



**COGNE ACCIAI SPECIALI SPA**

**Financial statements 31 December 2023**

**GENERAL INFORMATION**

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

**COGNE ACCIAI SPECIALI**

Company limited by shares  
Fully paid up share capital €405,563,167  
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

Chief Executive Officer  
Massimiliano Burelli

General Manager - Delegated Board Member  
Monica Pirovano

Directors  
Roberto Marzorati  
Hsin-Yi Ho  
Chi-Sheng Niu  
Chester Chiao  
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  
Aldo Valsecchi  
Roberto Fiore

**AUDITING FIRM**

EY S.p.A.



**COGNE ACCIAI SPECIALI SPA**

Registered office in Aosta - Via Paravera 16

Fully paid up share capital €405,563,167

Registered in the Aosta Companies Register

Registration Number and Tax ID Code 02187360967

**REPORT ON OPERATIONS**

**CONTENTS****REPORT ON OPERATIONS**

1. Profile.....	5
2. Key Financial Statements Data .....	8
3. The international economic scenario .....	8
4. The Italian scenario .....	10
5. The stainless steel market.....	10
6. The raw materials market .....	11
7. Significant events of the year.....	12
8. Comment on the results .....	13
9. Analysis of financial ratios .....	16
10. Financial Covenant Ratios.....	16
11. Analysis of non-financial ratios .....	17
12. Business outlook and going concern assumption .....	18
13. Investments.....	18
14. Health and Safety.....	19
15. Greenhouse gas emissions .....	20
16. Risk analysis .....	20
17. Obligations pursuant to Legislative Decree no. 231/01 .....	23
18. Privacy Obligations .....	24
19. Research and Development: Innovation for improvement .....	25
20. Relations with the Holding Company .....	25
21. Relations with Other Related Parties.....	26
22. Number and nominal value of own shares .....	27
23. 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;

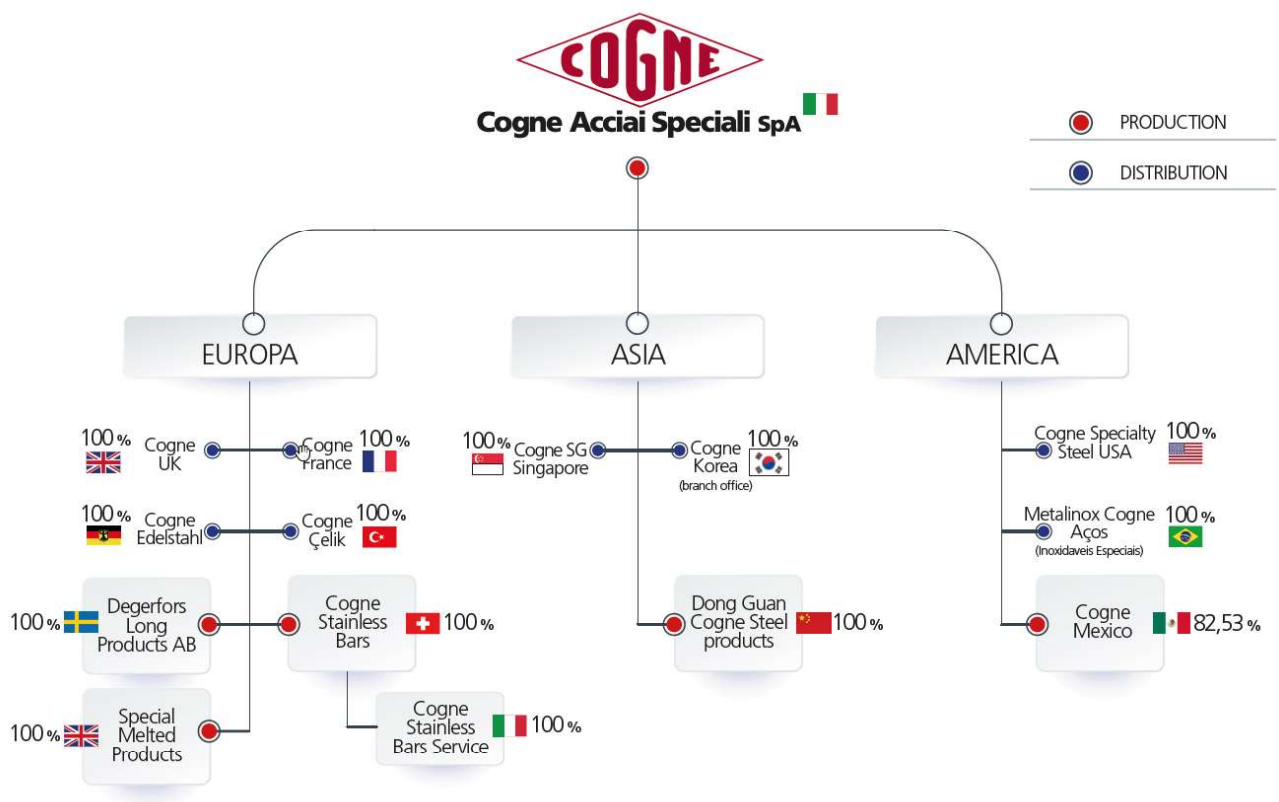
a family-run business, consolidated over the generations and willing to invest in order to develop this excellent business.

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. Indeed, for over one hundred years now, Cogne has been receiving and returning work and value to the area, fuelling economic growth and shaping its development and social characteristics (as well as urban planning), pursuing the protection and safety of workers and respecting the external environment. 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.

### 1.1 The Group



The Company wholly owns Cogne Stainless Bars SA, with registered office in Switzerland. It cold processes the products of the holding company which it then sells and distributes within the group and to third party customers.

The Company wholly owns Cogne Edelstahl GmbH, with registered office in Germany. The subsidiary operates in two locations in Germany: Neuss, where the registered and administrative offices are also located, and the Rudesberg warehouse in southern Germany.

The Company wholly owns Cogne UK LTD, based in Great Britain and comprised of operational divisions based on the type of product distributed. From its warehouse in Sheffield it provides distribution services to wholesalers and end customers.

The Company wholly owns Cogne France S.A.. The subsidiary operates across its warehouses where it stores the goods for the end customers in the Eragny-Paris and Lyon areas, in order to be close to its customer base in southern France.

The Company wholly owns Metalinox Cogne Aços Inoxidáveis Especiais Ltda based 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 wholly owns Dongguan Cogne Steel Products Co. Ltd, an operating company based in China (Guangdong Province, Dongguan City and Changan Town) which produces and sells stainless steel products on the local and nearby markets.

Cogne Acciai Speciali S.p.A wholly owns Cogne Celik Sanayi ve Ticaret Limited, based in Istanbul, Turkey, which distributes and sells stainless steel products on the local market.

The Company wholly owns Cogne Speciality Steel USA Inc., based in Fairfield, New Jersey, which carries out distribution activities in the US market through its warehouses in Chicago, Illinois and Lyndhurst, New Jersey.

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

The Company holds an 82.53% investment in Cogne Mexico. The residual interest is held by Simest. The Company was established in Mexico City, with the aim of producing and selling stainless products on the local market.

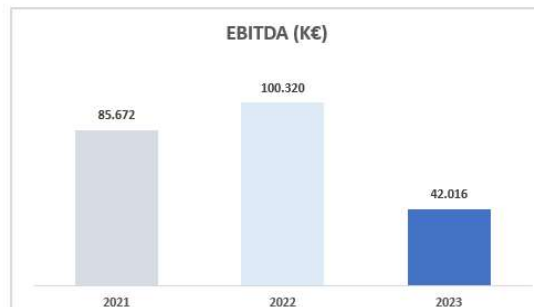
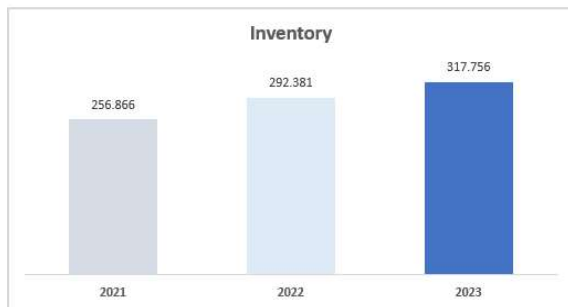
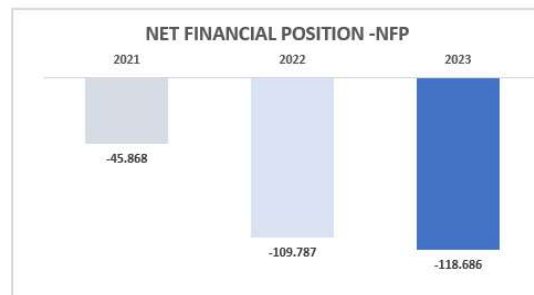
The Company wholly owns Cogne SG Singapore based in Singapore. The Company distributes stainless products on the local market.

On August 1, 2023, it acquired 100% of Degerfors Long Products AB in Sweden, which owns the Degerfors and Storfors plants and specialises in the production of large bars.

On September 19, 2023, the Company acquired 100% of Special Melted Products, based in Sheffield which manufactures products mainly for the Aerospace and Oil and Gas sectors.

## 2. Key Financial Statements Data

K€	31/12/2023	31/12/2022	31/12/2021
Revenues from sales and services	822.295	964.930	645.027
EBITDA	42.016	100.320	85.672
% sulle vendite	5%	10%	13%
Net Income (loss) for the Year	-1.569	50.847	42.319
NET FINANCIAL POSITION -NFP	-118.686	-109.787	-45.868
Inventory	317.756	292.381	256.866
Ton sold	155.740	188.000	183.300



## 3. The international economic scenario

2023 began in a climate of great instability and uncertainty, with an international economic framework still strongly influenced by the dynamics of the Russia-Ukraine conflict.

The consequences of the restrictive monetary policies adopted by the main countries to curb high inflation rates reinforce fears of a severe global economic recession, already anticipated in late 2022 by the global deterioration of the main economic indicators.

The first effect of the generalised slowdown in consumption was the rapid fall in commodity prices, especially energy prices. Although the outbreak of war between Hamas and Israel in October had no direct effect on the oil supply - nor did it affect the prices of energy commodities - the extension



of the conflict in the Middle East showed that it could disrupt trade traffic through the Suez Canal, affecting international trade routes and exacerbating its costs.

Surely, the duration and outcome of the ongoing conflicts will be the crucial factor in the evolution of the international, and especially the European, economy in the near future.

The International Monetary Fund estimates world GDP growth of +3.1% for 2023 and confirms the same growth rate for 2024 (source: World Economic Outlook Updated - January 2024).

In the US, where - despite the high interest rates approved by the Fed and the crisis in the banking sector - economic activity has been more resilient than expected, total GDP growth in 2023 is expected to stabilise at +2.5%, and then decline to +2.1% in 2024.

The Chinese economy, buoyed by the sudden removal of anti-pandemic restrictions, improved significantly with its growth rate up 5.2% year-on-year in 2023. However, this figure is the result of a comparison with a low base, i.e. 2022. Furthermore, excluding the exceptional period dominated by Covid, 2023 shows the worst figure for more than 30 years, reflecting growth that remains below pre-pandemic levels. The crisis in the real estate sector, with its knock-on effects on the rest of the economy, continued to affect the country's effective recovery. By 2024, the IMF forecasts a recovery of the country's GDP of +4.6%.

According to Eurostat data, despite falling energy prices, loosening bottlenecks in supply chains and reduced inflationary pressure, the GDP of the Eurozone countries grew by only 0.5 % year-on-year in 2023. This figure is weighed down by the negative performance of Germany (-0.3%), in recession from the end of 2022.

With respect to the Eurozone countries, the Fund's forecast for 2024 remains cautious (+0.9%). Finally, the negative effects of geopolitical tensions heavily penalised the expansion of world trade, which is forecast to grow +0.4% in 2023, approximately five percentage points below the figure for 2022.

Despite the voluntary cuts planned by the major producing countries, during the year, oil prices were countered by a scenario of global recession. The year began and ended with prices just under \$80/barrel, peaking at \$95 in early September. The upswing seen in October, when the Middle East crisis broke out, was also small and short-lived.

In 2022, the US dollar appreciated considerably against the Euro. However, in the first part of 2023, the Euro gradually regained some of the lost ground. Overall, the year was characterised by high volatility: the average €/US\$ exchange rate was 1.080, with a low of 1.047 (3 October) and a high of 1.125 (18 July).

#### **4. The Italian scenario**

According to preliminary estimates by the Bank of Italy, Italy's GDP grew by 0.7% year-on-year in 2023. Specifically, growth was held back by tightening credit conditions and energy prices, which, although lower than in 2022, remained high for most of the year compared to the pre-crisis period. The high cost of financing affected investments which contracted, while high inflation rates penalised consumption. Activity fell again in manufacturing, while it levelled off in services; it increased in construction, which continued to benefit from tax incentives.

Foreign trade performed weakly, reflecting the slowdown in world trade and the weakness of the major European economies, Germany in particular.

With respect to the domestic manufacturing sector, the digital and energy transition segments are expected to record the highest growth rate in 2023. The automotive sector - which is investing heavily in the new technologies necessary for the transition to sustainable engines- is expected to experience a leap forward of 9.6% in terms of vehicle production in the country. In contrast, an overall year-on-year decrease is expected for the metals' supply chain (metal working industry - 3.3% and metal products -0.9%). This is due to the prudent approach adopted by the main sector players in relation to restocking in this period of great uncertainty.

Based on Bank of Italy projections, Italy's GDP will grow by approximately 0.7 % in 2024.

#### **5. The stainless steel market**

According to the figures released by the Worldstainless Association, updated to Q3 2023, the world production of stainless steel products grew by 2.5% compared to the same period of the previous year.

China drove the recovery, up 13.4%, while in all other geographical areas the output contracted significantly: Europe -8%, USA -12.9%, other Asian countries (excluding CN) -12.4%.

With respect to stainless steel long products - the Company's main target market - SMR (Steel & Metals Market Research) estimates a stable global demand for 2023 compared to the previous year (approx. 6 million tons). From a geographical point of view: Europe and the US are expected to decrease 7% and 9%, respectively. Asian countries (including China) should perform better, where growth is expected to be 2%.

For 2024, Worldstainless estimates point to a recovery of 3.1% of global consumption, with the following regional differences: China +4.1%, other Asian countries +3.1%, Europe +1.2% and the US -0.7%.

## 6. The raw materials market

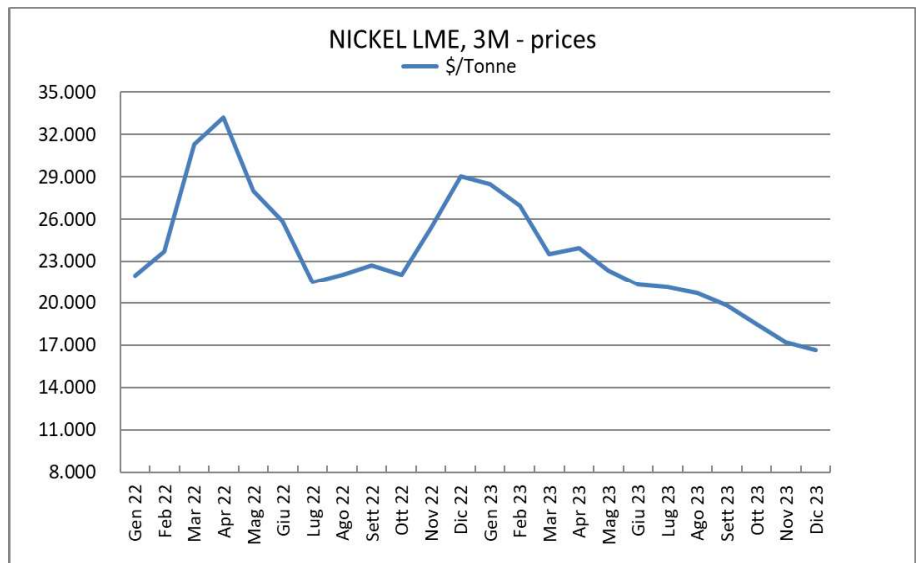
**Average monthly prices - Nickel**  
January 2022 - December 2023

### Nickel

2023 was characterised by high price volatility, coupled with a constant downward trend.

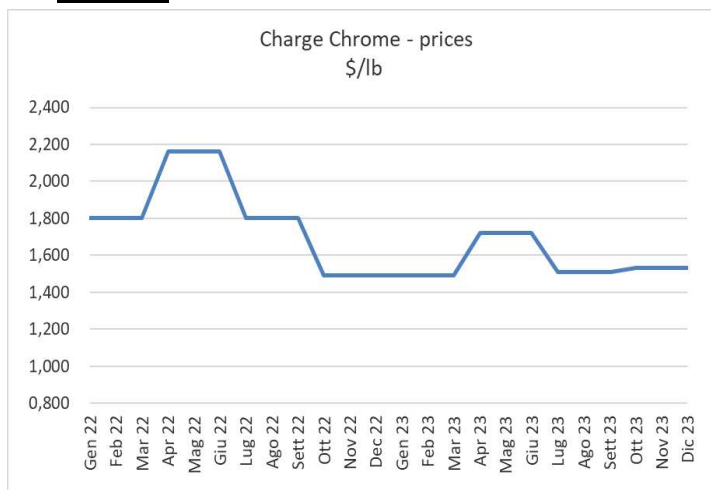
The planned growth of nickel ore production in Indonesia and weak global demand led to surplus supply.

Overall, in 2023, the average price in US dollars fell by 15% compared to the previous year.



**Average monthly prices - Charge Chrome**  
January 2022 - December 2023

### Chrome



The stability of the European benchmark in the first quarter was followed by a 15.4% increase in the second quarter of the year, with prices rebounding from \$1.49 to \$1.72/lb. In the second half of the year, the benchmark returned in the region of \$1.50/lb (q3= 1.51; q4 \$1.53/lb).

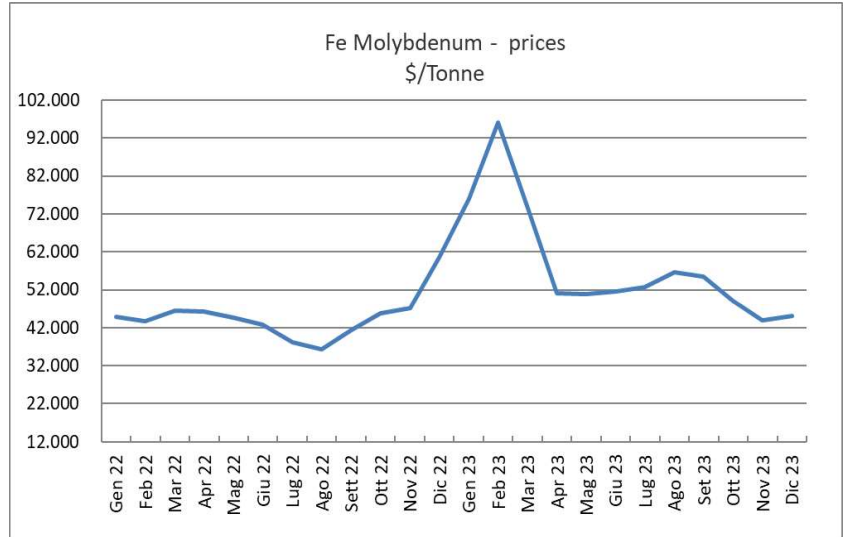
The average dollar value in 2023 was about 14% lower than in 2022.

**Average monthly prices - Iron Molybdenum**

January 2022 - December 2023

**Molybdenum**

In the first two months of the year, a higher-than-expected demand and the risk of shortages linked to supply difficulties (in particular the paralysing energy crisis in South Africa) led to a sudden surge in prices, exceeding the \$100,000/tonne threshold. Starting in early March, this upward trend ceased, with prices quickly falling back to close to \$42,000/tonne at the end of December.



On an annual basis, the average price increase in US\$ was 30.5%.

**7. Significant events of the year**

**June 2023**

In June 2023, Monte dei Paschi di Siena granted the Company a loan for a total amount of €4,000,000.

**July 2023**

In July 2023, the Company received a loan guaranteed by SACE from Intesa for a total amount of €50,000,000.

In the same month, it received a loan guaranteed by SACE from Cassa Depositi e Prestiti, for a total amount of €20,000,000.

Both loans are subject to compliance with covenants (Ebitda\NFP > 3.5X and Equity > NFP 1.5X).

On July 13, 2023, the Board of Directors approved a capital increase of €200,000,000, which was fully subscribed and paid up by the shareholders. The capital increase was preparatory to the acquisition of the shares of Special Melted Products company.

### August 2023

In August 2023, Credem granted the Company a loan for a total amount of €20,000,000. The loan is subject to compliance with covenants (Ebitda\NFP > 3.5X and Equity>NFP 1.5X).

On August 1, 2023, the acquisition of 100% of Degerfors Long Product, which owns the Degerfors and Storfors plants and specialises in the production of large bars, was finalised.

### September 2023

On September 19, 2023, the Company acquired 100% of Special Melted Products, based in Sheffield, which manufactures products mainly for the Aerospace and Oil and Gas sectors.

## 8. Comment on the results

The financial position and results of operations are analysed individually in the following sections, using specific financial and non-financial performance indicators pursuant to article 2428.2 of the Italian Civil Code.

The reclassified figures are illustrated in the following tables.

### Reclassified Balance Sheet

(Figures in EUR/000)	31/12/2023	%	31/12/2022	%
Tangible fixed assets	243.016		149.755	
Intangible fixed assets	140.288		26.953	
Financial fixed assets	13.871		3.942	
<b>Total fixed assets</b>	<b>397.176</b>	<b>58%</b>	<b>180.650</b>	<b>41%</b>
Inventory	317.756		292.381	
Trade Receivables	137.275		164.782	
Trade Payables	(172.568)		(200.577)	
<b>Total Working Capital</b>	<b>282.463</b>	<b>42%</b>	<b>256.586</b>	<b>59%</b>
Other Receivables	39.942		37.030	
Other Payables	(28.802)		(31.749)	
Provisions for Risks and Charges	(7.982)		(3.266)	
Employee Severance Indemnity	(3.489)		(3.686)	
<b>Total Net Working Capital</b>	<b>282.131</b>	<b>42%</b>	<b>254.914</b>	<b>59%</b>
<b>Net Invested Capital</b>	<b>679.307</b>	<b>100%</b>	<b>435.564</b>	<b>100%</b>
<b>Total application of funds</b>	<b>679.307</b>	<b>100%</b>	<b>435.564</b>	<b>100%</b>

**Fixed Assets** increased by €217 million, mainly due to the assets acquired in Special Melted Products and Degerfors Long Products in 2023.

**Inventory** amounted to €317 million at 31 December 2023, up on the previous year. A detailed comparison with inventory at 31 December 2022 is as follows:

- **Raw materials:** a 29% decrease in volume accompanied by a 16% reduction in unit values, attributable to the decrease in the purchase price of raw materials and the different composition of inventory in the two years.
- **Semi-finished products and work-in-progress:** overall decrease in volume of 5% accompanied by an increase in unit values of 5%. This increase is entirely attributable to a larger production mix.
- **Finished products:** increase in volume related to the consolidation of SMP and DLP inventory
- **Miscellaneous and consumable materials:** during the year, the Company continued to invest internal resources in order to optimise management of miscellaneous and consumable materials, which account for 8% of total inventory. 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 Company maintains and encourages a policy of transferring the inventories of certain consumables and spare parts to third-party custodians, recording a significant improvement in the management of inventories and generating a positive impact from a financial point of view.

The decrease in **Trade Receivables** reflects the lower turnover recorded in 2023. The Company continued to intensively monitor the past due payments, recording a general improvement in the past due levels.

The decrease in **Trade Payables** reflects the lower purchase volume in 2023 compared to 2022.

**Operating Working Capital** composed of inventory, trade receivables and trade payables (including payables to suppliers) increased by approximately €26 million compared to last year. This is mainly due to SMP and DLP incorporation.

**Net Working Capital** increased by approximately €27 million.

The **Net Invested Capital** is up compared to 2022 (+56%).

The details for the **Sources of funds** as at 31 December 2023 are as follows:

(Data in EUR/000)	31/12/2023		31/12/2022
Cash and cash equivalents	99.651		79.722
Financial assets other than fixed assets	22.657		5.695
Payables to banks due within the year	(22.227)		(42.085)
Payables to other short term lenders - factoring	(14.498)		(8.715)
<b>Total current financial payables</b>	<b>85.583</b>		<b>34.617</b>
Bonds- short term	(3.005)		(3.000)
Payables to lenders - short term	(43.466)		(29.430)
Financial derivatives liabilities	(1.372)		(6.866)
<b>Payables to lenders - short term</b>	<b>37.740</b>		<b>(4.680)</b>
Bonds medium/long-term portion	(4.456)		(7.425)
Payables to lenders - medium/long term	(151.970)		(97.682)
Securities	-		-
<b>Net m/l-term financial position</b>	<b>(156.426)</b>		<b>(105.108)</b>
<b>NET FINANCIAL POSITION -NFP</b>	<b>(118.686)</b>		<b>(109.787)</b>
Net equity	(560.621)		(325.777)
Share capital and reserves	(562.190)		(274.930)
Net Income (loss) for the Year	1.570		(50.847)
<b>Total Sources of funds</b>	<b>(679.307)</b>		<b>(435.564)</b>

Net financial debt increased compared to the previous year due to the consolidation of SMP financial debts.

### Reclassified Income Statement

(Data in EUR/000)	31/12/2023	%	31/12/2022	%
Revenues from sales and services	822.295	100%	964.930	100%
Other Revenues and Income	22.946	3%	48.373	5%
Cost of Raw Materials and inventory changes	(617.361)	75%	(741.054)	77%
Service Costs	(78.642)	10%	(75.926)	8%
Costs for use of third party assets	(10.063)	1%	(6.947)	1%
Personnel Costs	(88.860)	11%	(81.917)	8%
Provisions	(280)	0%	(545)	0%
Other Operating Costs	(8.019)	1%	(6.594)	1%
<b>EBITDA</b>	<b>42.016</b>	<b>5%</b>	<b>100.320</b>	<b>10%</b>
Depreciation/Amortisation	(33.711)	4%	(27.598)	3%
Net Financial Income and Charges	(14.114)	2%	(9.207)	1%
Value adjustments to financial assets	(2.566)	0%	(4.324)	0%
<b>Income (loss) before taxes</b>	<b>(8.375)</b>	<b>-1%</b>	<b>59.192</b>	<b>6%</b>
Income tax	6.806	1%	(8.344)	1%
<b>Net Income (loss) for the Year</b>	<b>(1.569)</b>	<b>0%</b>	<b>50.847</b>	<b>5%</b>

Revenues of €822 million were down 15% compared to 2022. The decrease in turnover is due to the volume (-17% tonnes sold) and mitigate by the price effect (+2%).

**EBITDA** (earnings before interest, taxes, depreciation and amortisation), positive at €42,016 thousand, decreased sharply compared to 2022 mainly due to lower volumes and the resulting lower absorption of fixed costs.

The year ended with a **loss before taxes** of €8,375 thousand.

The year ended with loss of €1,569 thousand. Income taxes amount to €6,806 thousand. Their positive balance contributed to the income for the year.

## 9. Analysis of financial ratios

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

Profitability ratios		31/12/2023		31/12/2022	
ROE (Return on Equity) =	Net Income	(1.569)	-0,28%	50.847	15,61%
	Net Equity	560.621		325.777	
ROI (Return on Investment) =	Operating Income	(5.809)	-0,57%	63.516	8,35%
	Total assets	1.014.456		760.326	
ROS (Return on Sales) =	Operating Income	(5.809)	-0,71%	63.516	6,58%
	Revenues from sales	822.295		964.930	
ROCE (Return On Capital Employed) =	Operating Income	(5.809)	-0,86%	63.516	14,58%
	Net invested capital	679.307		435.564	
<b>Debt ratio</b>					
Financial debt =	Net financial debt	118.686	21,17%	109.787	33,70%
	Net Equity	560.621		325.777	

## 10. Financial Covenant Ratios

The Parent Company has outstanding loans that require compliance with contractual financial ratios, which are already present in existing loans, calculated on the items of the consolidated financial statements relating to the net financial position, net equity and EBITDA. The value of the contractual parameters relating to EBITDA and net financial position ("NFP") is shown below:



Net Equity	31/12/2023
Share Capital	405.563
Share premium reserve	44.437
Revaluation reserve	-
Legal reserve	4.861
Statutory reserves	-
Other reserves, with distinct indication	69.475
Cash flow hedging reserve	1.303
Retained Earnings	34.595
Net profit (loss) for the period	- 1.447
Own shares reserve	-
Equity attributable to minority shareholders	1.834
<b>Total net equity (A)</b>	<b>560.621</b>

Net Financial Position Eur/000	31/12/2023
D1-Bonds	7.461
D2-Convertible bonds	-
D3-Shareholder loans	1.855
D4-Payables to banks	215.809
D5-Payables to other financial backers	14.498
D10-Financial payables to associated companies	-
CIII-6)- Other securities	(20.021)
CIV-Cash and cash equivalents	(99.651)
Residual payables in the principal amount deriving from current lease operations (where applicable)	-
<b>NFP</b>	<b>119.950</b>

EBITDA Eur/000	31/12/2023
Value of production A) (+)	825.515
Costs of production B) (-)	(817.210)
Costs of production relating to current leasing operation, only for the part referring to lease payments (+)	-
Amortisation, depreciation and write-downs (10a-10b-10c-10d as per letter B)(+)	33.711
Provisions for risks as per number 12 of letter B)(+)	280
Other provisions for risks as per number 13 of letter B)(+)	-
Commissions, costs and expenses related to financing	-
<b>Total EBITDA (EUR/000)</b>	<b>42.296</b>

As at 31 December 2023 these indicators are complied with.

## 11. Analysis of non-financial ratios

Name	calculation method	2023	2022
Labour cost		(8.375)	(81.917)
Average number of employees		1.667	1.584
pro-capita Labour costs	Labour costs / Average number of employees	(5,02)	(51,72)
pro-capita Productivity	Revenues from sales / Average number of employees	336	609

## 12. Business outlook and going concern assumption

Pursuant to paragraph 3, no. 6), of Article 2428 of the Italian Civil Code, it is pointed out that in terms of sales volumes, in the year the Company recorded quantities in line with that forecast. With respect to the orders taken to date, the Company expects to invoice quantities that will be in line with those forecast for the first six months of 2024.

Average sales prices in the first months of 2024 were higher than budgeted.

In light of the foregoing and taking into account the continuing efficiency measures and cost containment already implemented in the previous years, the Company believes that it has sufficient resources to cover its financial requirements for 2024 by continuing to operate as a going concern. This considers the credit facilities granted by major credit institutions.

However, this is subject to the unpredictable development of the ongoing military conflict between Russia and Ukraine and the related international sanctions.

## 13. Investments

At 31 December 2023, the Company invested €49,670,730 in fixed assets, gross of disposals.

Description	Recognised amount Euro	Euro Transferred to finished products
Environment and safety	12,308,901	4,733,958
Energy efficiency	2,067,131	1,591,355
Housekeeping	130,527	152,178
ICT	0	13,707
Productivity	15,042,444	16,542,610
Strategic development	20,121,727	16,195,097
<b>TOTAL</b>	<b>49,670,730</b>	<b>39,228,905</b>

Area	Recognised amount Euro	Euro Transferred to finished products
Steelworks	11,424,633	5,978,427
Forged products	9,794,774	7,026,787
Rolled products	17,524,323	17,265,591
Quality	1,105,320	1,112,950
Overall plant	9,821,680	7,845,150
<b>TOTAL</b>	<b>49,670,730</b>	<b>39,228,905</b>

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.

## 14. Health and Safety

The production of steel in a safe and reliable manner is one of the Company's guiding principles. The graphs below show the trend of the Severity Index and frequency of accidents up to 31 December 2023. In 2023, the Company recorded a severity index (SI) above the national average and a frequency index (FI) below the national average for steel plants similar to our facility (green line - Source Federacciai).

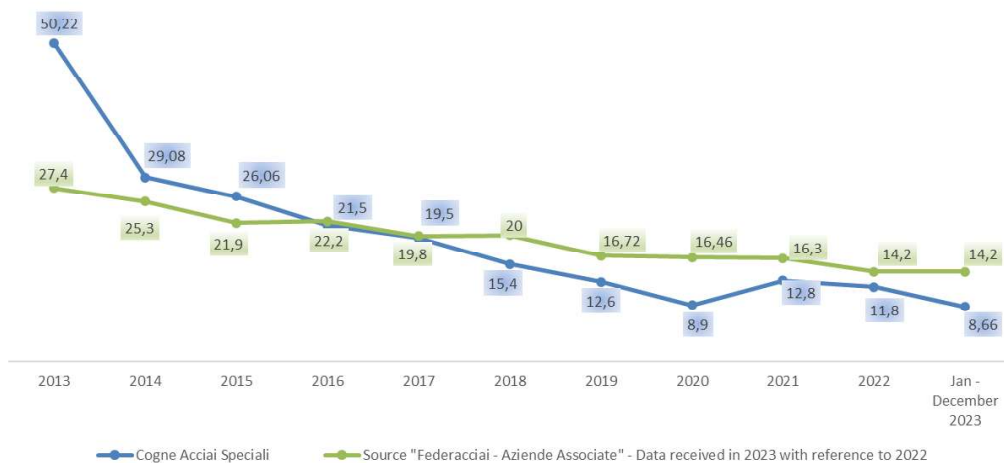
### SI - SEVERITY INDEX

$$\text{GRAVITY INDEX (GI)} = \frac{\text{lost working days}}{\text{worked hours}} * 1000$$



### FI - FREQUENCY INDEX

$$\text{FREQUENCY INDEX (FI)} = \frac{\text{no. of LTI (lost time injuries)}}{\text{worked hours}} * 1.000.000$$



## 15. Greenhouse gas emissions

In 2023, CO<sub>2</sub> emissions were assessed according to the methodology used in previous periods. Specifically, for almost all emission streams the methodology was based on mass balance. For the natural gas flow, the calculation was done directly as required by the delegated regulations. This methodology will be applicable to the 4th period (2021-2030) unless there are any changes to the installations. In this case, the Competent National Authority will be promptly notified.

## 16. 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.

### 16.1 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 S.p.A 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 S.p.A 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.

In order to partially mitigate the volatility risk of nickel present in semi-finished products and wip, the Company has put in place option contracts, called Traded Advanced Price Options (TAPO), which are traded on the basis of daily LME nickel quotations.

- **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 and REAL. With regard to the management of the aforementioned risk, the Company has entered into, during the financial year 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 S.p.A has subscribed an Interest Rate Swap contract during the financial year, 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 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. However, the Company's exposure to credit risk is minimal as most of its customers are covered by an insurance policy and fall within the credit limit, except for rare cases motivated by commercial strategies. Credit risk is monitored through a careful selection and assessment of customers, and constant and thorough management of customers and situations that are deemed to be risky. In addition, the Company has accurately analysed the amount of receivables as at 31 December 2022 and, based on the risk of non-recovery, has accrued a bad debt provision to protect Cogne Acciai Speciali S.p.A against the potential risk of customers' 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, it is exposed to the liquidity risk represented by the fact that the financial resources may not be sufficient to meet financial and commercial obligations within the predefined deadlines and expiry dates. The Company's cash

flow, the borrowing needs and liquidity are monitored taking into account the due date of the financial assets (trade receivables and other financial assets) and financial flows expected from the related activities. To reduce the liquidity risk, the Company is operating for medium/long-term refinancing.

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. To this end, the Company has implemented several measures to mitigate liquidity risk, including the diversification strategies for the methods of procuring funds (including the advances on trade receivables).

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 credit lines.

Specifically, the amount of credit lines used, on average, falls in a range between 15% and 20%. In 2020 and 2021, the Company managed to rebalance its debt structure by entering into unsecured loan agreements.

## **16.2 Non-financial Risks**

It is noted that the main non-financial risks that our Company is exposed to are as follows, with an indication for each of the related mitigation 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 S.p.A 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 S.p.A is carrying out its business activities in full compliance with the environmental legislation requirements.

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

## **17. Obligations pursuant to Legislative Decree no. 231/01**

The internal control system, *inter alia*, was strengthened by adopting an appropriate Organisational Model (the “Model”), initially implemented by the Board of Directors on 20 December 2005 and subsequently updated on 17 December 2007, 24 June 2010, 20 December 2011, 14 October 2013, 9 September 2014, 30 March 2016, 26 February 2018, 17 December 2018, 25 March 2019, 12 October 2020, 22 March 2021 and, lastly, 22 November 2022.

The most recent update was due, on the one hand, to the Company's organisational changes and, on the other hand, as a result of the regulatory changes affecting Legislative decree no. 231/2001: i) Legislative decree no. 184/2021, which introduced article 25-octies.1 “Crimes related to non-cash payment instruments”; ii) Legislative decree no. 195/2021, which amended the cases referred to in article 25-octies of Legislative decree no. 231/2001; iii) Law no. 238/2021, which amended certain cases covered by Legislative decree no. 231/2001 - computer-related crimes referred to in article 24 bis, crimes against the individual referred to in article 25 quinquies and market abuse referred to in article 25 sexies; iv) Law no. 22/2022, which implemented article 25-septiesdecies “Crimes against cultural heritage” and article 25-duodevicies “Laundering of cultural assets and destruction and looting of cultural assets and landscapes” in Legislative decree no. 231/2001; v) Law decree no. 4/2022 - converted, with amendments, by Law no. 25/2022 - which amended certain crimes in relations with the Public Administration referred to in article 24 of Legislative decree no. 231/2001; vi) Legislative decree no. 156/2022, which amended certain tax crimes and relations with the Public Administration.

The Model consists of:

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

- E) crimes of receiving stolen goods, money laundering, use of money, goods or assets of illegal origin, and self laundering;
  - F) environmental crimes;
  - G) employment of illegal aliens;
  - H) tax crimes;
  - I) smuggling.
- The corporate procedures referred to in the individual Special Parts of the Model governing sensitive processes, including the procedure relating to information flows to the Supervisory Body.

As required by Art. 6, para. 1b) of Legislative Decree no. 231/01, the Board of Directors appointed the Supervisory Body (hereinafter also the “SB”), with independent powers of initiative and control, in charge of monitoring the effectiveness, suitability, operation and compliance of the Organisational Model, and managing its constant updating.

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

In 2022, the Supervisory Body supervised the effectiveness of and compliance with the Organisational Model and met on 24 January, 10 March, 7 July and 25 October.

On 16 February 2023, the new Supervisory Body of Cogne Acciai Speciali was appointed, consisting of Paolo Gallarati, Chairman, Aldo Valsecchi and Roberto Fiore.

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

## 18. Privacy Obligations

In 2023, Cogne Acciai Speciali assisted its DPO in a series of GDPR audit meetings, in-person and remotely, for each area of operation, in order to systematically update all company documentation relating to personal data processing, in compliance with the principle of accountability set out in article 24 of the GDPR.

Privacy training was completed for CAS employees in 2023. The following activities began in 2023 and will be completed by the first half of 2024:

1. **DATA OWNER appointments:** activities to be completed by February 2024.
2. **Procedure on the Use of Company Tools** (PCs, Phones, Emails, etc.): update - completion expected by 30 June 2024;
3. **DATA BREACH procedure:** update: completion expected by 30 June 2024;
4. **System Administrator Appointments:** activity Completed in 2023;
5. **Whistleblowing channel verification:** activity completed in 2023;



6. **Video surveillance:** activity underway, specifically by means of AUDITS on the cameras installed in the plants in Aosta, Mirano and Cornaredo: completion expected by the first half of 2024;
7. **Manager Training:** activity not performed in 2023, although planned. The training is scheduled to take place in person and will be delivered by the second half of 2024;

## 19. Research and Development: Innovation for improvement

Pursuant to paragraph 3, no. 1) of Article 2428 of the Italian Civil Code, it is noted that Cogne Acciai Speciali S.p.A. carried out research and development activities in 2023.

## 20. 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. At December 31, 2023 and for 2023 overall, there were no relationships of a commercial/financial nature with the holding company MEG SA.

## 21. 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 al 31-12-2023				
Company Name	Revenues		Costs	
	Nature	Amount	Nature	Amount
<b>Related parties</b>				
Ferriere di Stabio SA	Sales revenue	21.938	Purchases of goods	358
Ferriere di Stabio SA	Service revenue	147		
Ferriere di Stabio SA	Other operating revenue	7		
Novametal do Brasil	Sales revenue	2.389	Purchases of goods	56
Novametal Europe Srl	Other operating revenue	147		
Novametal SA	Sales revenue	47.591	Purchases of goods	510
Novametal USA	Service revenue	58		
Novametal USA	Other operating revenue	4		
T.D.V. Trefferies des Voges SA	Sales revenue	4.674		
T.I.M. Mexico	Sales revenue	7.642	Purchases of goods	9.026
T.I.M. Mexico	Service revenue	177		
T.I.M. Mexico	Other operating revenue	2.648		
Walsin Group	Sales revenue	9.501	Purchases of goods	3.242
Wire Products Stainless Steel	Sales revenue	496		
<b>Total</b>		<b>97.420</b>		<b>13.192</b>

Amounts are expressed in thousands of Euros and refer to the period from ended 31-12-2023				
Company Name	Receivables		Payables	
	Nature	Amount	Nature	Amount
<b>Related parties</b>				
Ferriere di Stabio SA	Accounts receivable	1.324	Accounts payable	10
Novametal do Brasil	Accounts receivable	344	Accounts payable	3
Novametal Europe Srl	Accounts receivable	42		
Novametal SA	Accounts receivable	3.461	Accounts payable	1
Novametal USA	Accounts receivable	5		
T.D.V. Trefferies des Voges SA	Accounts receivable	834		
T.I.M. Mexico	Accounts receivable	2.235	Accounts payable	21
Walsin Group	Accounts receivable	9.462	Accounts payable	509
Wire Products Stainless Steel	Accounts receivable	56		
<b>Total</b>		<b>17.762</b>		<b>543</b>

**22. 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.

**23. 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 offices, 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

A handwritten signature in black ink, appearing to be "Yu-Lon Chiao", written over a horizontal line.



**COGNE ACCIAI SPECIALI  
GROUP**

**Consolidated financial statements as at 31 December 2023**

**Balance Sheet  
Income Statement  
Cash Flow Statement  
Notes to the Financial Statements**



Assets	31/12/2023	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	4.257	22.587
4) Concessions, licences, trademarks, and similar rights	16.618.149	16.107.234
5) Goodwill	114.465.816	1.672.913
6) Work in progress and advances	2.028.383	-
7) Others	7.171.641	9.150.571
<b>Total</b>	<b>140.288.246</b>	<b>26.953.305</b>
<b>II - Tangible assets</b>		
1) Land and buildings	37.747.296	5.728.524
2) Plant and machinery	143.773.056	109.474.462
3) Fixtures, fittings, tools and equipment	9.138.314	4.593.673
4) Others	3.645.834	2.415.899
5) Work in progress and advances	48.711.982	27.542.456
<b>Total</b>	<b>243.016.482</b>	<b>149.755.014</b>
<b>III - Investments</b>		
<b>1) Investments</b>	<b>4.161.731</b>	<b>3.630.627</b>
d-bis) Financial investments from others companies	4.161.731	3.630.627
<b>2) Receivables</b>	<b>305.311</b>	<b>310.906</b>
d-bis) Receivables from other companies	305.311	310.906
ST receivables from other companies	305.311	310.906
<b>3) Other securities/ holdings</b>	<b>9.403.981</b>	<b>-</b>
<b>Total</b>	<b>13.871.023</b>	<b>3.941.533</b>
<b>Total assets (B)</b>	<b>397.175.751</b>	<b>180.649.852</b>
<b>C) Current assets</b>		
<b>I - Inventory</b>		
1) Raw materials, consumable and supplies	63.183.429	59.508.715
2) Work in progress and components products	109.576.585	94.665.073
4) Finished products and goods	141.431.678	134.154.277
5) Advances	3.563.930	4.052.824
<b>Total</b>	<b>317.755.622</b>	<b>292.380.889</b>
<b>II - Receivables</b>		
<b>1) Trade receivables</b>	<b>137.275.352</b>	<b>164.781.649</b>
- less than 12 months	137.275.352	164.781.649
<b>5-bis) Tax receivables</b>	<b>16.123.178</b>	<b>11.068.275</b>
- less than 12 months	15.765.300	10.832.457
- more than 12 months	357.878	235.818
<b>5-ter) Deferred tax assets</b>	<b>14.478.330</b>	<b>7.751.980</b>
<b>5-quater) Other receivables</b>	<b>4.118.928</b>	<b>16.188.680</b>
- less than 12 months	4.118.928	16.188.680
<b>Total</b>	<b>171.995.788</b>	<b>199.790.584</b>
<b>III - Investments that do not constitute a fixed asset</b>		
5) Derivative financial instruments	2.635.610	5.694.971
6) Other securities/ holdings	20.021.384	67.294
<b>Total</b>	<b>22.656.994</b>	<b>5.762.265</b>
<b>Cash and cash equivalents</b>		
1) Banks and postal current accounts	98.881.954	79.564.210
2) Bank cheques	737.656	117.847
3) Cash on hand	31.343	40.228
<b>Total</b>	<b>99.650.953</b>	<b>79.722.285</b>
<b>Total current assets (C)</b>	<b>612.059.357</b>	<b>577.656.023</b>
<b>Prepayments and accrued income</b>	<b>5.430.943</b>	<b>2.020.619</b>
1) Accrued incomes	112.261	23.352
2) Deferred charges	5.318.682	1.997.267
<b>Total assets</b>	<b>1.014.666.051</b>	<b>760.326.494</b>



Liabilities and Net equity	31/12/2023	31/12/2022
<b>Net equity</b>		
I - Share capital	405.563.167	250.000.000
II - Share premium reserve	44.436.833	-
IV - Legal reserve	4.861.472	3.399.502
VI - Other reserves, with distinct indication	69.474.698	15.541.852
VII - Cash flow hedging reserve	1.302.908	(828.944)
VIII - Retained Earnings	34.594.749	6.817.331
IX - Net profit (loss) for the period	(1.446.620)	50.847.024
<b>Shareholders' equity of the Group</b>	<b>558.787.207</b>	<b>325.776.765</b>
I - Equity attributable to minority shareholders	1.956.409	-
II - Profit (loss) for the period attributable to minority shareholders	(122.880)	-
<b>Minority interest</b>	<b>1.833.529</b>	<b>-</b>
<b>Total net equity (A)</b>	<b>560.620.736</b>	<b>325.776.765</b>
<b>B) Provisions for risks and other charges</b>		
2) Deferred tax and other tax liabilities fund	7.342.380	2.956.871
3) Reserve for derivative financial instruments	1.372.152	6.866.342
4) Other provisions fund	640.001	376.816
<b>Total provisions for risks and other charges (B)</b>	<b>9.354.533</b>	<b>10.200.029</b>
<b>C) Employee severance indemnity</b>	<b>3.488.936</b>	<b>3.685.892</b>
<b>D) Payables</b>		
1) <b>Debtenture loans</b>	<b>7.460.743</b>	<b>10.425.286</b>
ST portion debtenture loans	3.005.034	3.000.000
LT portion debtenture loans	4.455.709	7.425.286
3) <b>Payables due to the shareholders</b>	<b>1.854.556</b>	<b>-</b>
ST shareholders' payables	370.911	-
LT shareholders' payables	1.483.645	-
4) <b>Payables due to banks</b>	<b>215.809.121</b>	<b>169.197.813</b>
- less than 12 months	65.693.206	71.515.351
- more than 12 months	150.115.915	97.682.462
5) <b>Other financial institutions payables</b>	<b>14.497.633</b>	<b>8.715.162</b>
- less than 12 months	2.070.816	4.158.077
- more than 12 months	12.426.817	4.557.085
6) <b>Advances</b>	<b>162.628</b>	<b>427.829</b>
ST advances from customers	162.628	427.829
7) <b>Payables to suppliers</b>	<b>172.405.460</b>	<b>200.149.070</b>
ST payables to suppliers	172.405.460	200.149.070
12) <b>Tax payables</b>	<b>9.706.222</b>	<b>14.168.067</b>
- less than 12 months	9.706.222	14.168.067
13) <b>Payables to social security institute</b>	<b>5.251.733</b>	<b>6.550.436</b>
- less than 12 months	5.251.733	6.550.436
14) <b>Other payables</b>	<b>9.981.729</b>	<b>7.632.597</b>
- less than 12 months	9.894.479	7.406.050
- more than 12 months	87.250	226.547
<b>Total</b>	<b>437.129.825</b>	<b>417.266.260</b>
<b>E) Accruals and Deferred Income</b>	<b>4.072.021</b>	<b>3.397.548</b>
Deferred income	3.501.501	3.036.360
Accrued interests	570.520	361.188
<b>Total liabilities</b>	<b>1.014.666.051</b>	<b>760.326.494</b>



Profit and Loss	31/12/2023	31/12/2022
<b>A) Production value</b>		
1) Revenues from sales and services	822.294.799	964.930.457
2) Change in work in progress and finished goods	(15.688.369)	31.873.566
4) Internally generated fixed assets	1.993.334	1.614.405
5) Other revenue and income	20.975.341	46.758.477
a) Grants	10.872.201	29.006.408
b) Other revenues	10.103.140	17.752.069
<b>Total production value (A)</b>	<b>829.575.105</b>	<b>1.045.176.905</b>
<b>B) Cost of production</b>		
6) for raw material and consumables	599.223.975	771.166.701
7) for services	78.641.942	75.925.975
8) for rents and leases	10.062.657	6.947.153
9) <b>Personnel costs</b>	<b>88.859.685</b>	<b>81.916.804</b>
a) Salaries and wages	64.611.145	59.266.656
b) Social security costs	19.168.584	18.251.866
c) Provision for severance indemnity	3.091.154	3.038.110
d) (Retirement) Pension costs	374.473	286.009
e) Other costs	1.614.329	1.074.163
10) <b>Amortization, depreciation and provision</b>	<b>33.711.355</b>	<b>27.597.631</b>
a) Amortization of intangible assets	8.715.351	4.913.353
b) Amortization of tangible fixed assets	24.612.627	21.144.298
d) Write-offs of net working capital receivables and cash and cash equivalents	383.377	1.539.980
11) <b>Variation in inventory of raw material and consumables</b>	<b>2.448.802</b>	<b>1.760.819</b>
12) <b>Provision for risks</b>	<b>280.000</b>	<b>544.753</b>
13) <b>Other provisions</b>	<b>-</b>	<b>-</b>
14) <b>Other operating losses</b>	<b>8.041.809</b>	<b>6.594.221</b>
<b>Tptal production costs (B)</b>	<b>821.270.225</b>	<b>972.454.057</b>
<b>Differences production value and cost of production (A-B)</b>	<b>8.304.880</b>	<b>72.722.848</b>
<b>C) Financial income and charges</b>		
16) <b>Other financial income</b>	<b>499.236</b>	<b>140.652</b>
d) <b>Other financial income</b>	<b>499.236</b>	<b>140.652</b>
- altri proventi diversi dai precedenti	499.236	140.652
17) <b>Interests expenses and similar charges</b>	<b>15.707.812</b>	<b>9.693.120</b>
Others	15.707.812	9.693.120
17-bis) <b>Profit (loss) on exchange difference</b>	<b>1.094.757</b>	<b>345.168</b>
Exchange profits and losses	1.151.951	272.665
Unrealised exchange profits and losses	(57.194)	72.503
<b>Total financial income and expenses (C)</b>	<b>(14.113.819)</b>	<b>(9.207.300)</b>
<b>D) Financial assets revaluations or write-offs</b>		
18) <b>Revaluations</b>	<b>7.592.634</b>	<b>8.787.860</b>
d) Revaluations of derivative financial instruments	7.592.634	8.787.860
19) <b>Write-offs</b>	<b>10.158.871</b>	<b>13.111.898</b>
d) Devaluations of derivative financial instruments	10.158.871	13.111.898
<b>Total financial assets revaluations or write-offs (D)</b>	<b>(2.566.237)</b>	<b>(4.324.038)</b>
<b>Result before taxes (A-B+/-C+/-D)</b>	<b>(8.375.176)</b>	<b>59.191.510</b>
20) <b>Income taxes</b>	<b>(6.805.676)</b>	<b>8.344.486</b>
a) Current taxes	2.720.417	9.015.721
b) Previous years taxes	(159.048)	(23.135)
c) Deffered/Advanced taxes	(9.367.045)	(648.100)
<b>Profit (loss) for the year</b>	<b>(1.569.500)</b>	<b>50.847.024</b>
Profit (loss) for the period attributable to minority shareholders	(122.880)	-
<b>Profit (loss) of the Group</b>	<b>(1.446.620)</b>	<b>50.847.024</b>



Cash Flow Statement	31.12.2023	31.12.2022
<b>A) Fcash Flow Statement (inderect method)</b>		
Profit/Loss for the year	(1.569.500)	50.847.024
Income tax	(6.805.676)	8.344.486
Interest expense/(income)	15.707.812	11.588.607
(Dividends)	-	-
(Gains)/Losses on disposal of assets	-	-
<b>1) Profit/Loss for the year before income tax, interes, dividends and capital gain/losses on disposal</b>	<b>7.332.636</b>	<b>70.780.117</b>
<i>Adjustments for non-monetary items that did not have a counterpart in net working capital</i>		
Provisions/(proceeds) to funds	263.185	4.554.907
Amortisation of fixed assets	33.327.978	26.057.649
Impairment losses/reevaluations	-	-
Value adjustments to financial assets and liabilities of derivative financial	2.566.237	4.324.036
Other adjustment up/(down) for non monetary items	559.755	(287.988)
Total adjustment for non-monetary items that disi not have a counterpart in net working capital	36.717.155	34.648.606
<b>2) Cash flow before changes in net working capital</b>	<b>44.049.791</b>	<b>105.428.723</b>
<i>Total net working capital</i>		
Decrease/(Increase) in inventories	18.341.740	(35.514.630)
Decrease/(Increase) in trade receivables	81.514.895	(35.452.468)
Increase/(Decrease) in trade payables	(57.730.156)	(4.567.375)
Decrease/(Increase) in accrued income	(3.410.324)	(1.517.668)
Increase/(Decrease) and prepaid expenses	674.473	873.407
Other decreases/(Other increases) in net working capital	(28.806.282)	(18.137.657)
Total changes in net working capital	10.584.346	(94.316.391)
<b>3) Cash flow after changes in net working capital</b>	<b>54.634.137</b>	<b>11.112.332</b>
<i>Other adjustments</i>		
Interest received/(paid)	(15.707.812)	(10.139.368)
(Income taxes paid)	6.805.676	(5.157.072)
(Use of provisions)	-	(488.975)
Change in other provisions for risks and charges/severance pay	(196.956)	(3.742.186)
Dividends collected	-	-
Other receipts/(payments)	-	-
Total other adjustments	(9.099.092)	(19.527.601)
<b>Cash Flow operating activities (A)</b>	<b>45.535.045</b>	<b>(8.415.269)</b>
<b>B) Cash flow from investing activities</b>		
Tangible fixed assets	-	-
(Flows from investments)	(61.810.652)	(46.534.024)
Flows from disinvestments	-	462.219
Intangible fixed assets	-	-
(Flows from investments)	(5.192.752)	(5.371.373)
Flows from disinvestments	-	-
Financial fixed assets	-	-
(Flows from investments)	(525.509)	(18.701)
Flows from disinvestments	-	565.897
Movable financial assets	-	-
(Flows from investments)	-	-
Acquisizione o cessione di società controllate o di rami d'azienda al netto delle disponibilità liquide	(175.948.180)	-
(Flussi da investimenti)	-	-
Flussi da disinvestimenti	-	-
Changes in other financial assets	-	-
<b>Cash flow from investing activities (B)</b>	<b>(243.477.093)</b>	<b>(50.895.982)</b>
<b>C) Cash flows from financing activities</b>		
<i>Third party means</i>		
Increase/(Decrease) amounts due to banks	(49.190.130)	11.581.516
Increase/(Decrease) other financial payables	1.854.556	1.424.245
Disbursement of loans	94.000.000	76.800.000
(Repayment of loans)	(30.750.119)	(19.077.673)
Shareholders' equity of the Group Increase/(Decrease)	200.000.000	-
Minority interest Increase/(Decrease)	1.956.409	-
Increase/(Decrease) in payables for treasury current account	-	-
Dividends	-	-
<b>Cash flow from financing activities (C)</b>	<b>217.870.716</b>	<b>70.728.088</b>
<b>Cash flows from extraordinary transactionse (merger/division) (D)</b>		
Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)	<b>19.928.668</b>	<b>11.416.837</b>
Cash and cash equivalents as the beginning of the period	79.722.285	68.305.448
Cash and cash equivalents and the end of the period	99.650.953	79.722.285
Increase/(decrease) in cash and cash equivalents	19.928.668	11.416.837



---

## Notes to the Financial Statements - Table of contents

<b>GROUP ACTIVITIES .....</b>	<b>34</b>
<b>STRUCTURE AND CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENT .....</b>	<b>34</b>
<b>CONSOLIDATION AREA .....</b>	<b>35</b>
<b>CONSOLIDATION PRINCIPLES.....</b>	<b>36</b>
<b>CHANGES OF ACCOUNT PRINCIPLES.....</b>	<b>37</b>
<b>ERROR CORRECTION .....</b>	<b>38</b>
<b>MEASUREMENT CRITERIA .....</b>	<b>39</b>
<b>ASSETS .....</b>	<b>46</b>
<b>LIABILITIES .....</b>	<b>55</b>
<b>COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RECORDED IN THE BALANCE SHEET .....</b>	<b>62</b>
<b>INCOME STATEMENT .....</b>	<b>63</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>71</b>
<b>1. Management and coordination .....</b>	<b>71</b>
<b>2. Transactions with related parties .....</b>	<b>71</b>
<b>3. Significant events occurring after 31 December 2021 .....</b>	<b>71</b>
<b>4. Information required by Law no. 124 of 4 August 2017, art. 1, paragraph 125 .....</b>	<b>71</b>
<b>ANNEXES .....</b>	<b>73</b>

**COGNE ACCIAI SPECIALI S.p.A.**  
**Registered office: Aosta - Via Paravera 16**  
**Fully paid up Share Capital € 405,563,167**  
**Registered in the Aosta Companies Register**  
**Registration Number and Tax ID Code 02187360967**

\*\*\*\*\*

**NOTES TO THE**  
**CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

\*\*\*\*\*

**GROUP ACTIVITIES**

The activities of the Group consist mainly in the production and distribution of long products in stainless steel, carbon steel and alloys. The production activities are concentrated in the plant in Aosta, while the distribution is managed by all the Companies in the Group and targets national and international markets.

**STRUCTURE AND CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements as at 31 December 2023 were drafted in compliance with the regulations laid down in Legislative Decree no. 127 of 9 April 1991, implementing the Seventh EU Directive, as amended by Legislative Decree no. 6 of 17 January 2003, and Legislative Decree no. 139 of 18 August 2015, interpreted and integrated in accordance with the accounting principles issued and updated by the Italian Accounting Body ("OIC"), the international accounting standards drafted by the International Accounting Standards Board ("IASB") where compatible with Italian law, and the general principles contained in articles 2423 and 2423-bis of the Italian Civil Code.

The consolidated financial statements, like the financial statements for the year, comprise the following documents:

- a. consolidated balance sheet;
- b. consolidated income statement,
- c. consolidated notes to the financial statements;
- d. consolidated cash flow statement.

In addition, these financial statements are accompanied by the Report on Operations.

Pursuant to article 32 of the Legislative Decree 127/1991, without prejudice to the required adjustments, the structure and content of the balance sheet, the income statement and the consolidated cash flow statement are those required for the financial statements of companies included in the consolidation.

Therefore, the financial statement schemes drafted in compliance with OIC principle 12 "Composition and schemes of the financial statements", are adapted also for the purpose of drafting the consolidated financial statements, with the following main adjustments:

- inclusion of the "*Consolidation reserve*" among the net equity items;
- inclusion of the "*Minority interests*" among the net equity items, divided into "*Equity attributable to minority shareholders*" and, "*Profits (losses) attributable to minority interests*", representing respectively the share of net equity and consolidated profits corresponding to minority interests;
- indication, in the consolidated net equity, of the subtotal relating to all entries regarding the group, followed by the entries corresponding to minority interests;

- inclusion in the item AVI “*Other reserves*” of net equity of the item “*Currency exchange differences reserve*” representing the difference deriving from the translation of the financial statements of subsidiaries expressed in foreign currency;
- entry in the income statement, under item 21) “*consolidated profits (losses) for the financial year*”, the items “*Profit (loss) of the group*” and “*Profit (loss) attributable to minority shareholders*” for the purposes of the separate highlighting of the consolidated economic result corresponding to minority interests.

The tables and drafting methods laid down in OIC 10 “Cash Flow Statement” apply to the consolidated cash flow statement, without prejudice to any necessary adjustments.

The area and principles of consolidation, the most significant measurement criteria, and the contents of the individual entries in the balance sheet and the consolidated income statement are described below.

## CONSOLIDATION AREA

The consolidation area includes the Italian and foreign companies indicated in **Annex C** in which the parent company Cogne Acciai Speciali S.p.A. directly or indirectly holds a majority stake in the capital.

The subsidiary Cogne Hong Kong, placed in liquidation during the current financial year, finalized, on May 23, 2023, the transfer to Cogne Acciai Speciali S.p.A of 100% of the shares held in the company Dong Guang Cogne Steel Product; the company also transferred all existing liquidity to the Parent Company in order to proceed with the liquidation operation. It should be noted that this event had no impact on the consolidated financial statements.

On August 1, 2023 was completed the purchase of 100% of the share capital of the Degerfors Long Product Company, owner of the Degerfors and Storfors factories and specialized in the production of large bars, for an amount equal to Euro 6,3 million including related ancillary charges. In accordance with OIC 17, at the date of first consolidation, a purchase price allocation (PPA) process, carried out with the support of an independent expert, a step up adjustment over the book value of land and buildings and plants and machinery for a total amount of Euro 8,2 million. The related deferred tax recorded is equal to Euro 1,7 million. The residual negative surplus, equal to Euro 33,7 million, was accounted in a specific reserve in the consolidated shareholders' equity, since it is attributable to the completion of a good deal. The consolidated income statement includes the results of the acquired company starting from August 1, 2023.

During August 2023, the parent company and SIMEST (Società italiana per le imprese all'estero) increased the variable portion of the Capital Stock of the subsidiary Cogne Mexico. Following this capital increase, SIMEST hold, at the end of the period, the 17,47% of Cogne Mexico. Therefore, in these consolidated financial statements, third party equity is entirely attributable to SIMEST.

On September 19, 2023 the Company purchased 100% of the shares of the Special Melted Products Company based in Sheffield and specialized in the production of products mainly intended for the Aerospace and Oil and Gas sector, for an amount equal to approximately Euro 170 million including ancillary charges. As previously described, this acquisition was financed through a share capital increase entirely subscribed by the shareholders of the Parent Company for Euro 200 million. In accordance with OIC 17, at the date of first consolidation, the difference arising from the total consideration paid and the corresponding subsidiary's net equity and equal to approximately Euro 118 million, was preliminarily allocated to goodwill and amortized over a period of 10 years. This preliminary allocation will be revised, if necessary, upon completion of

the purchase price allocation process, carried out with the support of an independent expert and still in progress at the date of approval of the consolidated financial statements. The consolidated income statement includes the results of the acquired company starting from September 19, 2023.

Finally, it should be noted that the subsidiary Cogne Edelstahl GMBH, which during the previous financial year purchased 100% of the share capital in the company Edelstahl- & Metallhandelsgesellschaft GmbH (EMB), proceeded with a merger by incorporation with accounting effects from 1 January 2023. This operation did not generate impacts at a consolidated level.

In the consolidated financial statements as at December 31, 2023 no companies were measured with the net equity method.

### CONSOLIDATION PRINCIPLES

For the purposes of consolidation, the financial statements as at 31 December 2023 approved by the company bodies of the individual consolidated companies were used, amended as appropriate to align them to the measurement criteria adopted by the parent company Cogne Acciai Speciali S.p.A..

The reference date of the consolidated financial statements is that of the parent company (31 December 2023), which coincides with the financial year-end date of all the companies in the consolidation area with the exception of the subsidiary Cogne SG Pte Ltd whose reporting date is 30 June 2024.

The financial statements expressed in foreign currencies are converted into Euro applying the average exchange rate for the year to the individual entries in the income statement.

The items in the balance sheet were on the other hand converted at the exchange rate at the end of the year.

The differences originating from the conversion of the initial net equity and the profit (loss) for the year, at the exchange rates at year-end were entered in the consolidated net equity reserves. The exchange rates used are as follows:

Currency	Exchange rates as of 31/12/2023	2023 Average Exchange rates
USD	1,105	1,0813
GBP	0,8691	0,8698
TRY	32,6531	25,7597
BRL	5,3618	5,401
MXN	18,7231	19,183
CHF	0,926	0,9718
SGD	1,4591	1,4523
CNY	7,8509	7,66
SEK	11,096	11,4788
<i>Amount per 1 Euro</i>		

All the subsidiaries included in the consolidation area were consolidated line-by-line, there are no cases of companies consolidated with the proportional method.

The following consolidation principles were used:

- a) entry of the assets, liabilities, costs and revenues of all the companies included in the consolidation area for their whole amounts, whatever the amount of the interests held, allocating to the minority shareholders, in specific entries, the share of the net equity and the profit (loss) for the year for their account;

- b) the difference emerging at the time of purchase from the elimination of the carrying value of the equity investment in a company included in the consolidation area against the corresponding share of net equity is entered, where possible, in the assets and liabilities of the company. Any residual amounts are managed as follows:
  - if positive, they are entered in the item “differences from consolidation” in the “intangible fixed assets” and amortised at constant rates in relation to their expected recoverability (in any case no more than 10 years);
  - if negative, they are entered in a net equity item as a “consolidation reserve”, or, when due to the forecast of unfavourable economic results, in an item called “consolidation reserve for future risks and charges”;
- c) elimination of receivables and payables, costs and revenues between consolidated companies, as well as non-realised intragroup profits;
- d) elimination of intragroup dividends, where distributed;
- e) elimination of tax records on individual consolidated companies in compliance with the laws in force. In particular, significant capital assets subject to financial lease are recognised according to the financial method.

Finally, it is noted that taxes on profits not distributed of consolidated companies are not recognised, as it is presumed that no transactions will occur leading to their taxation, and no deferred taxes are allocated to withheld tax reserves, as no transactions are foreseen that lead to their distribution and therefore their taxation.

#### **CHANGE OF ACCOUNTING PRINCIPLES**

With the publication of the 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, as relevant here, Legislative Decree 127/1991 with regard to consolidated financial statements.

The provisions of the Decree came into force on 1 January 2016 and were applied to financial statements relating to financial years starting on or after that date.

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

During 2016 the revision, update and integration process was concluded by the Italian Accounting Body (“OIC”), of the national accounting principles in order to accept the provisions contained in Legislative Decree 139/2015.

The main impacts derive from the following changes:

- Introduction of the cash flow statement as a statutory element of the financial statements.
- Introduction of the amortised cost criterion and discounting for the measurement of some types of receivables, payables and medium-/long-term financial securities. The parent company availed itself of the possibility laid down in Art. 12, paragraph 2 of Legislative Decree 139/2015 of the prospective application, maintaining unchanged the measurement criteria for receivables, payables and securities entered in the financial statements before 1 January 2016.
- Introduction of the accounting principle (OIC 32) dedicated to defining the recognition, classification and measurement criteria of the derivative financial instruments, as well as the fair value measurement techniques and the information to be disclosed in the notes to the financial statements, which have entirely replaced the provisions referred to in OIC 3- *Information on the financial instruments to be included in the notes and in the Report on Operations*.

- Change in the methods to determine the amortisation period of goodwill. The goodwill is amortised based on the useful life, with the maximum limit of twenty years, and in the cases where it is not possible to reliably estimate the useful life, it is amortised in a period not exceeding ten years. The Parent Company availed itself of the possibility laid down in Art. 12, paragraph 2 of Legislative Decree 139/2015 of the prospective application of such modification, maintaining unchanged the useful life of the goodwill entered in the financial statements before 1 January 2016.
- Eliminating the extraordinary section (items E21/E22) from the income statement, and consequently reallocate in the ordinary section by nature of the items previously classified in the extraordinary costs and income. The statement of the amount and nature of the individual cost or income items of exceptional amount or incidence, if significant, must be entered in the notes to the financial statements in any case.
- The introduction of specific items in the balance sheet and income statement for the classification of balances with the so-called sister companies (“companies controlled by holding companies”);
- Elimination of the section, at the bottom of the balance sheet liabilities, relating to the memorandum accounts.

#### Temporary regulation

For items subject to regulatory change, it is necessary to distinguish between items for which a specific temporary regulation has been introduced from those for which a transition to the new assessment criteria has not been defined in the regulations.

In particular, a temporary provision has been introduced for measurement criteria concerning:

- amortisation of goodwill (Article 2426, paragraph 1 no. 6 of the Italian Civil Code);
- the measurement of securities, receivables and payables based on the amortised cost method (Article 2426, paragraph 1 no. 1 and 8 of the Italian Civil Code).

According to this regulation, the amendments in question may not be applied to the components of items related to transactions that have not yet finished having an effect on the financial statements. As a result, regarding the above cases in question:

- a. transactions already in place as of 1 January 2016 can continue to be accounted for according to existing provisions, until all associated effects have been recorded in the financial statements;
- b. transactions carried out after 1 January 2016 must be accounted for under the new regulations. As such, it is noted that, in relation to the amortisation of goodwill and/or the measurement of securities, receivables and payables at amortised cost, the aforementioned temporary regulation should be applied, and therefore the new criteria from the two aforementioned cases were applied to transactions from 1 January 2016.

#### **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 year 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 year by comparing amounts again. If an error is made in earlier years, it is corrected by recalculating the opening balance of the prior year. If it is not feasible to determine the cumulative effect of a significant error for all previous years, 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 years will be recorded in the income statement for the year in which the mistake is identified.

## MEASUREMENT CRITERIA

The consolidated financial statements have been drafted applying the general principles of prudence, accruals basis of accounting and the going concern assumption, considering the economic function of the assets and liabilities under review.

The financial statements were drafted based on the going concern assumption. Despite the reference economic context, this assumption must be considered satisfied by virtue of the 2023 fiscal year's result.

On 22 December 2023 the Board of Directors of Cogne Acciai Speciali approved the Economic and Financial Budget for 2024, a partial recovery in volumes accompanied by greater profitability linked mainly to the greater saturation of fixed costs.

The Company expects positive cash flows from operations in 2024.

The Group also deems that it has sufficient resources to cover the estimated financial needs for the coming months, continuing to work as an operating entity.

Considering the above, the consolidated financial statements closed on 31 December 2023 were drafted with a view to continuing as a going concern.

### 1. Intangible assets

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

Intangible fixed assets were recorded at purchase or production cost, including ancillary charges. The cost of intangible fixed assets, whose use is time-limited, is systematically amortised according to their residual potential for utility.

Exceptions are:

- the "costs for improvements on third party assets", amortised according to the lesser of their useful life and the duration of the lease contract with the owner of the property;
- the "consolidation differences", equal to the excess between the purchase cost of the equity investment in subsidiaries compared to the purchased net asset value, amortised at constant rates over a period of 10 or 5 years, consistently with the expectations of duration and development of the companies or branches they refer to;
- the "costs for multi-year loans", amortised at constant rates according to the duration of the loan restructuring agreement (6 years).

The amortisation plan drafted along the aforementioned principles is described in the subsequent explanatory paragraph under "Intangible Fixed Assets".

Note that following the revaluation of the trademark carried out in the previous year, the Company changed its amortisation rate, defining its useful life as 18 years.

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 loss is recognised if the recoverable value is lower than the net accounting value.

Any impairment loss 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 loss. No recovery is carried out on goodwill and on the costs covering multiple years.

## 2. Tangible assets

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

Fixed assets are systematically depreciated each year based on the economic-technical rates defined in relation to the possibility of use and justified according to expected replacement and/or modification of the current assets in order to counteract the process of obsolescence and deterioration inherent to fixed assets; the following rates are applied:

<i>Category:</i>	<i>Depreciation rates:</i>
Buildings	5%
General plant	10%-12%
Furnaces and accessories	15%
Specific automated systems	17.50%
Various equipment	10%-25%
Processing systems	20%-25%
Vehicles	20%-25%
Furniture and office machinery	10%-20%
Internal means of transport	20%
Electronic office machinery	20%

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 useful 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.

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

The tangible fixed assets, the value of which is lastingly lower than the historical cost, already adjusted by the depreciation allocated, are written down as appropriate. This lower value is not maintained in subsequent financial statements if the reasons for the adjustment cease to exist.

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

The historical cost of some tangible fixed assets is revalued according to the revaluation law, no. 266 of 23 December 2005. The revalued amount was determined based on an independent appraisal.

Assets held under financial lease agreements through which all risks and benefits related to ownership are substantially transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, the present value of the minimum lease payments. The leasing costs are split between the capital share and the interest share, determined by applying a constant interest rate to the residual debt.

The financial payables to the leasing company are recognised among the short-term liabilities, and among the long-term liabilities for the share to be repaid beyond the financial year. The cost for interests is entered in the income statement for the whole duration of the contract. The asset subject to financial leasing is recognised among the tangible fixed assets and depreciated according to the estimated useful economic and technical life of the asset.

Leases in which the lessor substantially retains all the risks and benefits associated with ownership of the goods, are classified as operating leases. Costs referring to operating leases are recognised in the income statement for the whole duration of the lease contract.



### **3. Financial fixed assets**

#### **3.a Equity Investments Recorded Under Financial Fixed Assets**

Equity investments in subsidiaries not included in the consolidation area and other minority interests in other companies are entered at purchase cost and adjusted in the event of impairment losses.

Equity investments in associated companies are valued using the equity method.

Equity investments in subsidiaries entered in the current assets when intended for sale are measured at the lower of the cost and realisable value.

#### **3.b Receivables Recorded Under Financial Fixed Assets**

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

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

The financial receivables entered in the financial statements after 1 January 2016 are measured at amortised cost, taking into account the time value of money and the presumed realisable value. The transaction costs, any commission income or expense and every difference between the initial value and the nominal value on maturity are included in the calculation of the amortised cost using the effective interest method over the receivable's expected life.

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

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

### **4. Inventories**

These are valued at the lower of the purchase cost, determined using the weighted average cost method and the presumed market value on closure of the period.

The purchase cost includes any ancillary costs while the production cost includes all costs directly attributable to the product and the portion of general production costs that can be reasonably attributed.

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 the Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of receivables, it is hereby reported that the Parent 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 receivable.

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

As in the previous financial year, the Group used the disposal of trade receivables as a source of financing, by selling them to factoring companies, with and without recourse.

The receivables sold with recourse are entered in the accounts under the entry "Trade accounts receivable", until they are successfully collected. The factor is required 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.

Where contractual clauses aim to fraction the risk of insolvency between the transferor and the transferee, with the forecast of an increase or decrease in the amount received by the transferor in relation to loss of income, by the set expiry dates, from the transferred receivables, the notes to the financial statements must underline any risks in the section on Commitments, guarantees and contingent liabilities.

Receivables sold without recourse 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.

### **6. Transactions in foreign currency**

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 financial year.

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 year is recorded as a realisation gain/loss in the income statement under item C.17-bis.

## 7. Financial assets other than fixed assets

With reference to the new regulations introduced by the Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of receivables, it is hereby reported that the Parent 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.

## 8. Cash and cash equivalents

They are entered at their nominal value.

## 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 financial year, 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, and risks for legal disputes in progress.

## 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 year end by the staff in service on that date, net of the corresponding prepayments and represents the company's debt towards its employees.

### 11. Accruals and deferrals

These items include the share of costs and revenues covering two financial years, the extent of which is determined in order to reflect the accruals basis principle.

### 12. Income tax

#### Current taxes

Income taxes are determined according to the evaluation of the tax burden for the year in compliance with the provisions of the laws in force, considering the applicable exemptions and any tax credits due. The associated payable amount is shown net of advances, withholdings and tax credits under “tax liabilities”; the net payable position is recorded under “Tax liabilities” of the current assets.

#### Deferred and prepaid taxes

Assets for prepaid taxes and liabilities for deferred taxes are calculated according to the time differences between the value attributed to an asset or a liability according to the accounting criteria and the value attributed for tax purposes on the basis of the rate foreseen at the time in which the differences occur.

Prepaid taxes are entered in the relative item of the current assets and are entered, in compliance with the principle of prudence, if there is relative certainty of the existence, in the financial years in which the relative time differences occur, of a taxable income equal to or higher than the amount of the differences they will cancel out.

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 year.

### 13. Revenues and costs

Revenues from the sale of products are recorded on an accrual 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 year. 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.

The costs are entered according to the accrual basis principle.

### 14. Derivatives

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

Derivative financial instruments can be accounted for under the conditions laid down for *hedge accounting* only when there is a formal designation and documentation of the hedging relationship at the outset. It is therefore expected that the hedging will be highly effective, and that said effectiveness can be reliably assessed for all the financial years to which it has been designated. When the derivative financial instruments fulfil the requirements for accounting according to the established hedge accounting method, it is applied as follows: if a derivative financial instrument is designated to hedge the variability of future cash flows of an asset or liability or of an highly likely anticipated transaction which could influence the income statement, the effective profit or loss on the derivative financial instrument is recorded directly to net equity under item A) VII *Cash flow hedging reserve*. The accumulated profit or losses are accounted for in the income statement in the same period in which the related economic effect of the transaction subject to the hedging

and are added as adjustment to the hedged item. Profits and losses associated with a hedge (or part of a hedge) that has become ineffective are immediately entered in the income statement respectively under item D) 18 d) *write-up of derivative financial instruments* and D) 19 d) *write-down of derivative financial instruments*. When a hedging instrument or hedging relationship is terminated, but the transaction subject to the hedging has not yet been carried out, the accumulated profits or losses, until the time they are entered in the appropriate net equity reserves, are recorded in the income statement at the time the related transaction is made in connection with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered likely, the unrealised accumulated profits or losses recognised under net equity are immediately entered in the income statement under D18 d) or D19 d).

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

#### **15. Dividends**

The distribution of dividends to shareholders results in a liability being entered at the time the resolution is approved by the general meeting.

#### **16. 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.

**ILLUSTRATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**
**ASSETS**
**A. RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE** € -

There are no receivables from shareholders for payments still due at the closing date of the financial year.

**B. FIXED ASSETS** € 397,175,751

**I. INTANGIBLE FIXED ASSETS**

Intangible assets	31/12/2023	31/12/2022	Variation
Start-up and expansion costs	4.257	22.587	(18.330)
Concessions, licences, trademarks, and similar rights	16.618.149	16.107.234	510.915
Goodwill	114.465.816	1.672.913	112.792.903
Work in progress and advances	2.028.383	-	2.028.383
Others	7.171.641	9.150.571	(1.978.930)
<b>Total</b>	<b>140.288.246</b>	<b>26.953.305</b>	<b>113.334.941</b>

The table in **Annex A** gives the detail of the Intangible Fixed Assets, and the movements in the financial year.

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

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

The amortization for the year is equal to €24 thousand.

**B.I.2) Development costs.**

“Development costs” include investments relating to the implementation of projects relating to the improvement of production activities. No increases were recorded during the year.

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

“Concessions, licences, trademarks and similar rights” includes charges relating to capitalised user licences. The investments for the financial year, equal to € 1,764 thousand and the amortisation for the year is equal to € 1,761 thousand.

The item also changes due to the effect of the new companies included in the consolidation perimeter for € 515 thousand.

The residual value of the assets amortised during the period is listed below (amounts in thousands of Euro):

Category	Law	Amount € /000	Residual value to amortise 31.12.2023 €/000
Concessions, licences and trademark	Italian Law 13/10/2020 N° 126	17.000	14.167
Total		17.000	14.167

### **B.1.5) Goodwill**

This item represents the difference between:

- the value of the investment in the company Cogne Stainless Bars SA (€15 million) and the corresponding net equity of the subsidiary on the date of first consolidation (€12.8 million) which occurred in 2018. It is specified that the entire value of the share transferred was subject to a specific estimation report drafted by an independent expert.
- the value of the investment in the company Edelstahl- & Metallhandelsgesellschaft GmbH (€2.145 thousand) and the corresponding net equity of the subsidiary on the date of first consolidation (€1.696 thousand) which occurred in 2022.
- The purchase value of the total shareholding in the company Special Melted Products Ltd (€169,573 thousand) and the corresponding net equity of the new subsidiary at the date of first consolidation (€52,139 thousand) which took place in financial year 2023.

The consolidation difference arising with reference to the purchased equity investment, and relating to the higher price paid compared to the value of the purchased net equity, was deemed representative in its entirety to goodwill recognised at the time of purchase. As previously described, the goodwill relating to Special Melted Products Ltd arising from a preliminary allocation of the positive difference from elimination performed at the date of first consolidation. This preliminary allocation will be revised, if necessary, upon completion of the purchase price allocation process, carried out with the support of an independent expert and still in progress at the date of approval of this consolidated financial statements.

The amortisation of the goodwill, determined considering the strong productive synergies generated by the purchases of the equity investment and the expectations of additional future economic benefits, is recorded over 10 years. The amount for the financial year is therefore €3,555 thousand.

### **B.1.7) Other intangible fixed assets**

The breakdown of the item "Other intangible assets" is as follows (values in thousands of Euro):

Others	31/12/2023	31/12/2022	Variation
Others	735.428	1.072.103	(336.675)
Costs for plants compliance	1.858.063	2.416.195	(558.132)
Costs for improvements on third parties assets	4.578.150	5.662.273	(1.084.123)
<b>Total</b>	<b>7.171.641</b>	<b>9.150.571</b>	<b>(1.978.930)</b>

"Others" mainly includes the costs incurred by the Holding company for activities aimed at supporting production efficiency, improving environmental management processes and preventing major accidents; the increase in the period is equal to €74 thousand with amortization in 5 years.

"Costs for plants compliance" mainly includes the costs incurred by the Holding company in previous years and in the current period; this item increased by €140 thousand following the investments made by the Holding company in the modernization and updating of systems installed in non-owned buildings. The amortization for the year is equal to €698 thousand.

“Costs for improvements on third parties assets” mainly includes restoration charges, extraordinary maintenance interventions and improvements to buildings, roads and other third parties assets leased by the company Structure VDA. During the year, costs of €1,180 thousand were incurred mainly referring to maintenance of an extraordinary nature carried out inside the plant. Depreciation for the period is equal to €2,283 thousand.

## II. TANGIBLE FIXED ASSETS

Tangible assets	31/12/2023	31/12/2022	Variation
Land and buildings	37.747.296	5.728.524	32.018.772
Plant and machinery	143.773.056	109.474.462	34.298.594
Fixtures, fittings, tools and equipment	9.138.314	4.593.673	4.544.641
Others	3.645.834	2.415.899	1.229.935
Work in progress and advances	48.711.982	27.542.456	21.169.526
<b>Total</b>	<b>243.016.482</b>	<b>149.755.014</b>	<b>93.261.468</b>

The table in **Annex B** gives the detail of the Tangible Fixed Assets, and the movements in the financial year. To provide more complete information on the movements of the financial year, the main changes in the amount of the individual categories included in this item are described below. The residual value of the assets amortised during the period is listed below (amounts in thousands of Euro):

Category	Law	Amount € 000	Residual value to amortise as at 31.12.2023 €/000
Plant and machinery	Italian Law no. 126 of 13/10/2020	4,778	3,345
Furnaces and Accessories	Italian Law no. 126 of 13/10/2020	10,955	7,669
Large specific and automatic plants	Italian Law no. 126 of 13/10/2020	50,350	35,245
Buildings	Decree Law no. 185 of 28/11/2008	1,163	291
Total		67,246	46,550

### B.II.1) Land and buildings

Land and Buildings	31/12/2022	Change in area/ extraordinary transaction	Increases	Depreciation	Decreases	Other movements	31/12/2023
Land	853.500	63.972	-	-	-	3.192	920.664
Buildings	8,456.321	32,260,661	400,886	-	-	36,085	41,153,953
Amortization fund buildings	(3,581,297)	-	-	(738,434)	-	(7,590)	(4,327,321)
<b>Total Land and Buildings</b>	<b>5,728,524</b>	<b>32,324,633</b>	<b>400,886</b>	<b>(738,434)</b>	<b>-</b>	<b>31,687</b>	<b>37,747,296</b>

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. Following the change in the consolidation perimeter which occurred during the financial year, the item Land and buildings increased by €32,3 million and it also includes the step-up adjustment resulting from the purchase price allocation process relating to the acquisition of Degerfors Long Product previously described.

Total depreciation for the period amounted to €738 thousand and was calculated based on the useful life of the assets.



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

Increases in the period amounting to €35,7 million mainly relate to investments made by the Parent Company during the year for €29,4 million and by the productive companies for €6,3 million. Following the change in the consolidation perimeter which occurred during the financial year, the item Plants and machinery increased by €19,9 million and also includes the step up adjustment resulting from the purchase price allocation process relating to the acquisition of Degerfors Long Product described previously.

The effect of the investments made during the year is offset by depreciation for the year, amounting to €21,7 million.

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

The increase during the financial year 2023 amount to €5,9 million and refer mainly to the purchase of miscellaneous equipment by the Parent Company (€5,8 million).

The effect of the investments made during the year is offset by depreciation for the year, amounting to €1,4 million.

### **B.II.4) Other assets**

Increases for the year amount to €1.1 million and mainly relate to the purchase of electronic office equipment and EDP machinery, as well as furniture and fittings (€570 thousand), mainly by the Parent Company. Following the change in the consolidation perimeter which occurred during the financial year, the item increased by €1 million.

The depreciation for the year was equal to €784 thousand.

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

The increases refer to investments in the period relating to assets that have not yet entered into operation.

Assets under construction at December 31, 2023 totalled €37,2 million and refer to investments in the period relating to assets not yet placed into operation made primarily by the Parent Company (€8 million).

### **Financial leases**

With regard to leased assets, accounted according to the financial method, it should be noted that these have been reclassified and allocated to specific fixed asset items created during the year. Fixed assets deriving from financial leasing contracts increased during the financial year by €12,8 million, of which €7,4 million are related to assets not yet placed into operation.

## **III. FINANCIAL FIXED ASSETS**

### **Equity investments**

Investments	31/12/2023	31/12/2022	Variation
Financial investments from others companies	4.161.731	3.630.627	531.104
<b>Total</b>	<b>4.161.731</b>	<b>3.630.627</b>	<b>531.104</b>

### **B.III.1) Equity Investments**

The list of companies included in the consolidation area is provided in **Annex C**, with information concerning the name, registered office, share capital and interest held.

### **Other companies**

The detail of "Other companies" is as follows:

Investments in other companies	31/12/2023	31/12/2022	Variation
Immobiliare siderurgica srl	-	44	(44)
Consorzio Geo Storage	2.000	2.000	-
Consorzio Metal Interconnector	4.159.731	3.628.583	531.148
<b>Total</b>	<b>4.161.731</b>	<b>3.630.627</b>	<b>531.104</b>

During the year, the company increased its shareholding in "Consorzio Metal Interconnector" by euro 531 thousand, maintaining the shareholding stable which, as at December 31, 2023, amounted to 1.64%. This investment allows the company to continue to benefit from the discounts on the price of electricity.

### **B.III.2) Receivables**

Short term receivables from others are detailed in the following table

Receivables	31/12/2023	31/12/2022	Variation
Security account	305.311	310.906	(5.595)
<b>Total</b>	<b>305.311</b>	<b>310.906</b>	<b>(5.595)</b>

### **B.III.2) Other securities/ holdings**

Other securities/ holdings	31/12/2023	31/12/2022	Variation
Other securities/ holdings	9.403.981	-	9.403.981
<b>Other securities/ holdings</b>	<b>9.403.981</b>	<b>-</b>	<b>9.403.981</b>

The item includes the entire value of the net assets relating to the pension fund of the newly acquired Special Melted Product Ltd.

**C. CURRENT ASSETS**
**€ 612,059,357**
**I. INVENTORY**

Inventory	31/12/2023	31/12/2022	Variation
Raw materials, consumable and supplies	63.183.429	59.508.715	3.674.714
Work in progress and components products	109.576.585	94.665.073	14.911.512
Construction contracts	-	-	-
Finished products and goods	141.431.678	134.154.277	7.277.401
Advances	3.563.930	4.052.824	(488.894)
<b>Total</b>	<b>317.755.622</b>	<b>292.380.889</b>	<b>25.374.733</b>

The total value of inventories reflects an increase of €25,4 million due to acquisitions in terms of shareholdings in subsidiary companies which brought about an increase of €43.7 million at the date of first consolidation of the new companies. Net of the increase deriving from the new consolidated companies, inventories therefore show a decrease of €18.3 million. This decrease is partially due to the performance of the raw materials market which showed a decrease in unit value terms, and to a decrease in raw material stock.

Consumables include stocks of raw materials used in the production process of various consumables, spare parts and equipment.

The value of the inventories on 31 December 2023 was compared with the market value deduced from the sales prices of the last month of the financial year. The codes that cost more than the market value have been devalued in order to make them consistent with the market value.

**II. RECEIVABLES**

Receivables	31/12/2023	31/12/2022	Variation
<b>II - Receivables</b>			
1) Trade receivables	137.275.352	164.781.649	(27.506.297)
- less than 12 months	137.275.352	164.781.649	(27.506.297)
5-bis) Tax receivables	16.123.178	11.068.275	5.054.903
- less than 12 months	15.765.300	10.832.457	4.932.843
- more than 12 months	357.878	235.818	122.060
5-ter) Deferred tax assets	14.478.330	7.751.980	6.726.350
5-quater) Other receivables	4.118.928	16.188.680	(12.069.752)
- less than 12 months	4.118.928	16.188.680	(12.069.752)
<b>Total</b>	<b>171.995.788</b>	<b>199.790.584</b>	<b>(27.794.796)</b>

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

Trade receivables	31/12/2023	31/12/2022	Variation
ST trade receivables	139.490.597	167.083.930	(27.593.333)
Allowance for doubtful ST receivables	(2.215.245)	(2.302.281)	87.036
<b>Total</b>	<b>137.275.352</b>	<b>164.781.649</b>	<b>(27.506.297)</b>

“Trade receivables” includes all short-term trade accounts receivable and reflects a decrease of around €28 million, mainly due to the decrease in turnover in terms of both price and quantity. Trade receivables from clients are recorded at nominal value, adjusted by the allowance for doubtful receivables of €2.2 million. The uses refer to the coverage of losses incurred during the

year on receivables written off that became uncollectable on the basis of sure and precise elements. The accrual for the financial year, equal to €383 thousand, mainly attributable to the subsidiary Cogne France, reflects the assessment of the risk of uncollectability of the items existing at the balance sheet date, taking into account the insurance policies in place and the relative credit lines.

The movements in the allowance for doubtful receivables posted with regard to third party clients are as follows (values in thousands of Euro):

Allowance for doubtful receivables	31/12/2022	Accrual	Differenza di traduzione	Release	Other movements	31/12/2023
Allowance for doubtful ST receivables	2.302.281	383.377	1.594	(132.305)	(339.702)	2.215.245
<b>Total</b>	<b>2.302.281</b>	<b>383.377</b>	<b>1.594</b>	<b>(132.305)</b>	<b>(339.702)</b>	<b>2.215.245</b>

There are no trade receivables that expire beyond 5 years.

### **C.II.5 bis) Tax receivables**

The detail of the "Tax receivables" entry is as follows:

Tax receivables	31/12/2023	31/12/2022	Variation
ST tax receivables for income taxes	7.994.813	5.032.061	2.962.752
ST VAT	6.244.492	1.237.797	5.006.695
Other ST tax receivables	1.525.995	4.562.599	(3.036.604)
Other LT tax receivables	357.878	235.818	122.060
<b>Total</b>	<b>16.123.178</b>	<b>11.068.275</b>	<b>5.054.903</b>

Tax receivables increased overall by €9,612 thousand mainly as a result of the rise in the IRES and IRAP receivables, the increase in the VAT receivable and the recognition of the tax credit related to electricity and natural gas.

### **C.II.5 ter) Deferred tax assets**

Deferred tax assets	31/12/2023	31/12/2022	Variation
ST deferred taxes	14.478.330	7.751.980	6.726.350
<b>Total</b>	<b>14.478.330</b>	<b>7.751.980</b>	<b>6.726.350</b>

Deferred tax assets have been recorded only on the basis of the reasonable certainty of their recovery, on the basis of forecasts for making taxable income such as to allow the recovery of deferred tax when the differences occur. In particular, the assessment of the recoverability of prepaid taxes took into consideration the economic-financial forecasts included in the business plan 2024-2028.

In particular, at 31 December 2023 receivables for deferred tax assets amount to € 14,478 thousand and relate mainly to the calculation of prepaid taxes by the Parent Company (€ 10,902 thousand) and the subsidiaries Cogne Usa (€ 44 thousand), Dongguan Cogne Steel Products (€ 389 thousand) and the newly acquired Special Melted Products (€ 3,055 thousand), in addition to the total tax effect for IRES and IRAP purposes deriving from the consolidation adjustments (€51 thousand).

### **C.II.5) quarter Receivables from others**

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

- less than 12 months	31/12/2023	31/12/2022	Variation
ST receivables from employees	26.278	18.718	7.560
ST receivables from social security institutes	46	4.035	(3.989)
ST receivables from factoring companies	1.154.397	10.689.923	(9.535.526)
ST receivables from insurances	85.690	39.792	45.898
ST advances to suppliers	2.214.266	5.089.913	(2.875.647)
ST receivables from others	638.251	346.299	291.952
<b>Total</b>	<b>4.118.928</b>	<b>16.188.680</b>	<b>(12.069.752)</b>

"Receivables from factoring companies" relate to the portion of receivables transferred from the Parent Company to the factoring company without recourse, but not yet liquidated by the factoring company.

"Advances to suppliers" include payments relating to goods for which the relative customs bill registering the tax document, or the payments relating to the advance payment invoices or the works progress and advance payments to suppliers of the main component alloys has not yet been received.

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

## **III. CURRENT FINANCIAL ASSETS**

### **5. Derivative financial instruments - assets**

On 31 December 2023, forward agreements were in place, signed with the aim of mitigating structural exposure in CNY, GBP, KRW, BRL and SEK. 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 31 December 2023, aimed at hedging exchange rate fluctuations, write-ups of derivative financial instruments were entered for €55 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

The following table groups the contracts by currency:

Type	valuta	Notional outstanding (EUR)	MTM (Eur)
Forward	BRL	2.400.313	7.418
Forward	GBP	5.235.602	41.860
Forward	KRW	127.645	698
Forward	CNY	3.668.369	4.454
Forward	SEK	666.907	1.107
<b>Total</b>	-	12.098.836	55.537

### **Commodities**

The fair value of derivatives entered into to hedge fluctuations in the value of the raw material Nickel amounted to €298 thousand.

#### **C.II.6) Other securities**

During the financial year, two investment contracts (so-called Time deposits) worth 10 million each were signed; Time Deposits are temporary investments, with better yields than ordinary deposits and can't be released before their contractual maturity.

#### **IV. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	31/12/2023	31/12/2022	Variation
Banks and postal current accounts	98.881.954	79.564.210	19.317.744
Bank cheques	737.656	117.847	619.809
Cash on hand	31.343	40.228	(8.885)
<b>Total</b>	<b>99.650.953</b>	<b>79.722.285</b>	<b>19.928.668</b>

The item includes cash held with banks and other financial institutions.

<b>D. ACCRUED INCOME AND PREPAYMENTS</b>	<b>€5,430,943</b>
--	-------------------

The breakdown of Accrued income and prepayments is as follows (values in thousands of Euro):

Prepayments and accrued income	31/12/2023	31/12/2022	Variation
Other accrued incomes	112.261	23.352	88.909
Prepaid insurances expenses	119.404	135.085	(15.681)
Prepaid maintenance expenses	50.245	59.391	(9.146)
Other deferred charges	5.149.034	1.802.792	3.346.242
<b>Total</b>	<b>5.430.943</b>	<b>2.020.619</b>	<b>3.410.324</b>

“Other accrued incomes” refers to expenditure incurred in the provision of services and the use of third party assets which will end in the next financial year.

This item increases mainly due to the M&A costs incurred in 2023 relating to acquisitions that will be finalized during the next financial year.

It should be noted that there are no portions of prepayments that can be reabsorbed beyond 5 years.

**LIABILITIES**

<b>A. NET EQUITY</b>	<b>€ 560,620,736</b>
----------------------	----------------------

Net equity	31/12/2023	31/12/2022
Share capital	405.563.167	250.000.000
Share premium reserve	44.436.833	-
Legal reserve	4.861.472	3.399.502
Statutory reserves	-	-
<i>Extraordinary reserve</i>	2.061.651	2.061.651
<i>Merger reserve</i>	145.622	145.622
<i>Consolidation reserve</i>	33.677.909	-
<i>Current's year equity conversion reserve</i>	(3.621.821)	(2.084.046)
<i>Undivided profits</i>	37.211.337	15.418.625
Other reserves, with distinct indication	69.474.698	15.541.852
Cash flow hedging reserve	1.302.908	(828.944)
Retained Earnings	34.594.749	6.817.331
Net profit (loss) for the period	(1.446.620)	50.847.024
<b>Shareholders' equity of the Group</b>	<b>558.787.207</b>	<b>325.776.765</b>
Equity attributable to minority shareholders	1.956.409	-
Profit (loss) for the period attributable to minority shareholders	(122.880)	-
<b>Minority interest</b>	<b>1.833.529</b>	<b>-</b>
<b>Total Equity</b>	<b>560.620.736</b>	<b>325.776.765</b>

The net equity of the Group at December 31, 2023 amounts to €558,787,207, including the group net income for the year, a loss of €1,446,620. The minority interest amount to €1,833,529 including a loss of €122,880.

The total equity amount to €560,620,736, including the fiscal year result, a loss equal to €1,569,500.

**A.I) Share capital**

The share capital of the Parent Company on 31 December 2023, of €405,563,167, was fully paid up.

On July 13, 2023 the Company approved a share capital increase of €200 million through the issue of 155,563,167 shares with a nominal value of 1 Euro each with a total share premium of €44,364,833; this increase in share capital is fully paid up at the date of these financial statements.

It should be noted that, on November 30, 2022, 70% of Cogne Acciai Speciali shares was transferred to the Walsin Lihwa Corporation Group.

The movements in the financial year in each item, with reference to the portion of equity and the results of the Group and of minority interests are summarised in **Annex D**.

**A.IV) Legal reserve**

The legal reserve amounts to €4,861,472.

**A.VII) Other reserves**

This item, equal to a positive €69,474,698, is composed as follows:

- € 3,621,821 negative, relating to the currency translation reserve;
- € 145,622, relating to the merger reserve;
- € 33,677,909 relating to the reserve established following the allocation of the negative surplus remaining from the purchase price allocation process related to the acquisition of the company Degerfors Long Product. As described previously, this allocation to the reserve is related to the negative surplus attributable to the completion of a good deal;
- €37,211,337 relating to undivided profit of subsidiaries company and the effects of the consolidation adjustments.
- € 2,061,651, relating to the extraordinary reserve for the distributable share of the profits on exchange rates;
- 

**A.VIII) Retained earnings (Losses brought forward)**

The "retained earnings" amount to € 34,594,749.

**Reconciliation between net equity and net income for the financial year of Cogne Acciai Speciali S.p.A. and the net equity and net income for the financial year in the Consolidated Financial Statements.**

Reconciliation of net equity	Shareholders' equity of the Group	Net profit (loss) for the period	Minority interest	Profit (loss) for the period attributable to
Holding	494.595.124	1.628.723		
Other entities	206.549.289	13.378.434		
<b>Total</b>	<b>701.144.413</b>	<b>15.007.156</b>		
Leasing IAS 17	1.371.097	102.502		
Contribution of group companies	(257.347.587)	(538.176)	1.833.529	(122.880)
Dividends emilination	-	(10.284.970)		
Goodwill	113.943.828	(3.498.828)		
Elimination of capital gains and other intercompany items	25.747	(5.111.483)	-	-
Tax effect on consolidation adjustments	(350.292)	(1.160.392)	-	-
Intra-group inventory mark-up	-	4.037.572		
<b>Total consolidation adjustments</b>	<b>(142.357.206)</b>	<b>(16.453.776)</b>	<b>1.833.529</b>	<b>(122.880)</b>
<b>CONSOLIDATED FINANCIAL STATEMENT</b>	<b>558.787.207</b>	<b>(1.446.620)</b>	<b>1.833.529</b>	<b>(122.880)</b>

**B. PROVISIONS FOR RISKS AND CHARGES**
**9,354,533**
**B.2) Provisions for taxes, including deferred**

The detail of the item in question and the movements during the financial year are given below (amounts in thousands of Euro):

Deferred tax and other tax liabilities fund	31/12/2023	31/12/2022	Variation
Deferred tax liabilities fund	4.988.905	2.363.385	2.625.520
Other taxes provision fund	2.353.475	593.486	1.759.989
<b>Deferred tax and other tax liabilities fund</b>	<b>7.342.380</b>	<b>2.956.871</b>	<b>4.385.509</b>

This item includes deferred taxes allocated by each consolidated company against the income items subject to deferred taxation.

At 31 December 2023, the provision for deferred taxes amounts to €4,989 thousand and includes the amounts entered by the Parent Company (€547 thousand) and the subsidiary Cogne Stainless Bars (€100 thousand), Cogne UK (€24 thousand), Cogne Degerfors Long Product (€ 872 thousand) e da Special Melted Product (€3,042 thousand) in addition to the overall tax effect



for IRES and IRAP purposes deriving from consolidation adjustments (€404 thousand). **B.3) Derivative financial instruments - liabilities**

#### Exchange rates

At December 31, 2023, forward agreements were in place, signed with the aim of mitigating structural exposure in GBP, USD, BRL, CNY and SEK. 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 31 December 2023, aimed at hedging exchange rate fluctuations, write-downs of derivative financial instruments were entered for €230 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

Type	Currency	Notional outstanding (EUR)	MTM (Eur)
Forward	BRL	8.346.078	(10.760)
Forward	GBP	4.545.193	(18.641)
Forward	USD	3.529.412	(42.868)
Forward	CNY	2.693.959	(80.205)
Forward	SEK	1.761.896	(77.118)
<b>Total</b>		<b>20.876.538</b>	<b>(229.592)</b>

#### Rates

At December 31, 2023, there are derivative contracts signed to cover the interest rate risk relating to outstanding loans. Reserves of €1,380 thousand for expected cash flow hedges net of tax effects were recognised for this category of derivative financial instruments.

#### **B.4) Other provisions**

Other provisions fund	31/12/2022	Accrual	Release	31/12/2023
Other provisions fund	376.816	280.000	(16.815)	640.001
<b>Other provisions fund</b>	<b>376.816</b>	<b>280.000</b>	<b>(16.815)</b>	<b>640.001</b>

During the current financial year €280 thousand were set aside under the item "Other provision fund"; this provision became necessary following the receipt, in December 2023, of a notice of assessment from the Aosta Revenue Agency on the transactions carried out with Simest in the 2017 tax year; we therefore proceeded to estimate the effect of IRES, sanctions and interest for all the years (from 2017 to 2020) in which transaction were carried out with Simest.

<b>C. <u>EMPLOYEE SEVERANCE INDEMNITY</u></b>	<b>€ 3,488,936</b>
---	--------------------

The provision for staff severance indemnity includes the severance accrued to be paid to all employees upon termination of employment, the collective agreements and the company agreements.

Movements in the item in 2023 are shown below:

Employee severance indemnity	31/12/2022	Accrual	Use	31/12/2023
Provision for employee severance indemnity	3.685.892	3.091.154	(3.288.110)	3.488.936
<b>Total</b>	<b>3.685.892</b>	<b>3.091.154</b>	<b>(3.288.110)</b>	<b>3.488.936</b>

The allocations for the financial year refer to the amount of indemnities matured by the Holding Company (€2,835 thousand).

Uses in the financial year reflect the share of severance pay (TFR) paid mainly to employees leaving the Parent company and the transfer of part of the portion accrued during the year to supplementary pension funds.

<b>D. PAYABLES</b>	<b>€ 437,129,825</b>
--------------------	----------------------

#### D.1) Bonds

Bonds	31/12/2023	31/12/2022	Variation
ST portion bonds	3.005.034	3.000.000	5.034
LT portion bonds	4.455.709	7.425.286	(2.969.577)
<b>Total</b>	<b>7.460.743</b>	<b>10.425.286</b>	<b>(2.964.543)</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 (€ 10,425,286 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 year is due to the repayment of the obligation amounting to Euro 3 million, partially offset by the effect of the application of the amortized cost method.

#### D.3) Payables due to the shareholders

Payables due to the shareholders	31/12/2023	31/12/2022	Variation
ST shareholders' payables	370.911	-	370.911
LT shareholders' payables	1.483.645	-	1.483.645
<b>Payables due to the shareholders</b>	<b>1.854.556</b>	<b>-</b>	<b>1.854.556</b>

This item refers to the term loan accorded during the period 2023 by SIMEST to the controlled company Cogne Mexico and the related repayment plan will finish in 2029.

#### D.4) Payables to banks

Payables due to banks	31/12/2023	31/12/2022	Variation
ST collateralised bank loans	601.863	839.513	(237.650)
ST uncollateralised bank loans	43.481.210	29.345.547	14.135.663
Bank accounts	280.653	14.239.944	(13.959.291)
Advances bank accounts	21.329.480	27.090.347	(5.760.867)
LT collateralised bank loans	1.395.000	2.475.824	(1.080.824)
LT uncollateralised bank loans	148.720.915	95.206.638	53.514.277
<b>Total</b>	<b>215.809.121</b>	<b>169.197.813</b>	<b>46.611.308</b>

“Bank accounts” and “Advances bank accounts” include the debt to banks resulting from ordinary current accounts, the debt for advances on invoices and the debts for bank receipts subject to collection. Current financial debt increased overall by €13 million. It should be noted that the liquid assets at December 31, 2023, as shown in the balance sheet under the item Bank and postal

current accounts, amount to €99,651 thousand. As of 31 December 2023, the monetary and signature lines granted to the Parent Company were renewed until revoked.

“Bank loans within the period” include the short-term debt to banks for loans granted. The portion due within one year indicates the amount that will be repaid within 12 months.

In particular, during the year, five medium-long term loan agreements were signed for a total of €94 million.

During the year, medium- and long-term loan agreements were signed for €94 million, bearing variable interest pegged to the months in which they were signed.

With respect to one of these loans, amounting to €50 million, the Company entered into a new IRS to hedge it.

All the loans entered into, with the exception of those granted by Invitalia, Simest, Cassa Centrale Banca, MedioCredito Centrale and the mortgage loans granted by Intesa San Paolo, are subject to NFP/EBITDA and NFP/NE covenants.

The Company complied with both covenants at December 31, 2023.

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	9,301.234
Intesa San Paolo	2,000.000	1,049.219
Banca BNL SACE	5,106.413	3,184.079
Unicredit SACE	5,000.000	3,961.706
Ipotecario Intesa San Paolo	262.345	1,395.000
Intesa San Paolo SACE	12,799.445	57,664.641
Simest	120.000	360.000
Banco BPM SACE	4,000.000	12,345.612
Invitalia	5,999.677	21,834.464
Monte dei Paschi di Siena	400.000	3,584.659
Supportitalia SACE Cassa Depositi e Prestiti	2,500.000	17,476.258
Supportitalia SACE Cassa Centrale	1,134.608	8,977.353
Supportitalia SACE Mediocredito Centrale	1,139.278	8,974.723
Hyunday Capital - Korea branch		6,966
Other institutes	639.381	65,766
<b>Total</b>	<b>44,101,148</b>	<b>150,181,680</b>

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

The net financial position of the Group at December 31, 2023 is detailed below (amounts in thousands of Euro):

Net Financial Position	31/12/2023	31/12/2022	Variation
Bank accounts	98.881.954	79.564.210	19.317.744
Cash in hands	768.999	158.075	610.924
<b>Cash and cash equivalents</b>	<b>99.650.953</b>	<b>79.722.285</b>	<b>19.928.668</b>
<b>Financial assets other than fixed assets</b>	<b>22.656.994</b>	<b>5.762.265</b>	<b>16.894.729</b>
ST portion bonds	3.005.034	3.000.000	5.034
<b>Bonds (within 12 months)</b>	<b>(3.005.034)</b>	<b>(3.000.000)</b>	<b>(5.034)</b>
Bank accounts	280.653	14.239.944	(13.959.291)
Advances bank accounts	21.329.480	27.090.347	(5.760.867)
<b>Payables to banks (within 12 months)</b>	<b>(21.610.133)</b>	<b>(41.330.291)</b>	<b>19.720.158</b>
ST collateralised bank loans	601.863	839.513	(237.650)
ST uncollateralised bank loans	43.481.210	29.345.547	14.135.663
<b>Payables for loans (within 12 months)</b>	<b>(44.083.073)</b>	<b>(30.185.060)</b>	<b>(13.898.013)</b>
<b>Payables to other financial backers (within 12 months)</b>	<b>(2.441.727)</b>	<b>(4.158.077)</b>	<b>1.716.350</b>
<b>Other financial payables (within 12 months)</b>	<b>(472.971)</b>	<b>(229.901)</b>	<b>(243.070)</b>
<b>Financial derivatives liabilities</b>	<b>(1.372.152)</b>	<b>(6.866.342)</b>	<b>5.494.190</b>
<b>Short-term financial payables</b>	<b>(72.985.090)</b>	<b>(85.769.671)</b>	<b>12.784.581</b>
<b>° Short-term net financial position</b>	<b>49.322.857</b>	<b>(285.121)</b>	<b>49.607.978</b>
LT portion bonds	4.455.709	7.425.286	(2.969.577)
<b>Bonds (beyond 12 months)</b>	<b>(4.455.709)</b>	<b>(7.425.286)</b>	<b>2.969.577</b>
<b>Payables to banks (beyond 12 months)</b>	<b>(150.115.915)</b>	<b>(97.682.462)</b>	<b>(52.433.453)</b>
<b>Payables to other financial backers (beyond 12 months)</b>	<b>(13.910.462)</b>	<b>(4.557.085)</b>	<b>(9.353.377)</b>
<b>Other financial payables (beyond 12 months)</b>	<b>(87.250)</b>	<b>(226.547)</b>	<b>139.297</b>
<b>Medium/Long-term financial payables</b>	<b>(168.569.336)</b>	<b>(109.891.380)</b>	<b>(58.677.956)</b>
<b>° M/L-term net financial position</b>	<b>(168.569.336)</b>	<b>(109.891.380)</b>	<b>(49.273.975)</b>
<b>° Net financial position</b>	<b>(119.246.479)</b>	<b>(110.176.501)</b>	<b>334.003</b>

The changes in net financial debt and cash flows are illustrated and commented in the Report on Operations. For more information refer to the consolidated cash flow statement in the financial statements.

#### D.6) Payments on account

Advances	31/12/2023	31/12/2022	Variation
- less than 12 months	162.628	427.829	(265.201)
<b>Total</b>	<b>162.628</b>	<b>427.829</b>	<b>(265.201)</b>

Payments on account amount to €163 thousand and refer to the amounts received from customers for advance payments.

#### D.7) Trade payables

Trade Payables	31/12/2023	31/12/2022	Variation
ST payables to suppliers	172.405.460	200.149.070	(27.743.610)
<b>Total</b>	<b>172.405.460</b>	<b>200.149.070</b>	<b>(27.743.610)</b>

Trade payables refer to amounts due to third parties for the purchases of short-term goods and services of a commercial nature and are entered at nominal value.

With regard to the forward purchase and sale transactions involving foreign currencies as at 31 December 2023, the detail of the contacts and impacts is given in paragraph “Financial derivatives”.

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

The item is composed as follows:

Tax payables	31/12/2023	31/12/2022	Variation
Other ST tax payables	19.312	1.292.216	(1.272.904)
ST VAT debt	3.306.069	2.632.713	673.356
ST payables for income taxes	4.380.149	5.725.281	(1.345.132)
ST debts payables for withholding tax	2.000.692	4.517.857	(2.517.165)
<b>Total</b>	<b>9.706.222</b>	<b>14.168.067</b>	<b>(4.461.845)</b>

The item in question includes only the liabilities for certain and calculated taxes; the tax payables are entered net of advances paid.

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

The item is broken down as follows:

Payables to social security institute	31/12/2023	31/12/2022	Variation
ST payables to social security institutes (INPS - only italian comp)	3.527.285	5.185.165	(1.657.880)
ST payables to social security institutes (INAIL - only italian comp)	198.592	405.862	(207.270)
ST payables to social security institutes (OTHERS)	1.525.857	959.409	566.448
<b>Total</b>	<b>5.251.733</b>	<b>6.550.436</b>	<b>(1.298.703)</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**

The item is composed as follows:

##### a) ST payables

- less than 12 months	31/12/2023	31/12/2022	Variation
ST payables to employees	5.224.881	5.066.723	158.158
ST payables to agents	472.971	229.901	243.070
ST other payables	4.196.627	2.109.426	2.087.201
<b>Total</b>	<b>9.894.479</b>	<b>7.406.050</b>	<b>2.488.429</b>

“Payables to employees” include mainly payables for salaries for December paid in January 2024, payables relating to holidays matured and not taken and payables relating to the assessment of profit-related payment, operating efficiency.

**b) LT payables**

- more than 12 months	31/12/2023	31/12/2022	Variation
Other LT payables	87.250	226.547	(139.297)
<b>Total</b>	<b>87.250</b>	<b>226.547</b>	<b>(139.297)</b>

This item includes the share beyond the financial year of the debt of the Parent Company to suppliers for the purchase of plant/equipment in instalments.

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

<b>E. ACCRUALS AND DEFERRALS</b>	<b>€ 4,072,021</b>
----------------------------------	--------------------

Accrued expenses are detailed as follows:

Accruals and Deferred Income	31/12/2023	31/12/2022	Variation
Accruals for deferred interests	635.778	367.474	268.304
Accruals for insurances	95.748	108.260	(12.512)
Other accruals	2.769.975	2.560.626	209.349
<b>Total accrued expenses</b>	<b>3.501.501</b>	<b>3.036.360</b>	<b>465.141</b>
Accrued interests for capital contribution	357.279	359.264	(1.985)
Other accrued interests	213.241	1.924	211.317
<b>Total deferred income</b>	<b>570.520</b>	<b>361.188</b>	<b>209.332</b>
<b>Total</b>	<b>4.072.021</b>	<b>3.397.548</b>	<b>674.473</b>

Deferred income refers entirely to the allocation over the duration of five years of tax credits recorded for €37 thousand on assets belonging to the "Industry 4.0" category and for €320 thousand on ordinary assets.

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

Interim accounts	31/12/2023	31/12/2022	Variation
Other interim account	9.576.038	9.025.588	550.450
Company assets held by third parties	12.188.148	10.357.916	1.830.232
<b>Guarantees</b>	<b>21.229.025</b>	<b>27.028.873</b>	<b>(5.799.848)</b>
Others	16.428.870	22.278.639	(5.849.769)
Letters of patronage	4.800.155	4.750.234	49.921
<b>Commitments undertaken by the company</b>	<b>140.988.620</b>	<b>117.067.675</b>	<b>23.920.945</b>
Financial leases	13.308.620	5.726.526	7.582.094
"Notional value ""IRS"" composed"	127.680.000	111.341.149	16.338.851
<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>Total Interim accounts</b>	<b>188.481.831</b>	<b>167.980.052</b>	<b>20.501.779</b>

The sureties granted in favour of third parties amounted to €16,429 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 €4,800 thousand and refer to comfort letters.

## INCOME STATEMENT

### A. VALUE OF PRODUCTION

**€ 829,575,105**

#### A.1) *Revenues*

This item includes income from the sale of goods, net of returns, discounts and premiums and the netting of transactions between consolidated companies.

The item is composed as follows:

Revenues from sales and services	31/12/2023	31/12/2022	Variation
Revenue from sales and services	816.123.243	960.567.799	(144.444.556)
Revenue from sale of other goods	7.120.359	6.220.162	900.197
Returns on sales	(1.344.907)	(2.321.625)	976.718
Prizes to customers	(62.867)	(50.775)	(12.092)
Revenues from agent's fees	200.254	254.803	(54.549)
Revenues from other services	258.717	260.093	(1.376)
<b>Total</b>	<b>822.294.799</b>	<b>964.930.457</b>	<b>(142.635.658)</b>

The breakdown of consolidated revenues by company is as follows (amounts in thousands of Euro):

Revenues from sales and services	31/12/2023	31/12/2022	Variation
Cogne Acciai Speciali Spa	481.382.254	644.257.191	(162.874.937)
Cogne Hong Kong Ltd	-	49.301.690	(49.301.690)
Cogne Edelstahl GmbH	79.371.106	97.469.582	(18.098.476)
Cogne France S.A.	21.266.051	27.813.050	(6.546.999)
Cogne Celik Ltd	6.004.623	6.897.972	(893.349)
Cogne UK Ltd	26.602.082	30.898.215	(4.296.133)
Cogne USA Inc	51.919.594	49.357.473	2.562.121
Metalinox Cogne	24.222.045	28.828.369	(4.606.324)
Cogne Mexico	4.051.774	3.233.943	817.831
Cogne Stainless Bars S.A.	9.080.237	14.923.446	(5.843.209)
Edelstahl- & Metallhandelsgesellschaft mbH16	-	11.678.408	(11.678.408)
Cogne SG Pte Ltd	-	-	-
Dongguan Cogne Steel Products Co., Ltd	35.255.865	-	35.255.865
Degerfors Long Product	48.768.865	-	48.768.865
Special Melted Product	34.040.939	-	34.040.939
Other CSB Investee companies	329.364	271.118	58.246
<b>Group</b>	<b>822.294.799</b>	<b>964.930.457</b>	<b>(142.635.658)</b>

In comparison with the previous year there is a decrease in turnover equal to €143 million.

#### A.2) *Variation in stocks of work in progress, semi-finished and finished products*

Change in work in progress and finished goods	31/12/2023	31/12/2022	Variation
Work in progress and finished goods - final inventory	246.525.523	207.034.065	39.491.458
Work in progress and finished goods - initial inventory	(266.251.464)	(175.160.499)	(91.090.965)
<b>Total</b>	<b>(15.688.369)</b>	<b>31.873.566</b>	<b>(51.599.507)</b>

The changes are detailed in the "Inventories" account of the Current Assets.

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

The detail of the other revenues is as follows:

Other revenue and income	31/12/2023	31/12/2022	Variation
Other revenues	10.872.201	29.006.408	(18.134.207)
<b>Grants</b>	<b>10.872.201</b>	<b>29.006.408</b>	<b>(18.134.207)</b>
Revenue from direct sales of work in progress and finished goods	3.874.640	15.063.275	(11.188.635)
Ordinary gains on sale of tangible assets	113.391	28.648	84.743
Recovered expenses from subsidiaries	153.056	-	153.056
Recovered selling expenses	(100.463)	153.310	(253.773)
Refund of insurance expenses	396.063	18.934	377.129
Suppliers' chargers and damages compensations	-	24.796	(24.796)
Other revenues from transport	436.910	450.632	(13.722)
Release of other risk funds	59.402	-	59.402
Release of (bad trade) receivables provision fund	106.565	16.643	89.922
Administrative Income	58.263	59.592	(1.329)
Other extraordinary income	24.378	66.176	(41.798)
Extraordinary financial gains	(1.190.693)	(485.866)	(704.827)
Other revenues and income	6.171.628	2.355.929	3.815.699
<b>Other revenues</b>	<b>10.103.140</b>	<b>17.752.069</b>	<b>(7.648.929)</b>
<b>Total</b>	<b>20.975.341</b>	<b>46.758.477</b>	<b>(25.783.136)</b>

The item Contributions for operating expenses includes the recognition of tax credits accrued by the Parent Company with reference to the Energy (€5,05 million) and Gas (€4,4 million)

## **B. COSTS OF PRODUCTION**

**€ 821,270,225**

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

The purchase cost for raw materials reflects, compared to the previous year, an increase in absolute terms due both to the increase in purchase prices and in production volumes.

The detail of the item is given below:

for raw material and consumables	31/12/2023	31/12/2022	Variation
Raw material	453.596.429	550.020.495	(96.424.066)
IT materials	388.368	-	388.368
Supply	29.536.637	49.352.451	(19.815.814)
Fuels	459.803	449.890	9.913
Other material	37.277.162	39.370.956	(2.093.794)
Utilities (Electricity/Water)	28.861.260	55.668.959	(26.807.699)
Gas / Methane	29.920.544	60.580.436	(30.659.892)
Energy Expenses	2.716.475	494.756	2.221.719
Purchase of other production material	10.860.488	11.978.410	(1.117.922)
Purchase of packaging	560.658	584.467	(23.809)
Additional purchase charges for raw material, components, supplies and consumption	4.944.789	4.024.281	920.508
Adjustments purchases of raw material, components, supplies and consumption	101.362	(1.358.400)	1.459.762
<b>Total</b>	<b>599.223.975</b>	<b>771.166.701</b>	<b>(171.942.726)</b>

### ***B.7) Costs for services***

This item includes direct and indirect industrial costs relating to transport on sales, external processing, maintenance, consulting, insurance, commissions.



for services	31/12/2023	31/12/2022	Variation
External workings	17,188,095	18,308,769	(1,120,674)
Purchases transport	4,644,978	4,353,081	291,897
Sales transport	13,790,987	17,471,300	(3,680,313)
Storage	4,607,029	5,085,667	(478,638)
Insurances	4,004,288	3,885,734	118,554
Fiscal and administrative consultancy services	1,638,903	1,348,205	290,698
IT consultancy service	785,994	136,190	649,804
Commercial consultancy service	258,419	188,042	70,377
Technical consultancy service	1,165,739	1,058,265	107,474
Legal and notary expenses	604,653	645,919	(41,266)
Other Consultancies	2,682,807	1,447,796	1,235,011
Training expenses	731,263	313,375	417,888
Administrative personnel recruiting expenses	-	217,257	(217,257)
Commissions to agents	619,338	819,212	(199,874)
Advertising expenses	145,180	140,701	4,479
Agent's fees	9,408	4,625	4,783
Surveillance expenses	800,969	695,143	105,826
Travelling expenses	1,827,683	1,157,618	670,065
Temporary workers/collaborations	135,494	412,367	(276,873)
Audit expenses	155,187	54,554	100,633
Gas / Methane	39,521	5,512	34,009
BoD expenses reimbursement	-	30,348	(30,348)
Hiring Costs	90,587	11,069	79,518
Bank services	165,757	58,021	107,736
Board of Directors' fees	614,039	2,012,998	(1,398,959)
Statutory auditors' fees	156,621	168,815	(12,194)
Supervisory Body's fees	54,600	113,509	(58,909)
Cafeteria expenses	582,323	700,356	(118,033)
Representing expenses	122,963	80,019	42,944
Hosting related services	1,499	-	1,499
Telephone expenses	431,668	442,940	(11,272)
Energy expenses	271,164	137,710	133,454
Utility expenses (electric/water)	296,690	72,130	224,560
Ecology expenses	9,293,257	8,722,809	570,448
Postal expenses	24,423	22,343	2,080
Cleaning related services	1,650,361	2,128,880	(478,519)
Other services costs	4,863,986	1,977,179	2,886,807
Quality plants maintenance costs	4,186,069	1,497,517	2,688,552
<b>Total</b>	<b>78,641,942</b>	<b>75,925,975</b>	<b>2,715,967</b>

### B.8) Costs for use of third party assets

The item includes the amounts paid for the hire of plant and machinery, rental of premises and offices and financial lease instalments for which no redemption is foreseen.

The breakdown is as follows:

for rents and leases	31/12/2023	31/12/2022	Variation
Renting costs	3,287,847	2,794,361	493,486
Leasing costs	238,049	110,913	127,136
Other renting related costs	2,271,790	1,484,420	787,370
Motorvehicles renting costs	1,581,889	1,409,794	172,095
Equipment renting costs	2,551,080	1,045,285	1,505,795
Motorvehicles leasing costs	132,002	102,380	29,622
<b>Total</b>	<b>10,062,657</b>	<b>6,947,153</b>	<b>3,115,504</b>

### B.9) Personnel costs

Personnel costs	31/12/2023	31/12/2022	Variation
Salaries and wages	64.611.145	59.266.656	5.344.489
Social security costs	19.168.584	18.251.866	916.718
Provision for severance indemnity	3.091.154	3.038.110	53.044
(Retirement) Pension costs	374.473	286.009	88.464
Other costs	1.614.329	1.074.163	540.166
<b>Total</b>	<b>88.869.685</b>	<b>81.916.804</b>	<b>6.942.881</b>

The personnel costs, as detailed above, includes remuneration paid to employees, the mandatory social security contributions, the amount of employee severance indemnities accrued in the period, the contractually paid contributions for staff initiatives.

The following table shows the number of employees by category of all the companies in the Group:

	Executives	Managers staff and Office	Manual workers e Others	Total
Cogne Acciai Speciali Spa	15	337	821	1.173
Cogne Edelstahl GmbH	2	31	6	39
Cogne France S.A.	1	14	11	26
Cogne Celik Ltd	1	1	2	4
Cogne UK Ltd	3	19	17	39
Cogne USA Inc	1	3	-	4
Metalinox Cogne	1	29	23	53
Cogne Mexico	-	-	22	22
Cogne Stainless Bars S.A.	2	7	24	33
Aosta Servizi Generali Srl	-	12	101	113
Cogne SG Pte Ltd	1	-	-	1
Dongguan Cogne Steel Products Co., Ltd	3	31	55	89
Degerfors Long Product	6	9	76	91
Special Melted Product	4	90	132	226
<b>Total</b>	<b>40</b>	<b>583</b>	<b>1.290</b>	<b>1.913</b>

The total employees in the Group at 31 December 2023, amounts to 1,913 units (1,491 at 31 December 2022) and the average number of employees for fiscal year 2023 amounts to 1,667 (1,584 at December 2022).

### 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 assets is detailed below:

Amortization of intangible assets	31/12/2023	31/12/2022	Variation
Amortization of start-up and expansion costs	23.651	23.138	513
Amortization of concessions, licences, trademarks and similar rights	947.311	948.204	(893)
Amortization of software	813.547	623.360	190.187
Amortization of goodwill	56.078	11.118	44.960
Amortization of consolidation difference	3.498.828	252.689	3.246.139
Amortization of other costs	394.687	461.932	(67.245)
Amortization of costs for plants compliance	698.148	709.207	(11.059)
Amortization of costs for improvements on third parties assets	2.283.101	1.883.705	399.396
<b>Total</b>	<b>8.715.351</b>	<b>4.913.353</b>	<b>3.801.998</b>

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

Amortization of tangible fixed assets	31/12/2023	31/12/2022	Variation
Amortization of buildings	738.434	360.714	377.720
Amortization of plant and machinery	2.416.196	2.029.760	386.436
Amortization of generic plants	1.664.740	1.670.254	(5.514)
Amortization of internal means of transport	73.769	20.670	53.099
Amortization of furnaces and appliances	4.515.784	4.135.399	380.385
Amortization of specific plants	11.490.597	10.906.225	584.372
Amortization of plants in leasing	1.543.431	-	1.543.431
Amortization of industrial equipments	1.358.062	1.504.693	(146.631)
Amortization of industrial equipments in leasing	28.000	-	28.000
Amortization of vehicles	36.966	56.951	(19.985)
Amortization of furniture and office equipments	102.251	85.743	16.508
Amortization of EDP machinery	392.425	245.827	146.598
Amortization of other small equipments	131.823	29.411	102.412
Amortization of other tangible assets	53.199	98.651	(45.452)
Amortization of other tangible assets in leasing	66.950	-	66.950
<b>Total</b>	<b>24.612.627</b>	<b>21.144.298</b>	<b>3.468.329</b>

As already highlighted in this document, depreciation was calculated in relation to the residual possibility of using the assets, applying rates (to some categories of goods) that are changed compared to the previous year and considered suitable for aligning the value of the depreciable assets with the effective residual useful life.

Write-offs of net working capital receivables and cash and cash equivalents	31/12/2023	31/12/2022	Variation
Provision for bad trade receivables (LT and ST)	383.377	1.539.980	(1.156.603)
<b>Total</b>	<b>383.377</b>	<b>1.539.980</b>	<b>(1.156.603)</b>

The provision for the year reflects the adjustment of the estimated risk of uncollectability on customers not covered by insurance and on insured customers for the uncovered portion to the credit lines as at the balance sheet date.

#### **B.11) Change in inventories of raw materials, consumables and goods**

Variation in inventory of raw material and consumables	31/12/2023	31/12/2022	Variation
Raw material and consumables final inventory	(70.955.797)	(57.146.192)	(13.809.605)
Raw material and consumables initial inventory	73.404.599	58.907.011	14.497.588
<b>Total</b>	<b>2.448.802</b>	<b>1.760.819</b>	<b>687.983</b>

The changes are detailed in the "Inventories" entry of the Current Assets.

#### **B.12) Provision for risks**

The change is detailed in the "Other provisions - Provisions for risks and charges" entry in the liabilities.

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

The breakdown of this item is as follows:

Other operating losses	31/12/2023	31/12/2022	Variation
Ordinary losses on sale of tangible assets	27.631	397.041	(369.410)
Other taxes (different than income taxes)	958.239	1.084.142	(125.903)
Losses on trade receivables	275	5.654	(5.379)
Subscription to newspaper and magazines	113.067	72.013	41.054
Concession rights	32.523	20.603	11.920
Contributions	226.577	382.952	(156.375)
Other operating costs	4.590.811	3.511.430	1.079.381
Other extraordinary expenses	661.042	483.394	177.648
R&D expenses	80.534	25.840	54.694
Fairs, exhibitions and travels	606.438	525.192	81.246
Administrative sanctions, fines and surcharges	744.672	85.960	658.712
<b>Total</b>	<b>8.041.809</b>	<b>6.594.221</b>	<b>1.447.588</b>

“Other operating costs” mainly includes the costs incurred for the purchase of CO2 quotas. The change in the item “Other operating costs” is mainly attributable to the increased purchase of these quotas.

## C. FINANCIAL INCOME AND CHARGES

€ (14,113,819)

### C.16. Other financial incomes

Other financial income	31/12/2023	31/12/2022	Variation
Interests in bank and postal accounts	354.691	62.784	291.907
Active interest and trade discounts	61.335	71.219	(9.884)
Other financial income from other companies	4.364	2.818	1.546
Other financial income	78.846	3.831	75.015
<b>Other financial income</b>	<b>499.236</b>	<b>140.652</b>	<b>358.584</b>

The item includes above all interest receivable from banks and other credit institutions.

### C.17) Interests and other financial charges

The detail of this entry is summarised below:

Interests expenses and similar charges	31/12/2023	31/12/2022	Variation
LT interests payables to bank	5.864.631	4.397.734	1.466.897
ST interests payables to bank	1.526.848	718.404	808.444
Leasing interests	102.079	66.396	35.683
Financial charges from other companies	100.324	6.665	93.659
Financial discounts to clients	1.632.218	2.181.035	(548.817)
Financial institutions agent's fees	847.272	1.009.091	(161.819)
Interest and commission factoring	2.940.647	977.608	1.963.039
Interest late payments	270.809	246.380	24.429
Other financial charges	2.422.984	89.807	2.333.177
<b>Others</b>	<b>15.707.812</b>	<b>9.693.120</b>	<b>6.014.692</b>

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

The detail of this entry is summarised below:

Profit (loss) on exchange difference	31/12/2023	31/12/2022	Variation
Exchange profits	8.768.141	10.096.971	(1.328.830)
Exchange losses	(7.616.190)	(9.824.306)	2.208.116
<b>Exchange profits</b>	<b>1.151.951</b>	<b>272.665</b>	<b>879.286</b>
Unrealised exchange profits	2.236.886	1.628.960	607.926
Unrealised exchange losses	(2.294.080)	(1.556.457)	(737.623)
<b>Unrealised exchange profits</b>	<b>(57.194)</b>	<b>72.503</b>	<b>(129.697)</b>
<b>Total</b>	<b>1.094.757</b>	<b>345.168</b>	<b>749.589</b>

The "Net realised positive (negative) exchange differences" entry refers to exchange gains and losses deriving from the realisation of the foreign currency items whose numerical manifestation (collection and payment) took place during the financial year. The "Net unrealised positive (negative) exchange differences" refers to exchange gains and losses deriving from the valuation of foreign currency items that are not yet settled as of 31 December 2023.

## **D. VALUE ADJUSTMENTS TO FINANCIAL ASSET € (2,566,237)**

### ***D.18) Write-ups***

Write-ups	31/12/2023	31/12/2022	Variation
Revaluations of derivative financial instruments	7.592.634	8.787.860	(1.195.226)
<b>Total</b>	<b>7.592.634</b>	<b>8.787.860</b>	<b>(1.195.226)</b>

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

Write-ups of derivative financial instruments	31/12/2023	31/12/2022	Variation
Revaluations of derivative financial instruments	7.530.589	8.198.890	(668.301)
Revaluations of derivative financial instruments not realized	62.045	588.970	(526.925)
<b>Total</b>	<b>7.592.634</b>	<b>8.787.860</b>	<b>(1.195.226)</b>

The item includes the positive differences generated on the currency purchase and sale transactions in 2023 using derivative instruments for €62 thousand, and the positive margins not realised on the currency purchase and sale forward agreements outstanding as at 31 December 2023.

The summary of the contracts and impacts relating to currency purchase and sale forward agreements as of 31 December 2023, are outlined in the paragraph relating to item CIII5 "Derivative financial instruments - assets".

### ***D.19) Write-downs***

Write-downs	31/12/2023	31/12/2022	Variation
Devaluations of derivative financial instruments	10.158.871	13.111.898	(2.953.027)
<b>Total</b>	<b>10.158.871</b>	<b>13.111.898</b>	<b>(2.953.027)</b>

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

Write-downs of derivative financial instruments	31/12/2023	31/12/2022	Variation
Write-offs of derivative financial instruments	9.881.716	11.094.861	(1.213.145)
Write-offs of derivative financial instruments not realized	277.155	2.017.037	(1.739.882)
<b>Total</b>	<b>10.158.871</b>	<b>13.111.898</b>	<b>(2.953.027)</b>

This item includes €9.882 thousand for the negative differences on the currency purchase and sale transactions using derivative instruments in the 2023 financial year and for €277 thousand the negative unrealised differences on the currency purchase and sale forward agreements existing at 31 December 2023.

The summary of the agreements and impacts relating to currency purchase and sale forward agreements as at 31 December 2023, are outlined in the paragraph relating to item B.3) "Derivative financial instruments - liabilities".

### Current, deferred and prepaid taxes

The breakdown of the item is as follows:

Income taxes	31/12/2023	31/12/2022	Variation
Corporate income tax (only for italian companies)	310.707	137.548	173.159
Regional tax on productive activities (only for italian companies)	90.328	1.024.841	(934.513)
Other current income taxes (non-italian companies)	2.319.382	7.853.332	(5.533.950)
<b>Current taxes</b>	<b>2.720.417</b>	<b>9.015.721</b>	<b>(6.295.304)</b>
Previous years taxes	(159.048)	(23.135)	(135.913)
<b>Previous years taxes</b>	<b>(159.048)</b>	<b>(23.135)</b>	<b>(6.431.217)</b>
Deferred taxes	261.512	1.012.856	(751.344)
Advanced taxes	(9.628.557)	(1.660.956)	(7.967.601)
<b>Deffered/Advanced taxes</b>	<b>(9.367.045)</b>	<b>(648.100)</b>	<b>(15.150.162)</b>
<b>Total</b>	<b>(6.805.676)</b>	<b>8.344.486</b>	<b>(27.876.683)</b>

IRES includes charges for income taxes of €310 thousand.

IRAP refers to the charge for regional production tax of €90 thousand.

Deferred tax assets were recorded 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 deferred tax 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 2024-2028 business plan.

For details relating to the recognition of prepaid and deferred taxes for the financial year, please refer to the previous comments relating to the balance sheet items.

### Profit (loss) for the year

Net profit (loss) for the period	31/12/2023	31/12/2022	Variation
Net profit (loss) for the period	(1.569.500)	50.847.024	(52.416.524)
Profit (loss) of the Group	(1.446.620)	50.847.024	(52.293.644)
Profit (loss) for the period attributable to minority shareholders	(122.880)	-	(122.880)

## 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 financial year, 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. Significant events occurring after 31 December 2023

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 financial year are reported.

On 26 January 2024, the Company entered into an agreement to acquire 65% of Com.Steel Inox S.p.A., a newco active in the recovery and processing of stainless steel scrap and nickel alloys in Calusco d'Adda (BG). The transaction is expected to be completed in the next few months and will be carried out through a share purchase arrangement. It is subject to the approval of the competent authorities and will be completed as a purchase of shares.

On 19 February 2024, the Company entered into an agreement to acquire Mannesmann Stainless Tubes GmbH with subsidiaries and operating facilities in Germany, France, Italy and the United States.

Mannesmann Stainless Tubes manufactures and markets seamless stainless steel and nickel alloy tubes and pipes, with a global presence and a first-class Customer base.

The transaction is expected to be completed in the next few months and will be carried out through a share purchase arrangement.

It is subject to the approval of the competent authorities and will be completed as a purchase of shares.

### Other information

The remuneration paid to Directors and Statutory Auditors of the Parent Company, including the amounts paid for carrying out said functions, also in the consolidated companies, are as follows:

- Board of Directors: €527.826;
- Board of Statutory Auditors: €145,600;
- Supervisory Body: €54.600.

The amount due to the auditing company EY S.p.A. for auditing the accounts for the year for the Parent Company Cogne Acciai Speciali S.p.A. and the consolidated financial statements of the Group amounts to a total of €339 thousand.

### 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.



**Annexes**

The following Annexes are an integral part of these Notes to the Financial Statements:

- Variations in intangible fixed assets (A);
- Variations in tangible fixed assets (B);
- List of companies in the consolidation area (C);
- Changes in the Consolidated Net Equity (D).

Aosta, 20 March 2024

**For the Board of Directors**

The Chairman

Yu.Lon Chiao

A handwritten signature in black ink, appearing to be "Yu.Lon Chiao", written over a horizontal line.

**ANNEX A – DETAIL OF INTANGIBLE FIXED ASSETS**

Intangible assets	31/12/2022	Change in area/ extraordinary transaction	Increases	Depreciation	Decreases	Other movements	31/12/2023
Start-up and expansion costs	142,606	-	5,321	-	-	-	147,927
Amortization fund start-up and expansion costs	(120,019)	-	-	(23,651)	-	-	(143,670)
Start-up and expansion costs	22,587	-	5,321	(23,651)	-	-	4,257
Development costs	620,264	-	-	-	-	-	620,264
Amortization fund development costs	(620,264)	-	-	-	-	-	(620,264)
Development costs	-	-	-	-	-	-	-
Industrial patent and intellectual property rights	-	-	-	-	-	-	-
Concessions, licences, trademarks, and similar rights	17,060,441	93,333	-	-	-	(695)	17,153,079
Amortization fund concessions, licences, trademarks, and similar rights	(1,922,142)	-	-	(947,311)	-	-	(2,869,453)
Concessions, licences, trademarks, and similar rights	15,138,299	93,333	-	(947,311)	-	(695)	14,283,626
Software	7,425,878	421,378	1,764,137	-	-	(7,531)	9,603,862
Amortization fund software	(6,456,943)	-	-	(813,547)	-	1,150	(7,269,340)
Software	968,935	421,378	1,764,137	(813,547)	-	(6,381)	2,334,522
Concessions, licences, trademarks, and similar rights	16,107,234	514,711	1,764,137	(1,760,858)	-	(7,076)	16,618,148
Goodwill	199,971	-	-	-	-	449,597	649,568
Amortization fund goodwill	(37,781)	-	-	(56,078)	-	(33,720)	(127,579)
Goodwill	162,190	-	-	(56,078)	-	415,877	521,989
Consolidation difference	2,639,289	116,347,810	-	-	-	(449,597)	118,537,502
Amortization fund consolidation difference	(1,128,566)	-	-	(3,498,828)	-	33,720	(4,593,674)
Consolidation difference	1,510,723	116,347,810	-	(3,498,828)	-	(415,877)	113,943,828
Goodwill	1,672,913	116,347,810	-	(3,554,906)	-	-	114,465,817
Work in progress and advances	-	-	2,028,383	-	-	-	2,028,383
Work in progress and advances	-	-	2,028,383	-	-	-	2,028,383
Others	2,906,460	3,589	74,691	-	-	(19,296)	2,965,444
Amortization fund others	(1,834,357)	-	-	(394,687)	-	(972)	(2,230,016)
Others	1,072,103	3,589	74,691	(394,687)	-	(20,268)	735,428
Costs for plants compliance	4,765,009	-	140,015	-	-	-	4,905,024
Amortization fund costs for plants compliance	(2,348,814)	-	-	(698,148)	-	-	(3,046,962)
Costs for plants compliance	2,416,195	-	140,015	(698,148)	-	-	1,858,062
Costs for improvements on third parties assets	16,495,889	-	1,180,205	-	-	18,774	17,694,867
Amortization fund costs for improvements on third parties assets	(10,833,616)	-	-	(2,283,101)	-	-	(13,116,717)
Costs for improvements on third parties assets	5,662,273	-	1,180,205	(2,283,101)	-	18,774	4,578,150
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	9,150,571	3,589	1,394,911	(3,375,936)	-	(1,495)	7,171,640
<b>Total</b>	<b>26,953,305</b>	<b>116,866,110</b>	<b>5,192,752</b>	<b>(8,715,351)</b>	<b>-</b>	<b>(8,570)</b>	<b>140,288,246</b>



**ANNEX B – DETAIL OF TANGIBLE FIXED ASSETS**

Tangible assets	31/12/2022	Reclassifications	Change in area/ extraordinary transaction	Increases	Depreciation	Decreases	Other movements	31/12/2023
Land	853.500	-	63.972	-	-	-	3.192	920.664
Buildings	8.456.321	-	32.260.661	400.886	-	-	36.085	41.153.953
Amortization fund buildings	(3.581.297)	-	-	-	(738.434)	-	(7.590)	(4.327.321)
Buildings	5.728.524	-	32.324.633	400.886	(738.434)	-	31.687	37.747.296
Plant and machinery	32.050.414	(8.423.904)	19.727.900	1.072.328	-	(1.067.054)	801.117	44.160.800
Amortization fund plant and machinery	(24.106.524)	4.399.758	-	-	(2.416.196)	1.031.363	(230.431)	(21.322.031)
Plant and machinery	7.943.890	(4.024.147)	19.727.900	1.072.328	(2.416.196)	(35.691)	570.685	22.838.769
Generic plants	43.514.686	-	-	1.995.858	-	-	-	45.510.544
Amortization fund generic plants	(34.829.804)	-	-	-	(1.664.740)	-	(1)	(36.494.545)
Generic plants	8.684.882	-	-	1.995.858	(1.664.740)	-	(1)	9.015.999
Internal means of transport	922.569	-	-	505.986	-	-	(39.115)	1.389.440
Amortization fund internal means of transport	(797.077)	-	-	-	(73.769)	-	2.239	(868.607)
Internal means of transport	125.492	-	-	505.986	(73.769)	-	(36.876)	520.833
Furnaces and appliances	77.861.657	-	-	8.797.056	-	-	-	86.658.713
Amortization fund furnaces and appliances	(52.879.995)	-	-	-	(4.515.784)	-	-	(57.395.779)
Furnaces and appliances	24.981.662	-	-	8.797.056	(4.515.784)	-	-	29.262.934
Specific plants	234.862.623	-	-	18.157.134	-	(304.987)	-	252.714.770
Amortization fund specific plants	(167.124.087)	-	-	-	(11.490.597)	268.722	-	(178.345.963)
Specific plants	67.738.536	-	-	18.157.134	(11.490.597)	(36.265)	-	74.368.807
Plant and machinery in leasing	-	8.423.904	124.793	5.187.450	-	(32.156)	6.226	13.710.217
Amortization fund plant and machinery in leasing	-	(4.399.758)	-	-	(1.543.431)	-	(1.315)	(5.944.503)
Plant and machinery in leasing	-	4.024.147	124.793	5.187.450	(1.543.431)	(32.156)	4.911	7.765.714
Plant and machinery	389.211.949	-	19.852.693	35.715.811	-	(1.404.197)	768.226	444.144.483
Amortization fund plant and machinery	(279.737.487)	-	-	-	(21.704.517)	1.300.084	(229.508)	(300.371.428)
Plant and machinery	109.474.462	-	19.852.693	35.715.811	(21.704.517)	(104.112)	538.718	143.773.056
Fixtures, fittings, tools and equipment	26.886.619	(657.355)	-	5.899.203	-	-	(3.786)	32.124.682
Amortization fund fixtures, fittings, tools and equipment	(22.292.946)	614.573	-	-	(1.358.062)	-	37.005	(22.999.430)
Fixtures, fittings, tools and equipment	4.593.673	(42.782)	-	5.899.203	(1.358.062)	-	33.220	9.125.252
Fixtures, fittings, tools and equipment in leasing	-	657.355	-	-	-	-	(1.720)	655.635
Amortization fund fixtures, fittings, tools and equipment in leasing	-	(614.573)	-	-	(28.000)	-	-	(642.573)
~Attrezzature industr. e commerc. in leasing	-	42.782	-	-	(28.000)	-	(1.720)	13.062
Fixtures, fittings, tools and equipment in leasing	4.593.673	-	-	5.899.203	(1.386.062)	-	31.500	9.138.314
Furniture and office equipments	1.190.580	-	-	86.525	-	-	7.205	1.284.309
Amortization fund furniture and office equipments	(765.283)	-	-	-	(102.251)	-	(19.364)	(886.898)
Furniture and office equipments	425.297	-	-	86.525	(102.251)	-	(12.160)	397.411
EDP equipment	2.738.127	-	-	526.867	-	-	25.235	3.290.229
Amortization fund EDP equipment	(1.422.268)	-	-	-	(392.425)	-	(27.741)	(1.842.434)
EDP equipment	1.315.859	-	-	526.867	(392.425)	-	(2.506)	1.447.795
Vehicles	381.558	-	-	-	-	(81.500)	(30.989)	269.069
Amortization fund vehicles	(227.240)	-	-	-	(36.966)	64.521	29.079	(170.606)
Vehicles	154.318	-	-	-	(36.966)	(16.979)	(1.910)	98.463
Office electric machines	747.055	-	1.036.508	136.450	-	(302.849)	(220.605)	1.396.559
Amortization fund office electric machines	(668.561)	-	-	-	(131.823)	287.288	210.424	(302.671)
Office electric machines	78.495	-	1.036.508	136.450	(131.823)	(15.561)	(10.181)	1.093.888
Other tangible assets	1.252.284	(297.500)	-	133.287	-	(21.768)	(30.609)	1.035.694
Amortization fund other tangible assets	(810.353)	105.000	-	-	(53.199)	15.576	6.809	(736.167)
Other tangible assets	441.931	(192.500)	-	133.287	(53.199)	(6.192)	(23.800)	299.527
Other tangible assets in leasing	-	297.500	-	183.600	-	-	-	481.100
Amortization fund other tangible assets in leasing	-	(105.000)	-	-	(66.950)	-	(400)	(172.350)
~Altri beni in leasing	-	192.500	-	183.600	(66.950)	-	(400)	308.750
Other tangible assets	6.309.604	-	1.036.508	1.066.729	-	(406.117)	(249.764)	7.756.960
Amortization fund other tangible assets	(3.893.704)	-	-	-	(783.614)	367.385	198.807	(4.111.126)
Other tangible assets	2.415.899	-	1.036.508	1.066.729	(783.614)	(38.732)	(50.957)	3.645.834
Work in progress and advances	27.542.456	(4.100.000)	2.621.639	11.313.022	-	-	(180.136)	37.196.982
Work in progress and advances (leasing)	-	4.100.000	-	7.415.000	-	-	-	11.515.000
Work in progress and advances	27.542.456	-	2.621.639	18.728.022	-	-	(180.136)	48.711.982
<b>Total</b>	<b>149.755.015</b>	<b>-</b>	<b>55.835.474</b>	<b>61.810.652</b>	<b>(24.612.627)</b>	<b>(142.844)</b>	<b>370.812</b>	<b>243.016.482</b>

**ANNEX C - COGNE ACCIAI SPECIALI GROUP**

Company Name	Share capital (in currency)	Net equity 31/12/20223 (in currency)	Profit (Loss) for the year (in currency)	% directly owned	Currency	Yer end
<b>Parent Company</b>						
COGNE ACCIAI SPECIALI SPA Via Paravera 16, 11100 Aosta - Italy	405.563.167	494.595.124	1.628.723	0	EUR	31-dic
<b>Foreign subsidiaries</b>						
COGNE FRANCE S.A. Parc d'Activité des Bellevues à Eragny Rue de la Patelle, 16 F-95613 Cergy Pontoise Cedex - France	6.068.446	8.164.205	842.125	100	EUR	31-dic
COGNE EDELSTAHL GmbH Carl-Schurz-Strasse, 2 41460 Neuss - Germany	3.328.000	14.557.753	2.164.876	100	EUR	31-dic
COGNE UK LTD Don Road, Newhall, Sheffield, South Yorkshire, S9 2UD – United Kingdom	3.000.000	7.976.231	634.546	100	GBP	31-dic
METALINOX AÇOS E METAIS LTDA Av. Presidente Wilson, 4382, 04220-001 São Paulo - Brazil	76.501.989	76.443.903	3.847.753	100	BRL	31-dic
DONG GUANG COGNE STEEL PRODUCTS LTD Li Wu no 6 – Economic Development Zone -Wusha, Chang An Town Dong Guan City, Guang Dong - China	182.363.897	187.845.978	(5.888.907)	100	CNY	31-dic
COGNE SPECIALTY STEEL USA INC. 277 Fairfield Road – STE 315, Fairfield, NJ 07004 – U.S.A.	6.850.000	15.098.137	2.135.002	100	USD	31-dic
COGNE ÇELIK SANAYI VE TICARET LIMITED Sultan Orhan Mah. Keresteciler Sanayi Sitesi, 2003 Blok No:1 Gebze/Kocaeli - Turkey	23.952.125	78.968.247	23.764.867	100	LTR	31-dic
COGNE MEXICO Av. Otomies SN Parque Industrial Xicohtencatl II, 90500 – Huamantla, TLAX - Mexico	214.907.302	196.560.913	(18.846.690)	82,54	MXN	31-dic
COGNE SG PTE. LTD. 160 Robinson Road, #14-04, SBF Centre - Singapore	349.162	138.778	(146.083)	100	SGD	30-giu
COGNE STAINLESS BARS SA * Via Laveggio 6A - Stabio, Canton Ticino - Switzerland	1.000.000	7.321.471	1.443.721	100	CHF	31-dic
DEGERFORS LONG PRODUCTS AB Bruksparken 2, SE-693 81 Degerfors - Sweden	25.000	433.728.253	(29.247.483)	100	SEK	31-dic
SPECIAL MELTED PRODUCTS LTD President Way, Sheffield, S4 7UR - United Kingdom	4.199.157	52.288.204	7.207.953	100	GBP	31-dic

\* Holding company of:  
Aosta Servizi Generali Srl – Via Nazionale per Carema .40 – PONT SAINT MARTIN (Ao)  
Share capital indirectly held 100%

**ANNEX D – CHANGES IN THE CONSOLIDATED NET EQUITY**

Net equity	31/12/2022	Appropriation of net income	Change in area/extraordinary transaction	Capital increases	Cash flow hedging reserve variation	Exchange rate conversion effect	Other movements	Net profit/(loss) for the period	31/12/2023
Share capital	250,000,000	-	-	155,563,167	-	-	-	-	405,563,167
Share premium reserve	-	-	-	44,436,833	-	-	-	-	44,436,833
Legal reserve	3,399,502	1,461,970	-	-	-	-	-	-	4,861,472
Extraordinary reserve	2,061,651	-	-	-	-	-	-	-	2,061,651
Merger reserve	145,622	-	-	-	-	-	-	-	145,622
Consolidation reserve	-	-	33,677,909	-	-	-	-	-	33,677,909
Current's year equity conversion reserve	(2,064,046)	-	-	-	-	(1,537,774)	-	-	(3,601,820)
Undivided profits	15,418,626	21,607,636	-	-	-	-	185,074	-	37,211,335
Other reserves, with distinct indication	15,541,853	21,607,636	33,677,909	-	-	(1,537,774)	185,074	-	69,474,698
Cash flow hedging reserve	(828,944)	-	-	-	2,131,852	-	-	-	1,302,908
Retained Earnings	6,817,331	27,777,418	-	-	-	-	-	-	34,594,749
Net profit/(loss) for the period	50,847,024	(50,847,024)	-	-	-	-	-	(1,446,620)	(1,446,620)
<b>Shareholders' equity of the Group</b>	<b>325,776,766</b>	-	<b>33,677,909</b>	<b>200,000,000</b>	<b>2,131,852</b>	<b>(1,537,774)</b>	<b>185,074</b>	<b>(1,446,620)</b>	<b>598,787,207</b>
Equity attributable to minority shareholders	-	-	-	1,984,345	-	(27,936)	-	-	1,956,409
Profit/(loss) for the period attributable to minority shareholders	-	-	-	-	-	-	-	(122,880)	(122,880)
<b>Minority interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,984,345</b>	<b>-</b>	<b>(27,936)</b>	<b>-</b>	<b>(122,880)</b>	<b>1,833,529</b>
<b>Total net equity (A)</b>	<b>325,776,766</b>	<b>-</b>	<b>33,677,909</b>	<b>201,984,345</b>	<b>2,131,852</b>	<b>(1,565,710)</b>	<b>185,074</b>	<b>(1,569,500)</b>	<b>596,620,736</b>