Budget. This forecast is the result of an assessment that takes into consideration the final levels of turnover achieved in the first six months of 2023 and the assumed order backlog.

As regards the average sales prices recorded in the first six months of 2023, they are higher than the 2023 Budget forecasts (+13%).

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 2023 by continuing to operate as a going concern.

## 10. Investments

As of 30.06.2023, the Company realised investments in fixed assets gross of divestments of € 22.744.893

Description	Euro	Euro Transferred to finished products
Environment and Safety	7.112.125	2.645.005
Energy Efficiency	1.520.616	1.562.362
Housekeeping	185.843	135.456
ICT	0	13.707
Productivity	5.488.858	6.524.179
Strategic Development	8.437.451	4.605.448
	22.744.893	15.486.157

Area	Euro	Euro Transferred to finished products
Steel Mill	7.259.054	4.368.466
Forge	1.301.111	2.742.854
Rolling Mill	7.841.564	2.980.832
Quality dept.	627.989	390.068
Plant	5.715.175	5.003.937
	22.744.893	15.486.157

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

On April 17<sup>th</sup>, 2023 the Company and Trade Unions signed the company agreement for the period 2023/2026. The main scope of the agreement is to redefine the relationship with trade unions and employees in order to pursue an efficiency improvement of the production, also thanks to hourly and productive flexibility. In this context CAS aims to redesign the industrial activity with reference to the current technological context improving the training of its employees, the development of work-life balance and (not least) the incentive of the hiring plan.

For these reasons, during the negotiation, parties agree to include in the renewal of the CIA-2025 the following provisions related to the:

- implementation of annual meetings dedicated to union discussions on strategic matters;
- annual definition of the “calendar company shutdown” (so called “calendario fermate aziendali”);
- incorporation of the provisions enclosed in the NCBA with reference to safety on workplace;
- annual presentation of a training plan aimed at creating a “Professional System” that summarizes the best possible integration and consistency between purposes to be achieved by CAS and available professional resources employed by the Company;
- redefinition of working hours implementing bonus increases and hourly flexibility as well as redefinition of overtime;
- increase of medical check/ bereavement/infirmity permits;
- transformation of employment fixed term agreements if the established term exceeds 24 months into open-term agreement (i.e. “stabilizzazione dei contratti a termine”);
- increase of the fixed term agreements percentage applicable by the Company;
- adjustments and charges for night work shifts and special work shifts;
- increase of the private social security contribution (1%);
- increase of the length of service bonus;
- smart-working;
- corporate welfare;
- redefinition of the criteria used to calculate the performance bonus.

### WORKFORCE

CAS's workforce as at 30<sup>th</sup> June 2023 consisted of 1,170 employees. In terms of Annual Work Units, as at 30/06/2023 the number of employees was 1,148AWU.\* 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 and AWU

<b>06/2023 AWU</b>	<b>1.148</b>
<b>Balance at 30/06/223</b>	<b>1.170</b>

On average, in the first six months of 2023 the company employed 98 workers on fixed-term contracts in order to ensure continuity of production, especially where work involves teams with a minimum number of employees.

### Contract

	<b>Employees' AWU 30/06/203</b>
Fixed-term contract	98
Open-ended contract	1.050
<b>Total</b>	<b>1.148</b>

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.

### Education

Education	No. of employees 30/06/2023	%
UNIVERSITY DEGREE	157	13%
HIGH-SCHOOL LEAVING CERTIFICATE	460	39%
POSITION	132	11%
MIDDLE-SCHOOL LEAVING CERTIFICATE	421	36%
<b>Total</b>	<b>1.170</b>	<b>100%</b>

### Employees hired at 30/06/2023

Education	No. of employees hired	%
UNIVERSITY DEGREE	17	26%
HIGH-SCHOOL LEAVING CERTIFICATE	29	45%
POSITION	3	5%
MIDDLE-SCHOOL LEAVING CERTIFICATE	16	25%
<b>Total</b>	<b>65</b>	<b>100%</b>

---

## 12. Greenhouse gas emissions

From 2021 onwards, CO<sub>2</sub> 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.

## 13. 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

## 14. 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%.

## 15. 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.

## 16. Privacy Obligations

With reference to privacy, in 2023 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.



---

**17. 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.

**18. 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.

Company Name	Revenues		Costs	
	Nature	Amount	Nature	Amount
Metalinox Cogne Aços inoxdavies especiais Ltda	Revenues from sales	8.828	Purchase of material	-
	Provision of services	-	Purchase of services	32
	Financial income	-	Financial expenses	-
Dongguan Cogne Steel Products Co., Ltd	Revenues from sales	14.628	Purchase of material	747
	Provision of services	24	Purchase of services	35
	Financial income	-	Financial expenses	-
Cogne France S.A.	Revenues from sales	8.668	Purchase of material	63
	Provision of services	6	Purchase of services	150
	Financial income	-	Financial expenses	-
Cogne UK Ltd	Revenues from sales	9.626	Purchase of material	-
	Provision of services	2	Purchase of services	-
	Financial income	-	Financial expenses	-
Cogne Edelsthal GmbH	Revenues from sales	21.691	Purchase of material	14
	Provision of services	61	Purchase of services	393
	Financial income	-	Financial expenses	-
Cogne Celik Sanayi Ve Ticaret Limited	Revenues from sales	1.692	Purchase of material	-
	Provision of services	-	Purchase of services	16
	Financial income	-	Financial expenses	-
Cogne USA Inc.	Revenues from sales	20.437	Purchase of material	-
	Provision of services	8	Purchase of services	37
	Financial income	-	Financial expenses	-
Cogne Stainless Bars SA	Revenues from sales	17.748	Purchase of material	7.392
	Provision of services	10	Purchase of services	-
	Financial income	-	Financial expenses	-
Cogne Mexico	Revenues from sales	311	Purchase of material	-
	Provision of services	-	Purchase of services	-
	Financial income	-	Financial expenses	-
Cogne Singapore	Revenues from sales	-	Purchase of material	-
	Provision of services	-	Purchase of services	42
	Financial income	-	Financial expenses	-
Other companies	Revenues from sales	-	Increase in assets	947
	Provision of services	26	Purchase of services	4.041
	Financial income	-	Financial expenses	-
<b>Total</b>		<b>103.766</b>		<b>13.909</b>

Revenues from subsidiaries account for 26.68% of total revenues from sales and services.

### 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 31 June 2023 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.

Amounts are expressed in thousands of Euros and refer to the period from 01-01-2023 to 30-06-2023				
	Revenues		Costs	
Company Name	Nature	Amount	Nature	Amount
<b>Related parties</b>				
Novametal SA	Sale of products	27.627	Purchase of material	239
Novametal USA	Sale of products	-	Purchase of material	-
Ferriere di Stabio SA	Sale of products	11.604	Purchase of material	47
T.I.M. Mexico	Sale of products	6.078	Purchase of material	-
Novametal do Brasil	Sale of products	1.995	Cost for services	1
Wire Products Stainless Steel	Sale of products	433	Purchase of material	-
T.D.V. Trefileries des Voges SA	Sale of products	3.161	Purchase of material	-
Novametal Europe Srl	Sale of products	-	Purchase of material	-
<b>Grand totale</b>		<b>50.897</b>		<b>287</b>

Amounts are expressed in thousands of Euros and refer to the period from ended 30-06-2023				
	Receivables		Payables	
Company Name	Nature	Amount	Nature	Amount
<b>Related parties</b>				
Novametal SA	Trade receivables	5.970	Trade payables	-
Novametal USA	Trade receivables	-	Trade payables	-
Ferriere di Stabio SA	Trade receivables	2.663	Trade payables	-
T.I.M. Mexico	Trade receivables	8.542	Trade payables	-
Novametal do Brasil	Trade receivables	746	Trade payables	-
Wire Products Stainless Steel	Trade receivables	70	Trade payables	-
T.D.V. Trefileries des Voges SA	Trade receivables	2.008	Trade payables	-
Novametal Europe Srl	Trade receivables	-	Trade payables	-
<b>Grand totale</b>		<b>19.998</b>		<b>0</b>



**19. Number and nominal value of own shares**

Pursuant to paragraph 3, no. 3 of Article 2428 of the Italian Civil Code, it is noted that the Company does not hold any own shares, or shares of the Holding Company, nor has it acquired or sold any during the year.

**20. List of secondary Offices**

Pursuant to paragraph 5 of Article 2428 of the Italian Civil Code, it is noted that the Company has no secondary branches, but has five local units, the most important of which are the warehouses 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  
Yu-Lon Chiao



## **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	30/06/2023	31/12/2022
<b>A) Unpaid capital contribution from shareholders</b>	-	-
<b>B) Fixed assets</b>		
<b>I - Intangible assets</b>		
1) Start-up and expansion costs	11.293	22.587
4) Concessions, licences, trademarks, and similar rights	16.168.159	16.053.676
7) Others	8.372.737	9.131.798
<b>Total</b>	<b>24.552.189</b>	<b>25.208.061</b>
<b>II - Tangible assets</b>		
1) Land and buildings	5.629.370	5.728.524
2) Plant and machinery	103.870.441	101.475.512
3) Fixtures, fittings, tools and equipment	5.694.969	3.918.132
4) Others	1.752.049	1.715.864
5) Work in progress and advances	30.396.062	23.137.324
<b>Total</b>	<b>147.342.891</b>	<b>135.975.356</b>
<b>III - Investments</b>		
<b>1) Investments</b>	<b>77.630.306</b>	<b>74.174.952</b>
a) Financial investments from subsidiary companies	73.999.723	70.544.325
d-bis) Financial investments from others companies	3.630.583	3.630.627
<b>2) Receivables</b>	<b>160.439</b>	<b>166.201</b>
d-bis) Receivables from other companies	160.439	166.201
ST receivables from other companies	160.439	166.201
<b>Total</b>	<b>77.790.745</b>	<b>74.341.153</b>
<b>Total assets (B)</b>	<b>249.685.825</b>	<b>235.524.570</b>
<b>C) Current assets</b>		
<b>I - Inventory</b>		
1) Raw materials, consumable and supplies	36.716.235	46.765.402
2) Work in progress and components products	89.639.526	92.880.016
4) Finished products and goods	77.661.611	73.006.015
<b>Total</b>	<b>204.017.372</b>	<b>212.651.433</b>
<b>II - Receivables</b>		
<b>1) Trade receivables</b>	<b>106.313.771</b>	<b>114.036.856</b>
- less than 12 months	106.313.771	114.036.856
<b>2) Receivables from subsidiaries companies</b>	<b>37.346.887</b>	<b>37.369.315</b>
- less than 12 months	37.346.887	37.369.315
<b>5-bis) Tax receivables</b>	<b>8.611.896</b>	<b>8.647.557</b>
- less than 12 months	8.409.278	8.411.739
- more than 12 months	202.618	235.818
<b>5-ter) Deferred tax assets</b>	<b>6.040.348</b>	<b>6.470.462</b>
<b>5-quater) Other receivables</b>	<b>9.666.345</b>	<b>15.583.760</b>
- less than 12 months	9.666.345	15.583.760
<b>Total</b>	<b>167.979.247</b>	<b>182.107.950</b>
<b>III - Investments that do not constitute a fixed asset</b>		
5) Derivative financial instruments	4.986.910	5.694.971
<b>Total</b>	<b>4.986.910</b>	<b>5.694.971</b>
<b>Cash and cash equivalents</b>		
1) Banks and postal current accounts	15.862.038	59.967.240
<b>Total</b>	<b>15.862.038</b>	<b>59.967.240</b>
<b>Total current assets (C)</b>	<b>392.845.567</b>	<b>460.421.594</b>
<b>Prepayments and accrued income</b>	<b>4.002.914</b>	<b>3.015.425</b>
1) Accrued incomes	19.858	12.045
2) Deferred charges	3.983.056	3.003.380
<b>Total assets</b>	<b>646.534.306</b>	<b>698.961.589</b>



Liabilities and Net equity	30/06/2023	31/12/2022
<b>Net equity</b>		
I - Share capital	250.000.000	250.000.000
IV - Legal reserve	4.861.472	3.399.502
VI - Other reserves, with distinct indication	2.207.273	2.207.273
VII - Cash flow hedging reserve	2.214.694	(828.944)
VIII - Retained Earnings	34.594.749	6.817.331
IX - Net profit (loss) for the period	9.629.267	29.239.388
<b>Total net equity (A)</b>	<b>303.507.455</b>	<b>290.834.550</b>
<b>B) Provisions for risks and other charges</b>		
2) Deferred tax and other tax liabilities fund	1.348.996	1.260.226
3) Reserve for derivative financial instruments	2.042.197	6.866.342
4) Other provisions fund	525.000	525.000
<b>Total provisions for risks and other charges (B)</b>	<b>3.916.193</b>	<b>8.651.568</b>
<b>C) Employee severance indemnity</b>	<b>2.464.953</b>	<b>2.547.377</b>
<b>D) Payables</b>		
<b>1) Debenture loans</b>	<b>8.937.836</b>	<b>10.425.286</b>
ST portion debenture loans	1.500.000	3.000.000
LT portion debenture loans	7.437.836	7.425.286
<b>4) Payables due to banks</b>	<b>182.507.836</b>	<b>167.776.277</b>
- less than 12 months	96.188.583	70.767.275
- more than 12 months	86.319.253	97.009.002
<b>6) Advances</b>	<b>4.500.000</b>	<b>376.523</b>
ST advances from customers	4.500.000	376.523
<b>7) Payables to suppliers</b>	<b>120.425.278</b>	<b>193.927.054</b>
ST payables to suppliers	120.425.278	193.927.054
<b>9) Payables to subsidiaries companies</b>	<b>6.234.218</b>	<b>7.403.668</b>
- less than 12 months	6.234.218	7.403.668
<b>12) Tax payables</b>	<b>796.042</b>	<b>4.294.098</b>
- less than 12 months	796.042	4.294.098
<b>13) Payables to social security institute</b>	<b>4.343.665</b>	<b>6.138.858</b>
- less than 12 months	4.343.665	6.138.858
<b>14) Other payables</b>	<b>7.895.057</b>	<b>5.694.591</b>
- less than 12 months	7.728.802	5.468.044
- more than 12 months	166.255	226.547
<b>Total</b>	<b>335.639.932</b>	<b>396.036.355</b>
<b>E) Accruals and Deferred Income</b>	<b>1.005.773</b>	<b>891.739</b>
Deferred income	611.804	532.475
Accrued interests	393.969	359.264
<b>Total liabilities</b>	<b>646.534.306</b>	<b>698.961.589</b>



Profit and Loss	30/06/2023	30/06/2022
<b>A) Production value</b>		
1) Revenues from sales and services	386.693.701	487.888.706
2) Change in work in progress and finished goods	1.415.106	42.006.446
5) Other revenue and income	14.324.856	15.558.127
a) Grants	10.522.887	10.466.488
b) Other revenues	3.801.969	5.091.639
<b>Total production value (A)</b>	<b>402.433.663</b>	<b>545.453.279</b>
<b>B) Cost of production</b>		
6) for raw material and consumables	297.711.066	433.877.018
7) for services	34.945.083	36.409.795
8) for rents and leases	4.097.479	3.063.119
9) Personnel costs	32.161.967	30.617.386
a) Salaries and wages	22.861.134	21.631.858
b) Social security costs	7.836.898	7.240.352
c) Provision for severance indemnity	1.363.563	1.349.269
e) Other costs	100.372	395.907
10) Amortization, depreciation and provision	12.145.145	11.022.446
a) Amortization of intangible assets	2.393.777	1.876.826
b) Amortization of tangible fixed assets	9.630.537	9.122.246
d) Write-offs of net working capital receivables and cash and cash equivalents	120.831	23.374
11) Variation in inventory of raw material and consumables	10.049.167	(4.032.416)
12) Provision for risks	-	847.806
14) Other operating losses	3.020.779	2.375.643
<b>Tptal production costs (B)</b>	<b>394.130.686</b>	<b>514.180.797</b>
<b>Differences production value and cost of production (A-B)</b>	<b>8.302.977</b>	<b>31.272.482</b>
<b>C) Financial income and charges</b>		
15) Income from equity investments	2.322.446	-
a) Income from equity investments in subsidiary companies	2.322.446	-
16) Other financial income	26.830	(3.382)
a) from receivables from fixed assets	-	-
- verso imprese controllate	-	-
d) Other financial income	26.830	(3.382)
- da imprese controllate	-	(3.672)
- altri proventi diversi dai precedenti	26.830	290
17) Interests expenses and similar charges	5.185.830	3.118.862
Interest and other financial charges from subsidiary companies	68.198	92.145
Others	5.117.632	3.026.717
17-bis) Profit (loss) on exchange difference	2.180.362	654.265
Exchange profits and losses	1.959.164	71.356
Unrealised exchange profits and losses	221.198	582.909
<b>Total financial income and expenses (C)</b>	<b>(656.192)</b>	<b>(2.467.979)</b>
<b>D) Financial assets revaluations or write-offs</b>		
18) Revaluations	8.736.604	6.121.432
a) Revaluations of equity investments	2.716.837	-
d) Revaluations of derivative financial instruments	6.019.767	6.121.432
19) Write-offs	7.454.205	8.155.325
d) Devaluations of derivative financial instruments	7.454.205	8.155.325
<b>Total financial assets revaluations or write-offs (D)</b>	<b>1.282.399</b>	<b>(2.033.893)</b>
<b>Result before taxes (A-B+/-C+/-D)</b>	<b>8.929.184</b>	<b>26.770.610</b>
20) Income taxes	(700.083)	4.571.244
a) Current taxes	245.579	1.822.804
b) Previous years taxes	363	-
c) Deffered/Advanced taxes	(946.025)	2.748.440
<b>Profit (loss) for the year</b>	<b>9.629.267</b>	<b>22.199.366</b>



Cash Flow Statement	30.06.2023	31.12.2022
<b>A) Cash Flow Statement (indirect method)</b>		
Profit/Loss for the year	9.629.267	29.239.388
Income tax	(700.083)	(87.946)
Interest expense/(income)	5.159.000	8.474.773
(Dividends)	(2.322.446)	(2.053.878)
(Gains)/Losses on disposal of assets	-	-
<b>1) Profit/Loss for the year before income tax, interest, dividends and capital gain/losses on disposal</b>	<b>11.765.738</b>	<b>35.572.337</b>
<i>Adjustments for non-monetary items that did not have a counterpart in net working capital</i>		
Provisions/(proceeds) to funds	203.158	380.253
Amortisation of fixed assets	12.024.314	23.332.471
Impairment losses/revaluations	(2.716.837)	-
Value adjustments to financial assets and liabilities of derivative financial	1.434.438	4.324.038
Other adjustment up/(down) for non monetary items	(697.217)	(1.108.239)
Total adjustment for non-monetary items that did not have a counterpart in net working capital	10.247.856	26.928.523
<b>2) Cash flow before changes in net working capital</b>	<b>22.013.594</b>	<b>62.500.860</b>
<i>Total net working capital</i>		
Decrease/(Increase) in inventories	8.634.061	(15.511.384)
Decrease/(Increase) in trade receivables	7.417.381	(38.105.820)
Increase/(Decrease) in trade payables	(70.774.509)	(2.933.645)
Decrease/(Increase) in accrued income	(987.489)	(1.990.434)
Increase/(Decrease) and prepaid expenses	114.034	456.230
Other decreases/(Other increases) in net working capital	3.292.237	(12.434.801)
Total changes in net working capital	(52.304.285)	(70.519.854)
<b>3) Cash flow after changes in net working capital</b>	<b>(30.290.691)</b>	<b>(8.018.994)</b>
<i>Other adjustments</i>		
Interest received/(paid)	(1.312.542)	(6.838.308)
(Income taxes paid)	-	(5.157.072)
(Use of provisions)	(311.797)	(15.808)
Change in other provisions for risks and charges/severance pay	(934.751)	(1.072.993)
Dividends collected	2.322.446	-
Other receipts/(payments)	-	-
Total other adjustments	(236.644)	(13.084.181)
<b>Cash Flow operating activities (A)</b>	<b>(30.527.335)</b>	<b>(21.103.175)</b>
<b>B) Cash flow from investing activities</b>		
Tangible fixed assets		
(Flows from investments)	(20.992.297)	(39.518.849)
Flows from disinvestments	-	426.375
Intangible fixed assets		
(Flows from investments)	(1.737.903)	(4.914.602)
Flows from disinvestments		
Financial fixed assets		
(Flows from investments)	(1.934.404)	(4.524.406)
Flows from disinvestments	1.201.649	4.250
Movable financial assets		
(Flows from investments)		
Changes in other financial assets		
<b>Cash flow from investing activities (B)</b>	<b>(23.462.955)</b>	<b>(48.527.232)</b>
<b>C) Cash flows from financing activities</b>		
Third party means		
Increase/(Decrease) amounts due to banks	20.617.424	16.950.179
Increase/(Decrease) other financial payables	337.666	337.666
Disbursement of loans	4.000.000	76.800.000
(Repayment of loans)	(15.070.002)	(19.077.673)
Increase/(Decrease) in payables for treasury current account		
Dividends	-	-
<b>Cash flow from financing activities (C)</b>	<b>9.885.088</b>	<b>75.010.172</b>
<b>Cash flows from extraordinary transactions (merger/division) (D)</b>		
	-	-
Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)	<b>(44.105.202)</b>	<b>5.379.765</b>
Cash and cash equivalents as the beginning of the period	59.967.240	54.587.475
Cash and cash equivalents at the end of the period	15.862.038	59.967.240
Increase/(decrease) in cash and cash equivalents	(44.105.202)	5.379.765





## **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**



---

**INDICE**  
**NOTA INTEGRATIVA**

INTRODUCTION .....	35
CHANGE OF ACCOUNTING PRINCIPLES .....	35
ERROR CORRECTION.....	35
PART ONE: GENERAL PRINCIPLES.....	37
PART TWO: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS.....	38
ASSETS .....	46
LIABILITIES.....	63
COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET	69
INCOME STATEMENT.....	70
ADDITIONAL INFORMATION .....	76
CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT .....	78



---

**COGNE ACCIAI SPECIALI S.p.A.**  
**Registered office: 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**  
**01.01.2023 – 30.06.2023**

---ooOoo---

**INTRODUCTION**

These 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 financial position, results of operations and cash flows for the period. In addition, these financial statements are accompanied by the report on operations.

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 period*") 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 prepared and give a true and fair view of the Company's financial position, results of operations and cash flows for the period (Article 2423, paragraph 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 report on operations);
- 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 financial statements at 31 December 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. They have also been prepared on a going concern basis, as specified in the Report on operations under the heading “Business Outlook and Going Concern Assumption”. 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 before the reporting date have been recognised (Article 2423 bis, paragraph 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 matching principle, the costs associated with the profits for the period are recognised on an accruals basis.

Risks and losses pertaining to the period were taken into account, even if they became known after the reporting date (Article 2423 bis, paragraph 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 of 30 June 2023 are shown in comparative form with those of the financial statements as at 31 December 2022 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 to prepare the financial statements are described 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 recognised at acquisition or production cost, including ancillary charges, or at the revaluation cost.

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 year in which they are incurred.

Certain tangible fixed assets as determined above were revalued in accordance with specific economic revaluation laws in previous years (revaluation law no. 266 of 23 December 2005) and in 2020 (revaluation law no. 126 of 13 October 2020). The revalued amount was determined based on an independent appraisal.

Fixed assets, with a finite useful life, are systematically depreciated every year based on rates which reflect the residual useful life and justified by the expected replacement and/or modification of the current assets in order to counteract the wear and tear of assets. Such rates are halved in the first year in which the asset is available for use, in order to reflect the shorter period in which the asset is used.

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 year 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

Assets under finance lease are recognised in accordance with the accounting policy already adopted in the past, applying the equity method in line with the current legislative interpretation. Therefore, lease payments are recognised as costs on an accruals basis.

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.

### **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 measured at acquisition cost, including ancillary charges, or subscription cost or, in the case of company contributions, on the basis of the amounts 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 share of the investees’ losses for the year 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 operations is translated into euros at the historical acquisition or subscription exchange rates, or at the lower closing rate if the reduction is permanent.

#### **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.

#### **4. Inventory**

As determined below, the value of replaceable assets does not differ considerably from the current costs at the reporting date.

##### *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 year 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 financial year, 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.

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*. Accumulated profit or loss are taken to profit or loss in the same year in which the related economic effect of the hedged transaction is recognised. They are recognised as an 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 financial statements, 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 taxes 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 balance under "Income taxes" is the result of the algebraic sum of current and deferred taxes which reflect the effective tax charge 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 intangible fixed assets, with the changes that occurred during the period (Article 2427, paragraph 1, no. 2 of the Italian Civil Code).

Intangible assets	31/12/2022	Change in area/ extraordinary transaction	Increases	Ammortamento	Decrementi	Other movements	30/06/2023
Start-up and expansion costs	142.606	-	-	-	-	-	142.606
Amortization fund start-up and expansion costs	(120.019)	-	-	(11.294)	-	-	(131.313)
Start-up and expansion costs	22.587	-	-	(11.294)	-	-	11.293
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 simil	(1.895.363)	-	-	(472.760)	-	-	(2.368.123)
Concessions, licences, trademarks, and similar rights	15.128.281	-	-	(472.760)	-	-	14.655.521
Software	7.282.237	-	893.008	-	-	1	8.175.246
Amortization fund software	(6.356.842)	-	-	(305.766)	-	-	(6.662.608)
Software	925.395	-	893.008	(305.766)	-	1	1.512.638
Concessions, licences, trademarks, and similar rights	16.053.676	-	893.008	(778.526)	-	1	16.168.159
Others	2.886.409	-	38.831	-	-	-	2.925.240
Amortization fund others	(1.833.079)	-	-	(194.948)	-	-	(2.028.027)
Others	1.053.330	-	38.831	(194.948)	-	-	897.213
Costs for plants compliance	4.765.009	-	33.900	-	-	1	4.798.910
Amortization fund costs for plants compliance	(2.348.814)	-	-	(338.462)	-	-	(2.687.276)
Costs for plants compliance	2.416.195	-	33.900	(338.462)	-	1	2.111.634
Costs for improvements on third parties assets	16.495.889	-	772.164	-	-	-	17.268.053
Amortization fund costs for improvements on third parties asse	(10.833.616)	-	-	(1.070.547)	-	-	(11.904.163)
Costs for improvements on third parties assets	5.662.273	-	772.164	(1.070.547)	-	-	5.363.890
Costs for multi-year loans	1.730.023	-	-	-	-	-	1.730.023
Amortization fund costs for multi-year loans	(1.730.023)	-	-	-	-	-	(1.730.023)
Equipments and plants transfer costs	4.050.606	-	-	-	-	-	4.050.606
Amortization fund equipments and plants transfer costs	(4.050.606)	-	-	-	-	-	(4.050.606)
Others	9.131.798	-	844.895	(1.603.957)	-	1	8.372.737
<b>Total</b>	<b>25.208.061</b>	<b>-</b>	<b>1.737.903</b>	<b>(2.393.777)</b>	<b>-</b>	<b>2</b>	<b>24.552.189</b>

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 to merge the subsidiary Cogne Distribuzione Italia S.r.l. and the notary costs incurred in connection with the deed for the bonus issue pursuant to Article 2442 of the Italian Civil Code which took place on 16 December 2019 and 12 April 2022. The duration of the amortisation is 5 years. The amortisation for the period is equal to €11 thousand.

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Start-up and expansion costs	142.606	-	-	-	142.606
Amortization fund Start-up and expansion costs	(120.019)	-	(11.294)	-	(131.313)
<b>Start-up and expansion costs</b>	<b>22.587</b>	<b>-</b>	<b>(11.294)</b>	<b>-</b>	<b>11.293</b>



**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. These costs, which were previously recognised with the consent of the Board of Statutory Auditors, are amortised on a straight-line basis over not more than five years.

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Development costs	620.264	-	-	-	620.264
Amortization fund 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 €893 thousand. The amortisation charge amounts to € 779 thousand.

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Concessions, licences, trademarks, and similar rights	17.023.644	-	-	-	17.023.644
Accumulated amortisation concessions, trademarks and licences	(1.895.363)		(472.760)		(2.368.123)
Concessions, licences, trademarks, and similar rights	<b>15.128.281</b>	-	(472.760)	-	<b>14.655.521</b>
Software	7.282.237	893.008	-	-	8.175.246
Accumulated amortisation software	(6.356.842)		(305.766)	-	(6.662.608)
Software	<b>925.395</b>	893.008	(305.766)	-	<b>1.512.638</b>
Concessions, licences, trademarks, and similar rights	24.305.881	893.008	-	-	25.198.889
Accumulated amortisation concessions, licences, trademarks and similar rights	(8.252.205)	-	(778.526)	-	(9.030.731)
<b>Concessions, licences, trademarks and similar rights</b>	<b>16.053.676</b>	<b>893.008</b>	<b>(778.526)</b>	-	<b>16.168.159</b>

The item Concessions, trademarks and licenses includes the Cogne brand subject to revaluation during the 2020 financial year.

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 31.12.2022 €/000
Concessions, licences and trademark	Italian Law 13/10/2020 N° 126	17.000	14.639
Total		17.000	14.639

**B.I.7) Other intangible fixed assets**

The following table shows the contents of this item:

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Others	2.886.409	38.831	-	-	2.925.240
Amortization fund others	(1.833.079)	-	(194.948)	-	(2.028.027)
Others	1.053.330	38.831	(194.948)	-	897.213
Costs for plants compliance	4.765.009	33.900	-	-	4.798.910
Amortization fund costs for plants compliance	(2.348.814)	-	(338.462)	-	(2.687.276)
Costs for plants compliance	2.416.195	33.900	(338.462)	-	2.111.634
Costs for improvements on third parties assets	16.495.889	772.164	-	-	17.268.053
Amortization fund costs for improvements on third parties assets	(10.833.616)	-	(1.070.547)	-	(11.904.163)
Costs for improvements on third parties assets	5.662.273	772.164	(1.070.547)	-	5.363.890
Costs for multi-year loans	1.730.023	-	-	-	1.730.023
Amortization fund costs for multi-year loans	(1.730.023)	-	-	-	(1.730.023)
Costs for multi-year loans	-	-	-	-	-
Equipments and plants transfer costs	4.050.606	-	-	-	4.050.606
Amortization fund equipments and plants transfer costs	(4.050.606)	-	-	-	(4.050.606)
Equipments and plants transfer costs	-	-	-	-	-
Others	29.927.936	844.895	-	-	30.772.832
Amortization fund others	(20.796.138)	-	(1.603.957)	-	(22.400.095)
<b>Others tangible assets</b>	<b>9.131.798</b>	<b>844.895</b>	<b>(1.603.597)</b>	-	<b>8.372.737</b>

Others	30/06/2023	31/12/2022	Variation
Others	897.213	1.053.330	(156.117)
Costs for plants compliance	2.111.634	2.416.195	(304.561)
Costs for improvements on third parties assets	5.363.890	5.662.273	(298.383)
<b>Total</b>	<b>8.372.737</b>	<b>9.131.798</b>	<b>(759.061)</b>

Depreciation for the period amounted to €1,604 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
- 2023: 33,33% corresponding to approximately 4 years

“Other multi-year costs” include the costs incurred by the Company in connection with the activities mainly aimed at production efficiency and improving environmental management processes and major accident prevention. The increase of the period amounts to € 39 thousand and amortisation is five years.

## II. TANGIBLE 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	31/12/2022	Change in area/ extraordinary transaction	Increases	Ammortamento	Decrementi	Other movements	30/06/2023
Land	853.500	-	-	-	-	-	853.500
Buildings	8.456.321	-	91.602	-	-	-	8.547.923
Amortization fund buildings	(3.581.297)	-	-	(190.756)	-	-	(3.772.053)
<b>Buildings</b>	<b>5.728.524</b>	<b>-</b>	<b>91.602</b>	<b>(190.756)</b>	<b>-</b>	<b>-</b>	<b>5.629.370</b>
Generic plants	43.514.686	-	1.098.813	-	-	-	44.613.499
Amortization fund generic plants	(34.829.804)	-	-	(825.526)	-	(1)	(35.655.331)
<b>Generic plants</b>	<b>8.684.882</b>	<b>-</b>	<b>1.098.813</b>	<b>(825.526)</b>	<b>-</b>	<b>(1)</b>	<b>8.958.168</b>
Internal means of transport	859.657	-	213.500	-	-	-	1.073.157
Amortization fund internal means of transport	(789.225)	-	-	(21.387)	-	-	(810.612)
<b>Internal means of transport</b>	<b>70.432</b>	<b>-</b>	<b>213.500</b>	<b>(21.387)</b>	<b>-</b>	<b>-</b>	<b>262.545</b>
Furnaces and appliances	77.861.657	-	4.149.861	-	-	-	82.011.518
Amortization fund furnaces and appliances	(52.879.995)	-	-	(2.166.387)	-	-	(55.046.382)
<b>Furnaces and appliances</b>	<b>24.981.662</b>	<b>-</b>	<b>4.149.861</b>	<b>(2.166.387)</b>	<b>-</b>	<b>-</b>	<b>26.965.136</b>
Specific plants	234.862.623	-	5.489.533	-	-	-	240.352.156
Amortization fund specific plants	(167.124.087)	-	-	(5.543.477)	-	-	(172.667.564)
<b>Specific plants</b>	<b>67.738.536</b>	<b>-</b>	<b>5.489.533</b>	<b>(5.543.477)</b>	<b>-</b>	<b>-</b>	<b>67.684.592</b>
Plant and machinery	357.098.623	-	10.951.707	-	-	-	368.050.330
Amortization fund plant and machinery	(255.623.111)	-	-	(8.556.777)	-	(1)	(264.179.889)
<b>Plant and machinery</b>	<b>101.475.512</b>	<b>-</b>	<b>10.951.707</b>	<b>(8.556.777)</b>	<b>-</b>	<b>(1)</b>	<b>103.870.441</b>
Fixtures, fittings, tools and equipment	24.629.768	-	2.414.701	-	-	1	27.044.470
Amortization fund fixtures, fittings, tools and equipment	(20.711.636)	-	-	(637.865)	-	-	(21.349.501)
<b>Fixtures, fittings, tools and equipment</b>	<b>3.918.132</b>	<b>-</b>	<b>2.414.701</b>	<b>(637.865)</b>	<b>-</b>	<b>1</b>	<b>5.694.969</b>
Furniture and office equipments	707.525	-	32.827	-	-	(10.739)	729.613
Amortization fund furniture and office equipments	(296.611)	-	-	(52.015)	-	6.036	(342.590)
<b>Furniture and office equipments</b>	<b>410.914</b>	<b>-</b>	<b>32.827</b>	<b>(52.015)</b>	<b>-</b>	<b>(4.703)</b>	<b>387.023</b>
EDP equipment	2.559.108	-	257.420	-	-	1	2.816.529
Amortization fund EDP equipment	(1.305.047)	-	-	(178.517)	-	-	(1.483.564)
<b>EDP equipment</b>	<b>1.254.061</b>	<b>-</b>	<b>257.420</b>	<b>(178.517)</b>	<b>-</b>	<b>1</b>	<b>1.332.965</b>
Vehicles	248.461	-	-	-	-	(3.958)	244.503
Amortization fund vehicles	(199.840)	-	-	(14.607)	-	2.005	(212.442)
<b>Vehicles</b>	<b>48.621</b>	<b>-</b>	<b>-</b>	<b>(14.607)</b>	<b>-</b>	<b>(1.953)</b>	<b>32.061</b>
Office electric machines	61.815	-	-	-	-	-	61.815
Amortization fund office electric machines	(59.547)	-	-	-	-	(2.268)	(61.815)
<b>Office electric machines</b>	<b>2.268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.268)</b>	<b>-</b>
Other tangible assets	-	-	(14.697)	-	-	14.697	-
<b>Other tangible assets</b>	<b>-</b>	<b>-</b>	<b>(14.697)</b>	<b>-</b>	<b>-</b>	<b>14.697</b>	<b>-</b>
Other tangible assets	3.576.909	-	275.550	-	-	1	3.852.460
Amortization fund other tangible assets	(1.861.045)	-	-	(245.139)	-	5.773	(2.100.411)
<b>Other tangible assets</b>	<b>1.715.864</b>	<b>-</b>	<b>275.550</b>	<b>(245.139)</b>	<b>-</b>	<b>5.774</b>	<b>1.752.049</b>
Work in progress and advances	23.137.324	-	7.258.737	-	-	1	30.396.062
<b>Total</b>	<b>135.975.356</b>	<b>-</b>	<b>20.992.297</b>	<b>(9.630.537)</b>	<b>-</b>	<b>5.775</b>	<b>147.342.891</b>

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

Category	Useful life	Rate
Buildings	20 years	5%
Generic plants	10 years	10%
Internal means of transport	5 years	20%
Furnaces and appliances	10 years	10%
Specific plants	10 years	10%
Various equipment	4 years	25%
Processing systems	5 years	20%
Vehicles	4 years	25%
Office furniture	8 years	12%
Office electric machines	5 years	20%

Work on generic plants, furnaces and accessories and specific automated systems subject to revaluation pursuant to Law no. 126 of 13 October 2020, as well as those subject to appraisal of their useful life together with increases in 2022, have an expected 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 stand on land owned by third parties with a land lease. The headquarters in Aosta, via Paravera 16, stands on its own land. Total depreciation for the period amounted to €191 thousand and was calculated based on the useful life of the assets.

Description	31/12/2022	Increases at 30 06 2023	Amortisation on 30 06 23	Decreases at 30 06 23	30/06/2023
<b>Lands</b>	<b>853.500</b>	-	-	-	<b>853.500</b>
Buildings	8.456.321	91.602	-	-	8.525.871
Am.fund buildings	(3.581.297)	-	(190.756)	-	(3.772.053)
<b>Buildings</b>	<b>4.875.024</b>	<b>91.602</b>	<b>(190.756)</b>	-	<b>4.775.870</b>

#### **B.II.2) Plants and machinery**

The breakdown of the item is as follows:

Plant and machinery	30/06/2023	31/12/2022	Variation
Generic plants	8.958.168	8.684.882	273.286
Internal means of transport	262.545	70.432	192.113
Furnaces and appliances	26.965.136	24.981.662	1.983.474
Specific plants	67.684.592	67.738.536	(53.944)
<b>Total</b>	<b>103.870.441</b>	<b>101.475.512</b>	<b>2.394.929</b>

The increases of the period in "Plants and machinery", net of disposals and scrapping, amounted to € 4,180 thousand and the total depreciation for the period was € 8,557 thousand.



Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Plant and machinery	43.514.686	1.098.813			44.613.499
Amortization fund plant and machinery	(34.829.804)		(825.526)		(35.655.331)
Plant and machinery	8.684.882	1.098.813	(825.526)		8.958.168
Generic plants	859.657	213.500			1.073.157
Amortization fund generic plants	(789.225)	-	(21.387)		(810.612)
Generic plants	70.432	213.500	(21.387)		262.545
Internal means of transport	77.861.657	4.149.861			82.011.518
Amortization fund internal means of transport	(52.879.995)		(2.166.387)		(55.046.382)
Internal means of transport	24.981.662	4.149.861	(2.166.387)		26.965.136
Furnaces and appliances	234.862.623	5.489.533			240.352.156
Amortization fund furnaces and appliances	(167.124.087)		(5.543.477)		(172.667.564)
Furnaces and appliances	67.624.055	5.489.533	(5.543.477)		67.684.592
Specific plants	357.098.623	4.179.597	-		368.050.330
Amortization fund specific plants	(255.623.111)	-	(8.556.777)		(264.179.889)
<b>Plant and machinery</b>	<b>101.475.512</b>	<b>10.951.707</b>	<b>(8.556.777)</b>		<b>103.870.441</b>

### B.II.3) Industrial and commercial equipment

The increases of the period in "Miscellaneous equipment", net of disposals and scrapping, amounted to € 2,415 thousand and the total depreciation for the period was € 638 thousand.

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	30/06/2023
Industrial and commercial equipment	24.629.768	2.414.701			27.044.470
Am. fund Industrial and commercial equipment	(20.711.636)		(637.865)		(21.349.501)
<b>Industrial and commercial equipment</b>	<b>3.918.132</b>	<b>2.414.701</b>	<b>(637.865)</b>	-	<b>5.694.969</b>

### B.II.4) Other assets

"Other tangible fixed assets" are broken down as follows:

Others	30/06/2023	31/12/2022	Variation
Furniture and office equipments	387.023	410.914	(23.891)
EDP equipment	1.332.965	1.254.061	78.904
Vehicles	32.061	48.621	(16.560)
Office electric machines	-	2.268	(2.268)
<b>Total</b>	<b>1.752.049</b>	<b>1.715.864</b>	<b>36.185</b>



Increases for the period in “Other tangible fixed assets” net of disposals and scrapping amounted to €130 thousand and the total depreciation for the period was €218 thousand.

Description	31/12/2022	Increases at 30 06 2023	Amortisation 30 06 23	Decreases at 30 06 23	Other Adj.	30/06/2023
Furniture and office equipments	707.525	32.827	-	-	(10.739)	729.613
Amortization fund furniture and office equipments	(296.611)	-	(52.015)	-	6.036	(342.590)
Furniture and office equipments	410.914	32.827	(52.015)	-	(4.703)	387.023
EDP equipment	2.559.108	257.420	-	-	1	2.816.529
Amortization fund EDP equipment	(1.305.047)	-	(178.517)	-	-	(1.483.564)
EDP equipment	1.254.061	257.420	(178.517)	-	1	1.332.965
Vehicles	248.461	-	-	-	(3.958)	244.503
Amortization fund vehicles	(199.840)	-	(14.607)	-	2.005	(212.442)
Vehicles	48.621	-	(14.607)	-	(1.953)	32.061
Office electric machines	61.815	-	-	-	-	61.815
Amortization fund office electric machines	(59.547)	-	0	-	(2.268)	(61.815)
Office electric machines	2.268	-	(2.268)	-	(2.268)	0
Other tangible assets	3.576.909	130.164	-	-	-	3.852.460
Amortization fund other tangible assets	(1.861.045)	-	(217.902)	-	-	(2.100.411)
<b>Other assets</b>	<b>1.715.864</b>	<b>130.164</b>	<b>(217.902)</b>	-	-	<b>1.752.049</b>

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

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

#### **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 €1,025 thousand and higher by €156 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*

Euro thousands	Amount
a.1) Reversal of finance lease transaction instalments	824
a.2) Recognition of financial charges on finance lease transactions	(22)
a.3) Recognition of depreciation on existing contracts	(647)
a.4) adjustments/write-backs of value of assets under finance lease	
a) Effect on profit before tax (lower/higher costs)	156
b) Recognition of the tax impact	(43)
c) Net effect on profit or loss of recognising leases using the finance method versus the equity method adopted (a-b)	112

*Financial lease transactions – effect on equity*

Euro thousands	Amount
<b>Assets</b>	
<b>a) Contracts underway</b>	
<b>a.1) Assets under finance lease at the end of the previous year *</b>	
a.1) Assets under finance lease at the end of the previous year	39.829
Related accumulated depreciation	(31.472)
a.2) Assets taken on under a finance lease during the period	7.080
a.3) Assets acquired under finance leases during the period	(9)
a.4) Depreciation for the period	(647)
a.5) adjustments/write-backs of value of assets under finance lease	
<b>a.6) Assets acquired under finance leases at the end of the period</b>	
a.6) Assets acquired under finance leases at the end of the period	46.900
Related accumulated depreciation	(32.118)
<b>b) Ransomed goods</b>	
b.1) Higher/lower total value of the 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)	14.782
<b>Liabilities</b>	
<b>c) Implicit debts</b>	
<b>c.1) Net investments - finance lease transactions at the end of the previous year</b>	
c.1) Net investments - finance lease transactions at the end of the previous year	(7.091)
of which due in the following year	



Euro thousands	Amount
of which due after the next financial year within 5 years	
of which due beyond 5 years	
c.2) Implicit debts arising during the period	(7.080)
c.3) Repayment of the capital and redemptions during the period	811
<b>c.4) Implicit payables for finance leases at year-end</b>	
c.4) Implicit payables for finance leases at period-end	(13.360)
of which due in the following year	
of which due after the next financial year within 5 years	
of which due beyond 5 years	
d) Total gross impact at the end of the period (a.6+b.1-c.4)	1.422
e) Tax effect	(397)
f) Effect on equity at the end of the period (d-e)	1.025

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 as at 30.06.2023 €/000
Plant and machinery	Italian Law no. 126 of 13/10/2020	4.778	3.584
Furnaces and Accessories	Italian Law no. 126 of 13/10/2020	10.955	8.216
Large specific and automatic plants	Italian Law no. 126 of 13/10/2020	50.350	37.762
Buildings	Decree Law no. 185 of 28/11/2008	1.163	320
<b>Total</b>		<b>67.246</b>	<b>49.883</b>

## 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	31/12/2022	Increases	Decrementi	Devaluations	Revaluations	Other movements	30/06/2023
Financial investments from subsidiary companies	70.544.325	23.895.053	(23.156.491)	-	2.716.837	-	73.999.723
Financial investments from others companies	3.630.627	-	(44)	-	-	-	3.630.583
<b>Total</b>	<b>74.174.952</b>	<b>23.895.053</b>	<b>(23.156.535)</b>	-	<b>2.716.837</b>	-	<b>77.630.306</b>
Security account	166.201	-	(5.762)	-	-	-	160.439
<b>Total</b>	<b>166.201</b>	-	<b>(5.762)</b>	-	-	-	<b>160.439</b>
<b>Total</b>	<b>74.341.153</b>	<b>23.895.053</b>	<b>(23.162.297)</b>	-	<b>2.716.837</b>	-	<b>77.790.745</b>



**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 following table includes a comparison between the investments in subsidiaries held by Cogne Acciai Speciali S.p.A. at 30 June 2023 and and the pro-rata net equity resulting from the financial position for the first half of 2023, adjusted in order to comply with the Group's accounting policies.

Equity investment	Net book value	S.E. in currency	Currency	Exchange rate	S.E. in Euro	% Interest	S.E. In Euro CAS	Delta
	30.06.2023 (A)	30.06.2023		30.06.2023	30.06.2023		(B)	
Cogne UK	4.094.296	8.107.623	GBP	0,8583	9.446.361	100,00%	9.446.361	5.352.065
Cogne France	6.197.865	8.238.266	EUR	1,0000	8.238.266	100,00%	8.238.266	2.040.401
Cogne Edelstahl	385.001	14.254.001	EUR	1,0000	14.254.001	100,00%	14.254.001	13.869.000
Metalinox	10.239.120	75.709.568	BRL	5,2788	14.342.193	100,00%	14.342.193	4.103.073
Cogne Hong Kong	0	0	USD	1,0866	0	100,00%	0	0
Cogne Special Steel USA	6.162.235	14.125.706	USD	1,0866	12.999.914	100,00%	12.999.914	6.837.678
Cogne Celik (*)	2.394.970	66.655.680	TRY	28,3193	2.353.719	100,00%	2.353.719	(41.251)
Cogne Mexico	4.702.574	100.337.942	MXN	18,5614	5.405.731	99,99%	5.405.191	702.617
Stainless Bars	15.000.000	15.684.303	CHF	0,9788	16.024.012	100,00%	16.024.012	1.024.012
Cogne Singapore	146.032	88.342	SGD	1,4732	59.966	100,00%	59.966	(86.066)
Dongguan Cogne Steel Products Co., Ltd	24.677.630	189.109.551	CNY	7,8983	23.943.070	100,00%	23.943.070	(734.560)
<b>Total</b>	<b>73.999.723</b>							

(\*) a provision for impairment of investments of €165 thousand 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 investment at the reporting date, accounting for 100% of the share 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 €9,446 thousand (equal to GBP 8,108 thousand), including the profit for the period of €874 thousand (equal to GBP 766 thousand).

At the reporting date, the carrying value of the investment was lower than net equity by € 5,352 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 investment at the reporting date, accounting for 100% of the share capital, was € 6,198 thousand.

At 30 June 2023, the subsidiary's net equity amounted to € 8,238 thousand, including the profit for the period of € 916 thousand.

The carrying value of the equity investment at the end of the period was lower than the net equity by €2,040 thousand.

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

**Share Capital EUR 3,328,000**

The carrying value of the investment at the reporting date, accounting for 100% of the share capital, was € 385 thousand.

At 30 June 2023, the subsidiary's net equity amounted to € 14,254 thousand. The profit for the period, amounting to € 2,046 thousand, fully confirms the positive results already achieved in prior years.

At 30 June, the carrying value of the investment was lower than net equity by € 13,869 thousand.



During the last year, the Company acquired the entire share capital of Edelmetall- & Metallhandelsgesellschaft mbH (EMB).

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

Share Capital BRL 76,501,989

The carrying value of the investment at the reporting date, accounting for 100% of the share capital, was € 10,239 thousand.

At 30 June 2023, the subsidiary's net equity was € 14,342 thousand (BRL 75,710 thousand), including the profit for the period of € 568 thousand (BRL 3,113 thousand).

At the end of 2019, in order to take into account the impairment losses and partially bring the value of the investment into line with that of the Company's net equity, a € 1 million impairment loss was recognised.

At 30 June, the carrying value of the investment was lower than net equity by € 4,103 thousand.

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

Share Capital USD 180.000

The subsidiary, in view of the future liquidation which will take place by the end of this year, finalized, on 23 May 2023, the transfer to Cogne Acciai Speciali SPA of 100% of the shares held in the company Dong Guang Cogne Steel Product; the company also proceeded to transfer all existing liquidity to the Parent Company in order to proceed with the closing operation.

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 investment at the reporting date, accounting for 100% of the share capital, was € 6,162 thousand.

At 30 June 2023, the subsidiary's net equity amounted to € 12,300 thousand (USD 14,126 thousand), including the profit for the period of € 1,076 thousand (USD 1,163 thousand).

At the reporting date, the carrying value of the investment was lower than net equity by € 6,838 thousand.

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

Share Capital TRY 23,952,125

The carrying value of the investment at the reporting date, accounting for 100% of the share capital, was € 2,395 thousand. A provision for risks of € 165 thousand has been recognised on this investment since 2016.

At 30 June 2023, the subsidiary's net equity amounted to € 2,354 thousand (TRY 66,654 thousand), including a profit for the period of € 531 thousand (TRY 11,452 thousand).

The difference that still remains between the book value of the investment and the shareholders' equity (Euro 340 thousand, considering the provision for risks recorded), mainly due to the significant depreciation of the Turkish currency, is to be considered short-lived, also taking into account the profits achieved in the previous two years and during the present period.

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

Share Capital MXN 102,544,890





The carrying value of this investment, following the € 1,8 million capital increase carried out during the period, accounts for 99,99% of the share capital, and amounts to € 4,703 thousand. At 30 June 2023, the subsidiary's net equity amounted to € 5,406 thousand (MXN 100,338 thousand), including the loss for the period of € 138 thousand (MXN 2,707 thousand).

At the reporting date, the carrying value of the investment was lower than net equity by € 703 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 € 15 million.

At 30 June 2023, the subsidiary's net equity amounted to € 16,024 thousand (CHF 15,684 thousand), including the profit for the period of € 1,833 thousand (CHF 1,807 thousand). At the reporting date, the carrying value of the investment was lower than net equity by € 1,024 thousand.

COGNE SGE PTE. LTD. – 160 ROBINSON ROAD #14-04 - SINGAPORE  
Share Capital SGD 205.290

Cogne Singapore was incorporated during the prior year, the carrying value of this investment, following the € 47 thousand capital increase carried out during the period, accounts for 100% of the share capital, and amounts to € 146 thousand.

At 30 June, the subsidiary's net equity amounted to € 60 thousand (SGD 88 thousand), including the loss for the period of € 60 thousand (SGD 88 thousand). At the reporting date, the carrying value of the investment exceeds net equity by € 86 thousand. This difference is not permanent as it refers to the initial start-up phase.

DONG GUANG COGNE STEEL PRODUCT CO LTD. - No. 27, WeiJian Road, industrial park of ChaShan, ChaShan town, DongGuan city, GuangDong province, China  
Share Capital CNY 182,363.897

On 23 May 2023, the company passed under the direct control of Cogne Acciai Speciali SpA (see paragraph Cogne Hong Kong).

The book value of the equity investment at the end of the period, representing 100% of the share capital, is equal to Euro 24,678 thousand. This value corresponds to the book value of the investment held by Cogne Hong Kong for Euro 21,961 (Euro 25,193 thousand gross of previous write-downs of Euro 3,232 thousand) to which is added the revaluation carried out in June (Euro 2,717 thousand) to against the adjustment to the book values of the shareholders' equity of Cogne DCSP as at 31 May 2023.

As of June 30, the subsidiary has shareholders' equity of Euro 23,943 thousand (equal to CNY 189,110 thousand), including losses for the period of Euro 618 thousand (equal to CNY 4,625 thousand).

The difference between the book value of the investment and the shareholders' equity (Euro 735 thousand), mainly due to the loss for the period, is to be considered short-lived, also taking into account the profits achieved in previous years.

**Other companies**

The breakdown of the item is as follows:



Investments in other companies	30/06/2023	31/12/2022	Variation
~Immobiliare siderurgica srl		44	(44)
~Consorzio Geo Storage	2.000	2.000	-
~Consorzio Metal Interconnector	3.628.583	3.628.583	-
<b>Total</b>	<b>3.630.583</b>	<b>3.630.627</b>	<b>-44</b>

### B.III.2) Receivables

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

Receivables	30/06/2023	31/12/2022	Variation
Security account	160.439	166.201	(5.762)
<b>Total</b>	<b>160.439</b>	<b>166.201</b>	<b>(5.762)</b>

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

## 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	30/06/2023	31/12/2022	Variation
Raw materials, consumable and supplies	36.716.235	46.765.402	(10.049.167)
Work in progress and components products	89.639.526	92.880.016	(3.240.490)
Finished products and goods	77.661.611	73.006.015	4.655.596
<b>Total</b>	<b>204.017.372</b>	<b>212.651.433</b>	<b>(8.634.061)</b>

Total closing inventory, net of write-downs, decreased by € 8,6 million on the previous year end. The decrease is mainly due to the performance of the commodity market, which decrease in terms of unit value, and to a decrease in raw material inventories (-3,456 tons).

Consumables include raw materials used in the production process (€ 25,18 million) and sundry consumables, spare parts and equipment (€ 11,5 million). With respect to the raw materials used in the production process, the quantities in stock decreased by 30%. Stocks of miscellaneous materials appears practically unchanged. decreased by € 3.8 million, including a € 4.5 million write-down.

Overall, raw materials, consumables and supplies decreased by € 10 million.

Finished products, net of changes in the inventory of the Korean branch and goods in transit, show an increase of approximately 2 million mainly attributable to the trend in quantities

The inventory balance at 30 June 2023 was compared with the market value based on sales prices in the last month of the period. 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).

Receivables	30/06/2023	31/12/2022	Variation
<b>1) Trade receivables</b>	<b>106.313.771</b>	<b>114.036.856</b>	<b>(7.723.085)</b>
- less than 12 months	106.313.771	114.036.856	(7.723.085)
<b>2) Receivables from subsidiaries companies</b>	<b>37.346.887</b>	<b>37.369.315</b>	<b>(22.428)</b>
- less than 12 months	37.346.887	37.369.315	(22.428)
<b>5-bis) Tax receivables</b>	<b>8.611.896</b>	<b>8.647.557</b>	<b>(35.661)</b>
- less than 12 months	8.409.278	8.411.739	(2.461)
- more than 12 months	202.618	235.818	(33.200)
<b>5-ter) Deferred tax assets</b>	<b>6.040.348</b>	<b>6.470.462</b>	<b>(430.114)</b>
- less than 12 months	6.040.348	6.470.462	(430.114)
<b>5-quater) Other receivables</b>	<b>9.666.345</b>	<b>15.583.760</b>	<b>(5.917.415)</b>
- less than 12 months	9.666.345	15.583.760	(5.917.415)
<b>Total</b>	<b>167.979.247</b>	<b>182.107.950</b>	<b>(14.128.703)</b>

### **C.II.1) Trade receivables**

The item "Trade receivables" (nominal value €106,842 thousand net of the allowance for doubtful receivables of €528 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	31/12/2022	Accrual	Other movements	30/06/2023
Allowance for doubtful ST receivables	718.745	120.831	(311.797)	527.779
<b>Total</b>	<b>718.745</b>	<b>120.831</b>	<b>(311.797)</b>	<b>527.779</b>

The risk of uncollectability of the items outstanding at the reporting date was assessed considering the existing insurance policies and the related credit facilities, as discussed in Part three above. Furthermore, based on the analysis of receivables, the relevant provision is deemed adequate.

### **C.II.2) From Subsidiaries**

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



Detail of receivables from subsidiaries companies	30/06/2023	31/12/2022	Variation
Cogne Hong Kong Ltd	-	3.064.894	(3.064.894)
Cogne Edelstahl GmbH	6.070.313	3.734.319	2.335.994
Cogne France S.A.	4.516.502	5.994.980	(1.478.478)
Cogne Celik Ltd	357.724	342.432	15.292
Cogne UK Ltd	5.205.844	4.451.784	754.060
Cogne USA Inc	8.380.904	11.825.818	(3.444.914)
Metalinox Cogne	7.672.693	3.832.385	3.840.308
Cogne Mexico	307.719	760.926	(453.207)
Cogne Stainless Bars S.A.	1.911.604	3.204.080	(1.292.476)
Donguang Cogne Steel Product Ltd	2.916.847	-	2.916.847
Other entities	6.737	157.697	(150.960)
<b>Total</b>	<b>37.346.887</b>	<b>37.369.315</b>	<b>(22.428)</b>

Receivables originally expressed in foreign currency, recognised at the exchange rate in force on the date they arose, were adjusted to closing rates. This generated an exchange gain on foreign currency receivables of € 115 thousand at 30 June 2023. Of this amount, € 258 thousand related to receivables from subsidiaries and negative € 143 thousand to receivables from third parties.

#### **C.II.4 bis) Tax receivables**

The breakdown of the item is as follows:

Tax receivables	30/06/2023	31/12/2022	Variation
ST tax receivables for income taxes	3.333.002	2.894.378	438.624
ST VAT	4.166.453	1.106.521	3.059.932
Other ST tax receivables	909.823	4.410.840	(3.501.017)
Other LT tax receivables	202.618	235.818	(33.200)
<b>Total</b>	<b>8.611.896</b>	<b>8.647.557</b>	<b>(35.661)</b>

Tax receivables decreased by a total of € 36 thousand.

#### **C.II.4 ter) Prepaid taxes**

This specific item amounted to €6,040 thousand. At 30 June 2023, prepaid taxes amounted to € 977 thousand and € 1,406 thousand and related to the recognition of the taxes on IRS hedges not recognised through profit or loss. 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	30/06/2023	31/12/2022	Variation
ST receivables from employees	8.950	6.104	2.846
ST receivables from social security institutes	56.060	47	56.013
ST receivables from factoring companies	5.785.473	10.689.923	(4.904.450)
ST receivables from insurances	23.491	26.039	(2.548)
ST advances to suppliers	3.747.662	4.819.551	(1.071.889)
ST receivables from others	44.709	42.096	2.613
<b>Total</b>	<b>9.666.345</b>	<b>15.583.760</b>	<b>(5.917.415)</b>

### III. FINANCIAL ASSETS OTHER THAN FIXED ASSETS

#### Derivative financial instruments - assets

At 30 June 2023, forward agreements were in place, signed with the aim of mitigating structural exposure in BRL, GBP, TRY, ZAR, 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 2023, aimed at hedging exchange rate fluctuations, write-ups of derivative financial instruments were entered for €62 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

Type	valuta	Nozional outstanding (EUR)	MTM (Eur)
Forward	GBP	1.747.681	10.966
Forward	TRY	172.674	15.278
Forward	ZAR	254.192	6.541
Forward	KRW	262.519	6.038
Forward	BRL	4.972.721	23.021
<b>Total</b>		<b>7.409.787</b>	<b>61.844</b>

#### Commodities

The fair value of derivatives entered into to hedge fluctuations in the value of the raw material Nickel amounted to €663 thousand.

### IV. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	30/06/2023	31/12/2022	Variation
Banks and postal current accounts	15.862.038	59.967.240	(44.105.202)
<b>Total</b>	<b>15.862.038</b>	<b>59.967.240</b>	<b>(44.105.202)</b>

This item includes short-term cash balances with banks.

**D. ACCRUED INCOME AND PREPAYMENTS**

Prepayments and accrued income	30/06/2023	31/12/2022	Variation
Other accrued incomes	19.858	12.045	7.813
Leasing deferred charges	3.361.638	1.393.747	1.967.891
Other deferred charges	621.418	1.609.633	(988.215)
<b>Total</b>	<b>4.002.914</b>	<b>3.015.425</b>	<b>987.489</b>

Prepayments for leases amounting to € 3,362 thousand relate to maxi-fees of leases taken out over the past four years.

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

## LIABILITIES

### A. NET EQUITY

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

Net equity	31/12/2022	Increases	Appropriation of net income	30/06/2023
Share capital	250.000.000	-	-	250.000.000
Legal reserve	3.399.502	-	1.461.970	4.861.472
<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	(828.944)	3.043.638	-	2.214.694
Retained Earnings	6.817.331	-	27.777.418	34.594.749
Net profit (loss) for the period	29.239.388	9.629.267	(29.239.388)	9.629.267
<b>Totale Patrimonio netto</b>	<b>290.834.550</b>	<b>12.672.905</b>	<b>-</b>	<b>303.507.455</b>

At 30 June 2023, net equity amounted to € 303,507 thousand, including the income for the period of € 9,629 thousand.

On 30 November 2022, 70% of Cogne Acciai Speciali was transferred to the Walsin Lihwa Corporation Group.

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 las year	
					loss coverage	other
Share capital	250.000.000,00					
Legal reserve	4.861.472,00					
<b>Other reserves, with distinct indication</b>						
<i>Extraordinary reserve</i>	2.061.651,00					
<i>Merger reserve</i>	145.621,99					
Cash flow hedging reserve	2.214.693,59					
Retained Earnings	34.594.749,10					
<b>Net equity</b>	<b>293.878.188</b>					

### B. PROVISIONS FOR RISKS AND CHARGES

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



Provisions for risks and other charges	31/12/2022	Accrual	Other movements	30/06/2023
Deferred tax liabilities fund	1.260.226	30.845	(187.654)	1.103.417
Other taxes provision fund	-	245.579	-	245.579
<b>Deferred tax and other tax liabilities fund</b>	<b>1.260.226</b>	<b>276.424</b>	<b>(187.654)</b>	<b>1.348.996</b>
Reserve for derivative financial instruments	6.866.342	-	(4.824.145)	2.042.197
<b>Reserve for derivative financial instruments</b>	<b>6.866.342</b>	-	<b>(4.824.145)</b>	<b>2.042.197</b>
Investments provision fund	165.000	-	-	165.000
Other provisions fund	360.000	-	-	360.000
<b>Other provisions fund</b>	<b>525.000</b>	-	-	<b>525.000</b>
<b>Total</b>	<b>8.651.568</b>	<b>276.424</b>	<b>(5.011.799)</b>	<b>3.916.193</b>

### 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

At 30 June 2023, forward agreements were in place, signed with the aim of mitigating structural exposure in GBP, USD 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 2023, aimed at hedging exchange rate fluctuations, write-downs of derivative financial instruments were entered for €202 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

Type	currency	Nozional outstanding (EUR)	MTM (Eur)
Forward	GBP	2.679.778	(53.382)
Forward	USD	5.061.660	(28.133)
Flexible forward	BRL	3.551.944	(120.035)
<b>Total</b>		<b>11.293.382</b>	<b>(201.550)</b>

#### Rates

At 30 June 2023, there are derivative contracts signed to cover the interest rate risk relating to outstanding loans. Reserves of €3,236 thousand for expected cash flow hedges net of tax effects were recognised for this category of derivative financial instruments.

### 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	31/12/2022	Accrual	Release	Reclassifications	Other movements	30/06/2023
Provision for employee severance indemnity	2.547.377	1.363.563	-	-	(1.445.987)	2.464.953
<b>Total</b>	<b>2.547.377</b>	<b>1.363.563</b>	-	-	<b>(1.445.987)</b>	<b>2.464.953</b>





The Employee Severance Indemnity includes the severance accrued at 30 June 2023 to be paid to all employees upon termination of employment pursuant to Article 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 and the transfer of part of the portion accrued during the year to supplementary pension funds.

## D. PAYABLES

### D.1) Bonds

Debenture loans	30/06/2023	31/12/2022	Variation
ST portion debenture loans	1.500.000	3.000.000	(1.500.000)
LT portion debenture loans	7.437.836	7.425.286	12.550
<b>Total</b>	<b>8.937.836</b>	<b>10.425.286</b>	<b>(1.487.450)</b>

This 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 (€ 8,937,836 applying the amortised cost at the reporting date). It comprises 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.

The change in the period is due to the repayment of the obligation amounting to Euro 1,5 million, partially offset by the effect of the application of the amortized cost method.

### D.4) Payables to banks

Payables due to banks	30/06/2023	31/12/2022	Variation
ST collateralised bank loans	260.000	260.000	-
ST uncollateralised bank loans	30.874.408	29.178.394	1.696.014
Bank accounts	25.957.740	14.238.534	11.719.206
Advances bank accounts	39.096.435	27.090.347	12.006.088
LT collateralised bank loans	1.525.000	1.655.000	(130.000)
LT uncollateralised bank loans	84.794.253	95.354.002	(10.559.749)
<b>Total</b>	<b>182.507.836</b>	<b>167.776.277</b>	<b>14.731.559</b>

“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 €15 million. At 30 June 2023, cash and cash equivalents amounted to € 15,862 thousand, as shown in Assets under Bank and Postal Accounts. At 30 June 2023, the monetary and unsecured 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.

In particular, during the period, one medium-long term loan agreements was signed for a total of € 4 million, bear a variable interest rate, hedged by IRS.



All the loans subscribed, with the exception of that disbursed by Credito Valtellinese, Invitalia, Simest and the mortgage loans subscribed with Intesa San Paolo, 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	3.000.000	10.758.447
Credito Valtellinese	433.118	
Intesa San Paolo	2.002.276	2.083.417
Ipotecario Mediocredito	110.000	550.000
Banca BNL SACE	4.000.000	5.181.375
Unicredit Sace	5.000.000	6.460.400
Ipotecario Intesa San Paolo	150.000	975.000
Intesa San Paolo SACE	6.360.000	17.266.076
Simest	60.000	420.000
Banco BPM SACE	4.000.000	14.280.801
Invitalia	6.019.014	24.349.819
Monte dei Paschi di Siena		3.981.487
Hyunday Capital - Korea branch		12.431
<b>Totale</b>	<b>31.134.408</b>	<b>86.319.252</b>

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

Details of the net financial position at 30 June 2023 are as follows:

Net financial position	30/06/2023	31/12/2022	Variation
Bank accounts	15.862.038	59.967.240	(44.105.202)
<b>Cash and cash equivalents</b>	<b>15.862.038</b>	<b>59.967.240</b>	<b>(44.105.202)</b>
<b>Financial assets other than fixed assets</b>	<b>4.986.910</b>	<b>5.694.971</b>	<b>(708.061)</b>
Bonds (within 12 months)	(1.500.000)	(3.000.000)	1.500.000
Payables to banks (within 12 months)	(65.054.175)	(41.328.881)	(23.725.294)
Payables for loans (within 12 months)	(31.134.408)	(29.438.394)	(1.696.014)
Other financial payables (within 12 months)	(165.707)	(229.901)	64.194
Financial derivatives liabilities	(2.042.197)	(6.866.342)	4.824.145
<b>Short-term financial payables</b>	<b>(99.896.487)</b>	<b>(80.863.518)</b>	<b>(19.032.969)</b>
° <b>Short-term net financial position</b>	<b>(79.047.539)</b>	<b>(15.201.307)</b>	<b>(63.846.232)</b>
Bonds (beyond 12 months)	(7.437.836)	(7.425.286)	(12.550)
Payables to banks (beyond 12 months)	(86.319.253)	(97.009.002)	10.689.749
<b>Medium/Long-term financial payables</b>	<b>(93.923.344)</b>	<b>(104.660.835)</b>	<b>10.737.491</b>
° <b>M/L-term net financial position</b>	<b>(93.923.344)</b>	<b>(104.660.835)</b>	<b>10.737.491</b>
° <b>Net financial position</b>	<b>(172.970.883)</b>	<b>(119.862.142)</b>	<b>(53.108.741)</b>

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

#### D.6) Advances

The item advances of Euro 4.5 million includes the advance paid by Cogne Stainless Bars against future supplies.

#### D.7) Trade payables



Trade payables amounting to €120,425 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:

Detail of payables from subsidiaries companies	30/06/2023	31/12/2022	Variation
Cogne Hong Kong Ltd	-	539.900	(539.900)
Cogne Edelstahl GmbH	184.495	242.577	(58.082)
Cogne France S.A.	124.840	91.302	33.538
Cogne Celik Ltd	12.881	5.118	7.763
Cogne USA Inc	84.374	47.904	36.470
Metalinox Cogne	20.343	206.824	(186.481)
Cogne Stainless Bars S.A.	528.620	888.275	(359.655)
Donguang Cogne Steel Product Ltd	755.672	-	755.672
Cogne Singapore	8.862	7.721	1.141
Other entities	4.514.131	5.374.047	(859.916)
<b>Total</b>	<b>6.234.218</b>	<b>7.403.668</b>	<b>(1.169.450)</b>

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 an exchange gain of € 86 thousand. Of this amount, € 82 thousand related to payables from third parties and € 4 thousand to payables from subsidiaries.

#### **D.12) Tax payables**

The breakdown of the item is as follows:

Tax payables	30/06/2023	31/12/2022	Variation
Other ST tax payables	50.228	1.019.667	(969.439)
ST debts payables for withholding tax	745.814	3.274.431	(2.528.617)
<b>Total</b>	<b>796.042</b>	<b>4.294.098</b>	<b>(3.498.056)</b>

#### **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	30/06/2023	31/12/2022	Variation
ST payables to social security institutes (INPS - only italian companies)	3.351.651	5.009.760	(1.658.109)
ST payables to social security institutes (INAIL - only italian companies)	313.031	401.933	(88.902)
ST payables to social security institutes (OTHERS)	678.983	727.165	(48.182)
<b>Total</b>	<b>4.343.665</b>	<b>6.138.858</b>	<b>(1.795.193)</b>

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	30/06/2023	31/12/2022	Variation
ST payables to employees	6.766.969	4.346.062	2.420.907
ST payables to agents	165.707	229.901	(64.194)
ST other payables	796.126	892.081	(95.955)
<b>Total</b>	<b>7.728.802</b>	<b>5.468.044</b>	<b>2.260.758</b>

- payables relating to the portion of accrued holiday not taken (€2,827 thousand);
- payables related to the accrued 13th month bonus (€1,413);
- payables relating to the assessment of the seniority bonus (€ 810 thousand).
- payables relating to the assessment of the performance bonus and MBO (€ 1,717 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 (€47 thousand);
- payables related to the Internal Assistance Fund (€108 thousand);
- payables related to the exemption contribution for disabled people (€ 159 thousand);
- other sundry payables (€409 thousand).

**b) Payables beyond the year:**

- more than 12 months	30/06/2023	31/12/2022	Variation
LT payables to agents	166.255	226.547	(60.292)
<b>Total</b>	<b>166.255</b>	<b>226.547</b>	<b>(60.292)</b>

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:



Interim financial statements as at 30 June 2023

Accruals and Deferred Income	30/06/2023	31/12/2022	Variation
Accruals for deferred interests	516.098	367.474	148.624
Accruals for insurances	93.831	108.260	(14.429)
Other accruals	1.875	56.741	(54.866)
<b>Accruals</b>	<b>611.804</b>	<b>532.475</b>	<b>79.329</b>
Accrued interests for capital contribution	393.969	359.264	34.705
<b>Deferred income</b>	<b>393.969</b>	<b>359.264</b>	<b>34.705</b>
<b>Total</b>	<b>1.005.773</b>	<b>891.739</b>	<b>114.034</b>

Deferred income refers entirely to the allocation over the duration of five years of tax credits recorded for €51 thousand on assets belonging to the “Industry 4.0” category and for €343 thousand on ordinary assets.

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

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET	30/06/2023	31/12/2022	Variation
<b>Other interim account</b>	<b>8.670.814</b>	<b>9.025.588</b>	<b>(354.774)</b>
<b>Company assets held by third parties</b>	<b>12.564.171</b>	<b>10.357.916</b>	<b>2.206.255</b>
<b>Guarantees</b>	<b>21.322.056</b>	<b>27.028.873</b>	<b>(5.706.817)</b>
Others	16.640.849	22.278.639	(5.637.790)
Letters of patronage	4.681.207	4.750.234	(69.027)
<b>Commitments undertaken by the company</b>	<b>121.338.985</b>	<b>117.067.675</b>	<b>4.271.310</b>
Financial leases	9.997.836	5.726.526	4.271.310
"Notional value ""IRS"" composed"	111.341.149	111.341.149	-
<b>Others interim account</b>	<b>4.500.000</b>	<b>4.500.000</b>	<b>-</b>
Real guarantees in favor of third parties on assets of subsidiaries	4.500.000	4.500.000	-
<b>Interim accounts</b>	<b>168.396.026</b>	<b>167.980.052</b>	<b>415.974</b>

The sureties granted in favour of third parties amounted to € 16,641 thousand and included those granted to key 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 €4,681 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 Report on operations.

**A.5) Other revenues and income**

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

Other revenue and income	30/06/2023	30/06/2022	Variation
Other revenues	10.522.887	10.466.488	56.399
<b>Grants</b>	<b>10.522.887</b>	<b>10.466.488</b>	<b>56.399</b>
Revenue from direct sales of work in progress and finished goods	3.259.024	4.340.976	(1.081.952)
Ordinary gains on sale of tangible assets	-	4.411	(4.411)
Recovered expenses from subsidiaries	115.365	34.170	81.195
Recovered selling expenses	(72.487)	3.394	(75.881)
Refund of insurance expenses	350.139	3.359	346.780
Suppliers' chargers and damages compensations	-	24.796	(24.796)
Other revenues from transport	293.253	217.993	75.260
Extraordinary financial gains	(728.505)	(379.527)	(348.978)
Other revenues and income	585.180	842.067	(256.887)
<b>Other revenues</b>	<b>3.801.969</b>	<b>5.091.639</b>	<b>(1.289.670)</b>
<b>Total</b>	<b>14.324.856</b>	<b>15.558.127</b>	<b>(1.233.271)</b>

The item Operating grants mainly includes the recognition of tax credits accrued by the company with reference to the raw materials Energy (Euro 5.05 million) and Gas (Euro 4.4 million).

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

**B. COSTS OF PRODUCTION****B.6) Costs for raw materials, consumables and goods**

The detail of the item is given below:

Di seguito viene esposto il dettaglio della voce:



for raw material and consumables	30/06/2023	30/06/2022	Variation
Raw material	235.562.741	342.828.857	(107.266.116)
Supply	8.061.047	10.481.177	(2.420.130)
Fuels	234.556	213.942	20.614
Other material	18.476.855	19.467.251	(990.396)
Utilities (Electricity/Water)	16.348.387	29.106.959	(12.758.572)
Gas / Methane	16.536.766	28.394.651	(11.857.885)
Purchase of other production material	688.891	918.460	(229.569)
Purchase of packaging	205.875	213.435	(7.560)
Additional purchase charges for raw material, components, supplies and c	1.532.542	2.252.056	(719.514)
Adjustments purchases of raw material, components, supplies and consur	63.406	230	63.176
<b>Total</b>	<b>297.711.066</b>	<b>433.877.018</b>	<b>(136.165.952)</b>

### B.7) Costs for services

This item breaks down as follows:

for services	30/06/2023	30/06/2022	Variation
External workings	9.012.953	9.028.794	(15.841)
Purchases transport	115.530	266.686	(151.156)
Sales transport	5.858.863	7.892.889	(2.034.026)
Storage	1.985.819	2.585.400	(599.581)
Insurances	1.596.665	1.677.059	(80.394)
Fiscal and administrative consultancy services	1.019.268	408.818	610.450
IT consultancy service	50.534	42.868	7.666
Commercial consultancy service	191.036	172.091	18.945
Technical consultancy service	466.148	432.770	33.378
Legal and notary expenses	1.051.533	181.750	869.783
Other Consultancies	905.626	416.788	488.838
Training expenses	250.815	165.583	85.232
Commissions to agents	765.645	978.506	(212.861)
Advertising expenses	40.834	42.341	(1.507)
Surveillance expenses	328.189	354.190	(26.001)
Travelling expenses	551.581	308.555	243.026
Bank services	37.154	-	37.154
Board of Directors' fees	264.988	625.000	(360.012)
Statutory auditors' fees	72.800	72.800	-
Supervisory Body's fees	46.800	46.800	-
Cafeteria expenses	287.009	293.126	(6.117)
Representing expenses	27.898	31.481	(3.583)
Telephone expenses	168.040	155.810	12.230
Ecology expenses	3.497.585	3.871.991	(374.406)
Postal expenses	1.035	1.280	(245)
Cleaning related services	1.976.865	1.859.163	117.702
Other services costs	745.777	742.021	3.756
Quality plants maintenance costs	3.628.093	3.755.235	(127.142)
<b>Total</b>	<b>34.945.083</b>	<b>36.409.795</b>	<b>(1.464.712)</b>

### 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:



Interim financial statements as at 30 June 2023

for rents and leases	30/06/2023	30/06/2022	Variation
Renting costs	220.873	369.252	(148.379)
Leasing costs	893.577	1.049.819	(156.242)
Other renting related costs	1.297.460	626.014	671.446
Motorvehicles renting costs	623.968	596.677	27.291
Equipment renting costs	1.061.601	421.357	640.244
<b>Total</b>	<b>4.097.479</b>	<b>3.063.119</b>	<b>1.034.360</b>

### B.9) Personnel costs

Labour costs totalled €32,162 thousand, as detailed below:

Personnel costs	30/06/2023	30/06/2022	Variation
Salaries and wages	22.861.134	21.631.858	1.229.276
Social security costs	7.836.898	7.240.352	596.546
Provision for severance indemnity	1.363.563	1.349.269	14.294
Other costs	100.372	395.907	(295.535)
<b>Total</b>	<b>32.161.967</b>	<b>30.617.386</b>	<b>1.544.581</b>

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

Number of employee:	Balance close as 31.12.2022	Increases	Decreases	Carreer increase	Balance close as 30.06.2023
Directors	14	1	(1)	1	15
Executive staff	21			(1)	20
Office workers	280	9	(5)	2	286
Office workers in training	13	10	(1)		22
Manual workers	728	139	(46)	(1)	820
Manual workers in training	9		(1)	(1)	7
<b>Totale</b>	<b>1.065</b>	<b>159</b>	<b>(54)</b>	<b>-</b>	<b>1.170</b>

### 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	30/06/2023	30/06/2022	Variation
Amortization of start-up and expansion costs	11.294	11.569	(275)
Amortization of concessions, licences, trademarks and similar rights	472.760	472.760	-
Amortization of software	305.766	295.891	9.875
Amortization of other costs	194.948	158.095	36.853
Amortization of costs for plants compliance	338.462	84.663	253.799
Amortization of costs for improvements on third parties assets	1.070.547	853.848	216.699
<b>Total</b>	<b>2.393.777</b>	<b>1.876.826</b>	<b>516.951</b>

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	30/06/2023	30/06/2022	Variation
Amortization of buildings	190.756	175.581	15.175
Amortization of generic plants	825.526	814.457	11.069
Amortization of internal means of transport	21.387	7.789	13.598
Amortization of furnaces and appliances	2.166.387	1.986.452	179.935
Amortization of specific plants	5.543.477	5.321.402	222.075
Amortization of industrial equipments	637.865	709.340	(71.475)
Amortization of vehicles	14.607	10.341	4.266
Amortization of furniture and office equipments	52.015	26.288	25.727
Amortization of EDP machinery	178.517	70.596	107.921
<b>Total</b>	<b>9.630.537</b>	<b>9.122.246</b>	<b>508.291</b>

### **B.14) Other operating costs**

This item includes the following charges:

Other operating losses	30/06/2023	30/06/2022	Variation
Other taxes (different than income taxes)	257.981	251.589	6.392
Losses on trade receivables	7	3.994	(3.987)
Subscription to newspaper and magazines	12.401	14.556	(2.155)
Contributions	108.623	195.995	(87.372)
Other operating costs	2.332.910	1.396.954	935.956
Other extraordinary expenses	6.990	299.246	(292.256)
Fairs, exhibitions and travels	300.806	202.174	98.632
Administrative sanctions, fines and surcharges	1.061	11.135	(10.074)
<b>Total</b>	<b>3.020.779</b>	<b>2.375.643</b>	<b>645.136</b>

## **C. FINANCIAL INCOME AND CHARGES**

### **C.15.a1) from equity investments in subsidiary companies**

It should be noted that during the period a dividend was approved and paid by the subsidiary Cogne Stainless Bars for Euro 2,010 thousand, the remainder of Euro 312 thousand is attributable to the liquidation of the company Cogne Hong Kong Ltd.

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

The breakdown is as follows:

Other financial income	30/06/2023	30/06/2022	Variation
Other financial income	-	(3.672)	3.672
Interests in bank and postal accounts	26.830	290	26.540
<b>Other financial income</b>	<b>26.830</b>	<b>(3.382)</b>	<b>30.212</b>

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

This item is composed as follows:

Interests expenses and similar charges	30/06/2023	30/06/2022	Variation
Financial charges from subsidiary companies	68.198	92.145	(23.947)
<b>Interest and other financial charges from subsidiary companies</b>	<b>68.198</b>	<b>92.145</b>	<b>(23.947)</b>

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



This item is composed as follows:

Interests expenses and similar charges	30/06/2023	30/06/2022	Variation
LT interests payables to bank	1.870.995	1.301.705	569.290
ST interests payables to bank	1.039.553	149.310	890.243
Financial charges from other companies	2.033	4.452	(2.419)
Financial discounts to clients	461.539	686.951	(225.412)
Financial institutions agent's fees	467.367	506.410	(39.043)
Interest and commission factoring	1.059.998	246.390	813.608
Interest late payments	226.786	150.540	76.246
Other financial charges	(10.639)	(19.041)	8.402
<b>Others</b>	<b>5.117.632</b>	<b>3.026.717</b>	<b>2.090.915</b>

#### ***C.17 bis) Profits and losses on exchange differences***

This item is composed as follows:

Profit (loss) on exchange difference	30/06/2023	30/06/2022	Variation
Exchange profits	5.540.111	3.637.195	1.902.916
Exchange losses	(3.580.947)	(3.565.839)	(15.108)
<b>Exchange profits</b>	<b>1.959.164</b>	<b>71.356</b>	<b>1.887.808</b>
Unrealised exchange profits	1.578.101	1.648.246	(70.145)
Unrealised exchange losses	(1.356.903)	(1.065.337)	(291.566)
<b>Unrealised exchange profits</b>	<b>221.198</b>	<b>582.909</b>	<b>(361.711)</b>
<b>Total</b>	<b>2.180.362</b>	<b>654.265</b>	<b>1.526.097</b>

## **D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS**

### ***D.18.a) Revaluations of equity investments***

On 23 May 2023, the transfer of the equity investment of the company Donguang Cogne Steel Product, 100% owned by Cogne Hong Kong, in Cogne Acciai Speciali took place; the company proceeded to restore for Euro 2,717 thousand, a part of the write-down recognized by Cogne Hong Kong at the time.

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

The breakdown is as follows:

Revaluations of derivative financial instruments	30/06/2023	30/06/2022	Variation
Revaluations of derivative financial instruments	5.565.064	2.410.565	3.154.499
Revaluations of derivative financial instruments not realized	454.703	3.710.867	(3.256.164)
<b>Total</b>	<b>6.019.767</b>	<b>6.121.432</b>	<b>(101.665)</b>

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

The breakdown is as follows:



Devaluations of derivative financial instruments	30/06/2023	30/06/2022	Variation
Write-offs of derivative financial instruments	7.252.655	5.925.433	1.327.222
Write-offs of derivative financial instruments not realized	201.550	2.229.892	(2.028.342)
<b>Total</b>	<b>7.454.205</b>	<b>8.155.325</b>	<b>(701.120)</b>

## 20. IMPOSTE SUL REDDITO

At 30 June 2023, the Company's taxable income for IRAP purposes amounted to € 6,297 thousand (€ 246 thousand) and that for IRES purposes amounted to negative € 8, therefore, the IRES tax for the period has a nil balance.

The impact of prepaid and deferred taxes on the income statement reflects the recognition of prepaid taxes and deferred taxes of € 1,291 thousand and € 30 thousand, respectively.

Income taxes	30/06/2023	30/06/2022	Variation
Corporate income tax (only for italian companies)	-	687.110	(687.110)
Regional tax on productive activities (only for italian companies)	245.579	1.135.694	(890.115)
<b>Current taxes</b>	<b>245.579</b>	<b>1.822.804</b>	<b>(1.577.225)</b>
Previous years taxes	363	-	363
<b>Previous years taxes</b>	<b>363</b>	<b>-</b>	<b>(1.576.862)</b>
Deferred taxes	30.845	-	30.845
Advanced taxes	(976.870)	2.748.440	(3.725.310)
<b>Deferred/Advanced taxes</b>	<b>(946.025)</b>	<b>2.748.440</b>	<b>(5.271.327)</b>
<b>Total</b>	<b>(700.083)</b>	<b>4.571.244</b>	<b>(8.425.414)</b>

Operations in the first half of 2023 closed with a profit of €9,629 thousand.

### Deferred tax

The items that generated prepaid taxes are shown below, together with the changes of the year (Article 2427, paragraph I, no. 14, of the Italian Civil Code):

Description of DTA	31.12.2022		Movements 2023		30.06.2023	
	Temporary Diff.	Tax	Temporary Diff.	Tax	Temporary Diff.	Tax
Provision for doubtful debts taxed (CDI)	394.839	94.762	-	-	394.839	94.762
Provision for doubtful debts taxed	272.951	65.508	-	-	272.951	65.508
Provision for sundrisks	388.000	93.120	-	-	388.000	93.120
Derivatives	1.141.325	273.918	(967.186)	(232.125)	174.139	41.793
Warehouse devaluation	4.073.694	1.136.561	(1.934.657)	(539.769)	2.139.037	596.792
Derivatives that pass through the reserve in SE and not in P&L	-	1.802.024	-	(1.406.983)	-	395.041
<b>Total prepaid taxes on temporary differences</b>	<b>6.270.809</b>	<b>3.465.893</b>	<b>(2.901.843)</b>	<b>(2.178.877)</b>	<b>3.368.966</b>	<b>1.287.016</b>
<b>Losses carried forward tax purposes</b>	<b>12.519.021</b>	<b>3.004.565</b>	<b>7.286.517</b>	<b>1.748.764</b>	<b>19.805.538</b>	<b>4.753.329</b>
<b>Total prepaid tax credits</b>	<b>18.789.830</b>	<b>6.470.462</b>	<b>4.384.674</b>	<b>(430.113)</b>	<b>23.174.504</b>	<b>6.040.348</b>

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 2023 budget approved the 20<sup>th</sup> December 2022.

The items that generated deferred taxes in 2022 are shown below, together with the changes of the year (Article 2427, paragraph I, no. 14, of the Italian Civil Code):



Description of DTL	31.12.2022		Movements 2023		30.06.2023	
	Temporary Diff.	Tax	Temporary Diff.	Tax	Temporary Diff.	Tax
Net gains unrealized exchanges rates	(92.678)	(22.243)	(128.519)	(30.845)	(221.197)	(53.088)
Derivatives that pass through the reserve in SE and not P&L	-	(1.208.811)	-	187.654	-	(1.021.157)
Default interest not paid/collected	(121.536)	(29.169)	-	-	(121.536)	(29.169)
<b>Total deferred taxes on temporary differences</b>	<b>(214.214)</b>	<b>(1.260.226)</b>	<b>(128.519)</b>	<b>156.809</b>	<b>(342.733)</b>	<b>(1.103.411)</b>

## **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 Report on operations.

### **3. EVENTS AFTER THE REPORTING DATE**

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.

No significant events occurred after the reporting date.

### **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	30/06/2023	31/12/2022
<b>A) Unpaid capital contribution from shareholders</b>	-	-
<b>B) Fixed assets</b>		
<b>I - Intangible assets</b>		
1) Start-up and expansion costs	11.293	22.587
4) Concessions, licences, trademarks, and similar rights	16.219.923	16.107.234
5) Goodwill	1.535.080	1.672.913
7) Others	8.417.496	9.150.571
<b>Total</b>	<b>26.183.792</b>	<b>26.953.305</b>
<b>II - Tangible assets</b>		
1) Land and buildings	5.629.370	5.728.524
2) Plant and machinery	111.038.261	109.474.462
3) Fixtures, fittings, tools and equipment	6.318.561	4.593.673
4) Others	2.503.470	2.415.899
5) Work in progress and advances	41.805.371	27.542.456
<b>Total</b>	<b>167.295.033</b>	<b>149.755.014</b>
<b>III - Investments</b>		
<b>1) Investments</b>	<b>3.630.583</b>	<b>3.630.627</b>
d-bis) Financial investments from others companies	3.630.583	3.630.627
<b>2) Receivables</b>	<b>305.086</b>	<b>310.906</b>
d-bis) Receivables from other companies	305.086	310.906
ST receivables from other companies	305.086	310.906
<b>Total</b>	<b>3.935.669</b>	<b>3.941.533</b>
<b>Total assets (B)</b>	<b>197.414.494</b>	<b>180.649.852</b>
<b>C) Current assets</b>		
<b>I - Inventory</b>		
1) Raw materials, consumable and supplies	48.359.053	59.508.715
2) Work in progress and components products	91.289.181	94.665.073
4) Finished products and goods	142.926.517	134.154.277
5) Advances	4.825.547	4.052.824
<b>Total</b>	<b>287.400.298</b>	<b>292.380.889</b>
<b>II - Receivables</b>		
<b>1) Trade receivables</b>	<b>151.886.494</b>	<b>164.781.649</b>
- less than 12 months	151.886.494	164.781.649
<b>5-bis) Tax receivables</b>	<b>11.658.361</b>	<b>11.068.275</b>
- less than 12 months	11.455.743	10.832.457
- more than 12 months	202.618	235.818
<b>5-ter) Deferred tax assets</b>	<b>7.132.040</b>	<b>7.751.980</b>
<b>5-quater) Other receivables</b>	<b>11.187.873</b>	<b>16.188.680</b>
- less than 12 months	11.187.873	16.188.680
<b>Total</b>	<b>181.864.768</b>	<b>199.790.584</b>
<b>III - Investments that do not constitute a fixed asset</b>		
5) Derivative financial instruments	4.986.910	5.694.971
6) Other securities/ holdings	21.385	67.294
<b>Total</b>	<b>5.008.295</b>	<b>5.762.265</b>
<b>Cash and cash equivalents</b>		
1) Banks and postal current accounts	32.781.527	79.564.210
2) Bank cheques	61.481	117.847
3) Cash on hand	37.089	40.228
<b>Total</b>	<b>32.880.097</b>	<b>79.722.285</b>
<b>Total current assets (C)</b>	<b>507.153.458</b>	<b>577.656.023</b>
<b>Prepayments and accrued income</b>	<b>1.172.633</b>	<b>2.020.619</b>
1) Accrued incomes	19.859	23.352
2) Deferred charges	1.152.774	1.997.267
<b>Total assets</b>	<b>705.740.585</b>	<b>760.326.494</b>



Liabilities and Net equity	30/06/2023	31/12/2022
<b>Net equity</b>		
I - Share capital	250.000.000	250.000.000
IV - Legal reserve	4.861.472	3.399.502
VI - Other reserves, with distinct indication	33.932.903	15.541.852
VII - Cash flow hedging reserve	2.214.694	(828.944)
VIII - Retained Earnings	34.594.749	6.817.331
IX - Net profit (loss) for the period	13.010.895	50.847.024
<b>Total net equity (A)</b>	<b>338.614.713</b>	<b>325.776.765</b>
<b>B) Provisions for risks and other charges</b>		
2) Deferred tax and other tax liabilities fund	4.076.903	2.956.871
3) Reserve for derivative financial instruments	2.042.197	6.866.342
4) Other provisions fund	360.000	376.816
<b>Total provisions for risks and other charges (B)</b>	<b>6.479.100</b>	<b>10.200.029</b>
<b>C) Employee severance indemnity</b>	<b>3.593.640</b>	<b>3.685.892</b>
<b>D) Payables</b>		
<b>1) Debenture loans</b>	<b>8.937.836</b>	<b>10.425.286</b>
ST portion debenture loans	1.500.000	3.000.000
LT portion debenture loans	7.437.836	7.425.286
<b>4) Payables due to banks</b>	<b>183.543.089</b>	<b>169.197.813</b>
- less than 12 months	96.616.488	71.515.351
- more than 12 months	86.926.601	97.682.462
<b>5) Other financial institutions payables</b>	<b>13.497.219</b>	<b>8.715.162</b>
- less than 12 months	4.414.849	4.158.077
- more than 12 months	9.082.370	4.557.085
<b>6) Advances</b>	<b>106.112</b>	<b>427.829</b>
ST advances from customers	106.112	427.829
<b>7) Payables to suppliers</b>	<b>124.590.984</b>	<b>200.149.070</b>
ST payables to suppliers	124.590.984	200.149.070
<b>12) Tax payables</b>	<b>9.803.930</b>	<b>14.168.067</b>
- less than 12 months	9.803.930	14.168.067
<b>13) Payables to social security institute</b>	<b>4.672.043</b>	<b>6.550.436</b>
- less than 12 months	4.672.043	6.550.436
<b>14) Other payables</b>	<b>8.910.997</b>	<b>7.632.597</b>
- less than 12 months	8.744.742	7.406.050
- more than 12 months	166.255	226.547
<b>Total</b>	<b>354.062.210</b>	<b>417.266.260</b>
<b>E) Accruals and Deferred Income</b>	<b>2.990.922</b>	<b>3.397.548</b>
<b>Total liabilities</b>	<b>705.740.585</b>	<b>760.326.494</b>



Profit and Loss	30/06/2023	30/06/2022
<b>A) Production value</b>		
1) Revenues from sales and services	424.077.355	515.557.905
2) Change in work in progress and finished goods	4.240.425	65.164.258
4) Internally generated fixed assets	947.075	629.259
5) Other revenue and income	16.356.061	15.618.669
a) Grants	10.526.237	10.483.594
b) Other revenues	5.829.824	5.135.075
<b>Total production value (A)</b>	<b>445.620.916</b>	<b>596.970.091</b>
<b>B) Cost of production</b>		
6) for raw material and consumables	315.199.463	446.564.637
7) for services	37.601.768	37.269.860
8) for rents and leases	4.806.575	3.337.553
9) Personnel costs	41.551.407	38.554.288
a) Salaries and wages	29.896.646	27.567.112
b) Social security costs	9.576.893	8.732.617
c) Provision for severance indemnity	1.471.377	1.452.385
d) (Retirement) Pension costs	110.977	139.223
e) Other costs	495.514	662.951
10) Amortization, depreciation and provision	13.546.087	12.325.411
a) Amortization of intangible assets	2.539.967	1.998.671
b) Amortization of tangible fixed assets	10.884.721	10.303.366
d) Write-offs of net working capital receivables and cash and cash equivalents	121.399	23.374
11) Variation in inventory of raw material and consumables	9.130.080	835.189
12) Provision for risks	(59.402)	827.806
13) Other provisions	-	-
14) Other operating losses	3.818.839	4.407.382
<b>Tptal production costs (B)</b>	<b>425.594.817</b>	<b>544.122.126</b>
<b>Differences production value and cost of production (A-B)</b>	<b>20.026.099</b>	<b>52.847.965</b>
<b>C) Financial income and charges</b>		
16) Other financial income	51.756	55.149
d) Other financial income	51.756	55.149
- altri proventi diversi dai precedenti	51.756	55.149
17) Interests expenses and similar charges	5.657.573	3.602.607
Others	5.657.573	3.602.607
17-bis) Profit (loss) on exchange difference	2.017.408	1.614.011
Exchange profits and losses	1.854.191	1.047.456
Unrealised exchange profits and losses	163.217	566.555
<b>Total financial income and expenses (C)</b>	<b>(3.588.409)</b>	<b>(1.933.447)</b>
<b>D) Financial assets revaluations or write-offs</b>		
18) Revaluations	6.019.767	6.121.432
d) Revaluations of derivative financial instruments	6.019.767	6.121.432
19) Write-offs	7.454.205	8.155.325
d) Devaluations of derivative financial instruments	7.454.205	8.155.325
<b>Total financial assets revaluations or write-offs (D)</b>	<b>(1.434.438)</b>	<b>(2.033.893)</b>
<b>Result before taxes (A-B+/-C+/-D)</b>	<b>15.003.252</b>	<b>48.880.625</b>
20) Income taxes	1.992.357	8.737.096
a) Current taxes	2.746.618	5.970.422
b) Previous years taxes	(42.031)	15.641
c) Deffered/Advanced taxes	(712.230)	2.751.033
<b>Profit (loss) for the year</b>	<b>13.010.895</b>	<b>40.143.529</b>





Aosta, 13 July 2023

On behalf of the Board of Directors  
The Chairman  
Yu-Lon Chiao