BELTRAME GROUP

Beltrame Group Consolidated Financial Statements 2022

(TRANSLATION FROM THE ORIGINAL IN ITALIAN)

Consolidated Financial Statements 2022

BELTRAME GROUP
STEEL SINCE 1896

Index

01

2022 Report on Operations

02

Consolidated Balance Sheet, Income Statement, Statement of cash flows

03

Notes to the Consolidated Financial Statements

04

Independent Auditors' Report

AFV BELTRAME GROUP

STEEL SINCE 1896

AFV Acciaierie Beltrame S.p.A.
Viale della scienza 81
36100 Vicenza - (Italy)
Share capital as of December 31, 2018:
Euro 113,190,480 fully paid in
Tax identificazion number:
No 13017310155

Registered office and headquarters:
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gruppobeltrame.com

01

Report on Operations

a. Highlights

	2022	2021	2020
Revenues from sales	2,213,442	1,737,811	976,960
VALUE ADDED	591,725	421,442	157,935
%	26.73%	24.25%	16.17%
EBITDA	422,068	272,436	30,482
EBITDA (adjusted)	418,435	277,215	41,558
%	18.90%	15.95%	4.25%
OPERATING PROFIT (LOSS)	353,896	213,222	(9,899)
NET PROFIT (LOSS)	283,389	160,539	(21,421)
Number of employees as at December 31	2,939	2,258	2,114
Fixed assets	624,102	512,912	495,642
Net working capital	155,855	50,745	(16,006)
Shareholders' equity	807,773	540,010	363,914
Net financial position	(74,570)	(18,849)	73,468
Operating cash flow	242,054	165,413	44,028
Cash flow for technological investments	(153,132)	(60,621)	(42,326)

The values shown herein are expressed in thousands of Euro, while the original data are measured and consolidated by the Group in Euro.

It is highlighted that, to better represent the operating performance of the Group and to provide a more consistent comparative information relating to the results of the previous periods, in the table providing the summary data and in the Report on Operations, the Ebitda was adjusted to mainly take into account the following elements, non-recurring, which impacted some items in the financial statements as at 31 December 2022:

— the companies AFV Acciaierie Beltrame S.p.A. and Stahl Gerlafingen AG sold land not used for their core activities and located outside their respective industrial sites, generating capital gains totalling Euro 4,830 thousand;

— The Group incurred non-recurring charges, related to activities aimed at the valorisation of discontinued sites and activities implemented for the management of production shutdowns resulting from extraordinary events, recorded by nature among the operating items of the income statement, for a total of Euro 1,197 thousand.

The economic-financial performance of the Group is measured also on the basis of some indicators not defined in the accounting standards promulgated by Organismo Italiano di Contabilità, including the Ebitda, Ebitda adjusted and the net financial position, which could therefore not be directly comparable to the indicators used by the other operators of the same industry.


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b. Corporate bodies

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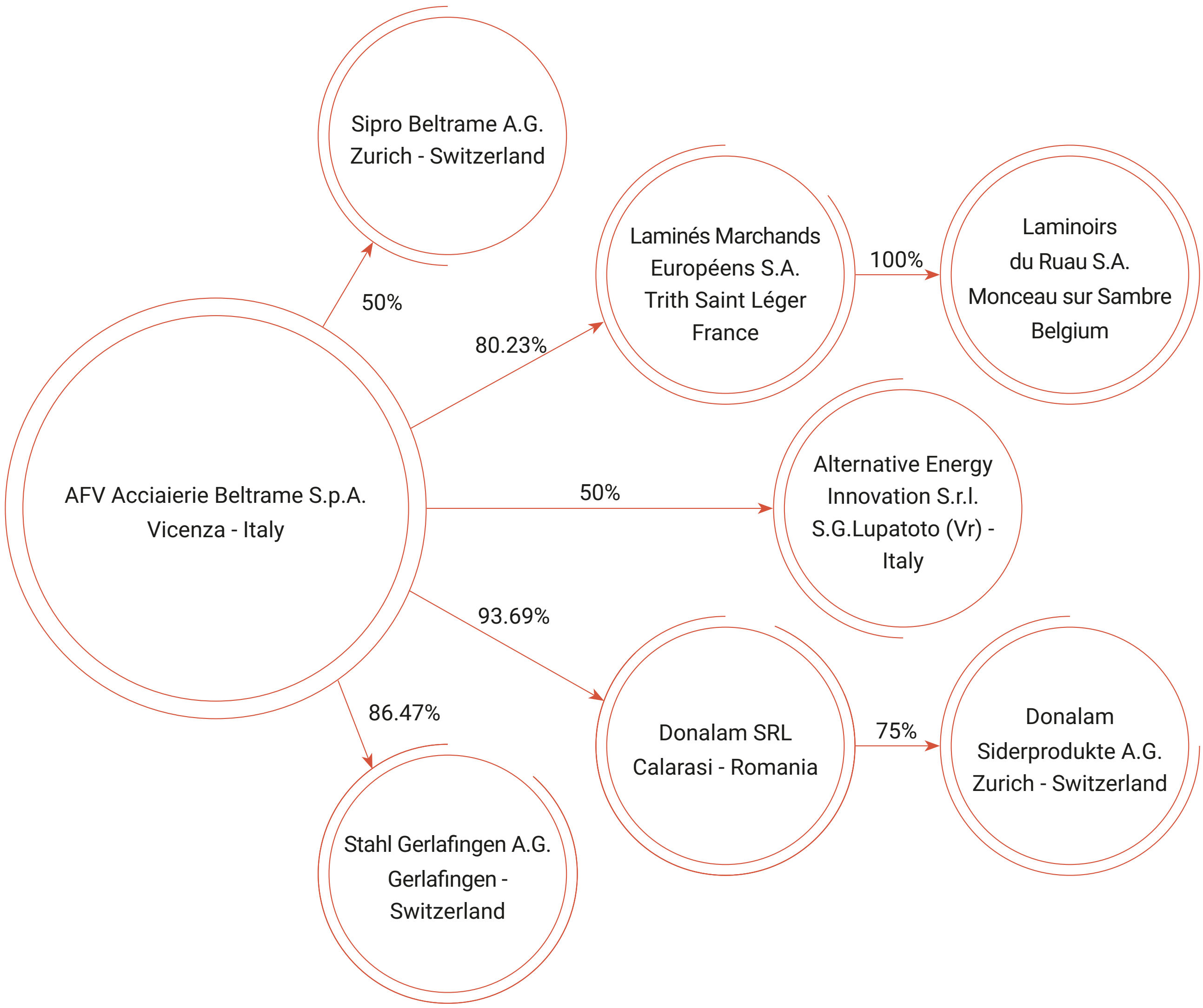
Board Of Directors	Antonio BELTRAME	Chairman and Managing Director	1
	Patrizia BELTRAME	Deputy Chairman and Managing Director	2
	Angiola BELTRAME	Deputy Chairman and Managing Director	3
	Alain CRETEUR	Managing Director	4
	Raffaele RUELLA	Managing Director	5
	Carlo BELTRAME	Director	6
	Carlo CARRARO	Director	7
Board Of Statutory Auditors	Andrea VALMARANA	Chairman	
	Dario SEMENZATO	Standing Auditor	
	Massimo MARI	Standing Auditor	
Independent Auditors	Deloitte & Touche S.p.A.		

c. Management and coordination

AFV Acciaierie Beltrame S.p.A. is not subject to management and coordination activities by the majority shareholder Beltrame Holding S.p.A., inasmuch as the parent company does not have an adequate structure to manage the subsidiary and to set up a system of synergies among the different companies of the Beltrame Group, nor does it have any significant commercial or financial relationship with them.

d. Structure of the Beltrame Group



Compared to the previous year, it should be noted that the Parent Company, in respect of its subsidiary Donalam S.r.l., subscribed to capital increases:

- on 4 March 2022 for 1,895,428 shares with a unit value of RON 100, paying the amount of Euro 38.3 million;
- on 14 December 2022 for 1,725,990 shares with a unit value of RON 100, paying the amount of Euro 35.0 million;

As a result of the above transactions, the percentage held increased from 78.78% to 93.69%.

The scope of consolidation changed from the previous year due to the inclusion of the subsidiary Alternative Energy Innovation S.r.l.

e. Economic Scenario

INTERNATIONAL MACROECONOMIC TRENDS

In 2022, according to assessments by the International Monetary Fund and the most recent indications of the main international bodies, global GDP grew by 3.4 per cent year-on-year, with uneven trends in the different quarters and in the different economies.

Starting from the end of 2021, the economic situation in the main economies has weakened, initially due to the temporary worsening of the pandemic due to the Omicron variant of the coronavirus and later to the consequences of the invasion of Ukraine by Russia.

During the first half of 2022, the major advanced economies continued to be affected by significant factors of uncertainty, including primarily exceptionally high inflation, the effects of the worsening of the conflict in Ukraine, the weakening of activity in China and to an extent, fewer than at the beginning of the year, the supply difficulties that generated further bottlenecks in the production chains.

The global cyclical scenario also remained weak throughout the second half of the year, with signs of further deterioration in the last part of the year.

In China, economic activity had a differentiated trend as a result of the internal management of the new phase of the pandemic. The lockdowns in some of the major production centres, arranged in March and continued for most of the spring, led to a sharp weakening of activity in the first part of the year. Subsequently, GDP accelerated, benefiting from the temporary improvement in the epidemiological framework, and then returned to worsening between October and November when stringent measures to contain the pandemic were adopted, which led to interruptions in production activities and increasing social tensions. The decision in December to reduce these policies had a positive effect on domestic demand, however, in contrast to a new strong wave of infections in a context characterised by a low level of immunisation of the population and poor preparation of the national health system.

The performance of the global economy had a negative impact on world trade, which in 2022 as a whole, based on the Bank of Italy estimates, grew by 5.6%, a rate much lower than the average in the period preceding the pandemic.

Inflation in the main economies continued to rise during 2022, mainly reflecting the increases in energy prices and supply-side bottlenecks, exacerbated by the effects of the prolonged conflict in Ukraine.

To try to cope with the exceptional increase in inflation and with the declared aim of bringing it back to a level compatible with the 2% objective, the Federal Reserve has progressively and with increasing intensity undertaken a pre-course of increase in the target range of the federal bond rate, bringing it to a level between 4.25 and 4.5 per cent in the November and December meetings.

EURO AREA

Economic activity in the Euro area remained substantially stagnant in the first few months of 2022, mainly due to the tensions associated with the invasion of Ukraine, which led to high increases in the prices of energy raw materials and new supply difficulties for businesses.

The GDP of the Eurozone then grew in the

second quarter, at a low rate, driven by the recovery of investments and household consumption; the added value was supported above all by the increase in services and to a lesser extent, in industry.
However, economic activity stagnated again starting from the summer months, affected in particular by further strong increases in energy commodity prices and the increased uncertainty associated with the protracted war in Ukraine.
Manufacturing activity also performed unevenly in 2022. After the sharp drop in March following the outbreak of the conflict, industrial production rose in April and May, recovering only in part, and then contracted again in the summer months and essentially stabilised in the last part of the year.
In this context, according to the most recent indications of the experts of the International Monetary Fund, the GDP of the Eurozone grew overall by 3.5% on an annual basis.
The change in consumer prices in the Eurozone gradually strengthened during the year, with a steady acceleration largely attributable to the energy component, with a rate of 9.2% in December, slightly down compared to the previous month.
The Governing Council of the European Central Bank has progressively initiated the phase of raising the reference rates towards levels that ensure a return of inflation to values consistent with the objective of price stability in the medium term, placing the rate on bank deposits at the Eurosystem at 2.0%; they also stated that they expect new increases, at a pace and up to a level that will be determined on the basis of the new data and the revision of inflation and growth prospects.

EFFECTS OF THE WAR IN UKRAINE ON ECONOMIC ACTIVITY

The invasion of Ukraine, which took place after months of growing tensions on the country's eastern border, resulted in a rapid tightening of sanctions against Russia. The measures, unprecedented in terms of severity and extent, were adopted by numerous countries, including the United States, European Union, Japan, United Kingdom and Canada, albeit with varying degrees.
In the energy sector, exports to Russia of technologies used in the extraction and refining process were banned; Germany has frozen the approval procedure for the start-up of the Nord Stream 2 gas pipeline that connects it directly to Russia through the Baltic Sea; the United States blocked imports of oil, gas and coal and the United Kingdom announced its intention to eliminate purchases of crude oil and coal.
In financial terms, the main Russian banks were substantially barred from accessing international markets, including through exclusion from the SWIFT financial telecommunications system; foreign exchange reserves were also blocked and transactions with the Russian Central Bank were prohibited.

TREND IN OIL AND NATURAL GAS PRICES

The outbreak of the conflict pushed oil prices up in the first ten days of March and the block on imports of crude oil and Russian oil products, included in the package of sanctions approved by Western countries, consolidated this trend throughout the first half of the year. Starting from the third quarter, oil prices decreased, mainly affected by the worsening of the outlook in the major economies and the slowdown in demand from China.

On 5 December 2022, the embargo of the European Union countries on the import of Russian crude oil and the simultaneous ceiling established by the G7 members on the price of Russian oil exported to third countries, was equal to 60 dollars per barrel, to review every two months based on market conditions.

The impact of these measures on the global oil market remains extremely uncertain and conditioned by Russia's ability to redirect its energy exports to other markets.

The price of natural gas reached historic records in Europe, reaching levels about 20 times higher in March than at the beginning of 2020; in the following months, the increase in imports of liquefied natural gas (LNG), mainly from the United States, mitigated prices albeit only to a limited extent due to physical constraints on the production, re-gasification and transport of LNG.

The price of European natural gas traded on the Dutch Title Transfer Facility (TTF) market, after falling in the first half of June to the lowest levels since the invasion of Ukraine, rose sharply in the following months, following the reduction in flows from Russia to some European countries, including Germany and Italy, recording new highs in August at Euro 340 per megawatt per hour.

Starting from October, the price of natural gas traded on the TTF fell sharply, reaching an average value of just under Euro 70 per megawatt-hour in the first half of January, thanks to favourable weather conditions during the autumn and the decline in demand in Europe which, in the presence of substantially stable gas inflows, made it possible to maintain storage at the highest levels and to reach the 80% storage target suggested by the European Commission.

However, prices remain at a historically high level and remain characterised by pronounced volatility, also connected with the risks for procurement linked to both geopolitical tensions and the possible recovery of LNG demand from Asia.

On 19 December 2022, the EU countries agreed on a corrective mechanism to the price of natural gas that will come into force from February 2023. This mechanism applies if the price on one-month deliveries traded on the TTF exceeds Euro 180 per megawatt-hour and at the same time deviates by more than Euro 35 from the average price of liquefied natural gas (LNG) in the European market for more than three consecutive days; so far these conditions have only occurred for a short period between August and September of last year, at the height of tensions in the natural gas market.

IMPLICATIONS OF ENERGY INCREASES FOR BUSINESS ACTIVITIES

The exceptional increase in the prices of energy products has affected the operating costs, profitability and financial vulnerability of companies, with repercussions also on production and investment plans.

The increases affect operating costs both directly, through the increase in expenses for energy inputs, and indirectly, through the increase in the prices of other intermediate goods, in turn attributable to the higher charges of suppliers for energy expenses.

According to the analyses carried out by the Bank of Italy, the strategies most used by companies in the face of the increase in energy costs were the increase in sales prices and the reduction of profit margins; the adoption of these strategies, together with the decrease in the hours of operation of the plants, was particularly widespread among energy-intensive companies, while the use of self-production of energy was more common among the remaining ones.

NEXT GENERATION EU AND GREEN DEAL INDUSTRIAL FOR THE NET-ZERO AGE

On 11 February 2021, the Regulation on the Recovery and Resilience Facility was approved, which will convey almost 90% of the resources of the European Union's recovery tool, the Next Generation EU.

The provision of the device is intended to finance investments and reforms specified in the national recovery and resilience plans and aimed at six strategic objectives:

(a) green transition;

(b) digital transformation;

(c) smart, sustainable and inclusive employment and growth;

(d) social and territorial cohesion;

(e) health and resilience;

(f) policies for the next generation, including education and skills.

In 2022, the European Council completed the approval of the national recovery and resilience plans and in total funds worth around Euro 74 billion were distributed to the Member States.

In December 2022, the European Parliament and the European Council agreed to include in the national recovery and resilience plans the interventions aimed at achieving the objectives related to REPowerEU, the programme for the reduction of energy dependence on Russia and the acceleration of the green transition using residual funds under the Next Generation EU program.

Once REPowerEU has obtained final approval, Member States will be able to receive additional resources by including a dedicated chapter within their national plan.

On 1 February 2023, the European Commission formally outlined the policy areas for European industry with the aim of reaching the so-called 'net emissions limit of 0', i.e. carbon neutrality with respect to the environment, as soon as possible. This plan, which is part of the more general framework of reference called the 'European Green Deal', will be based on four basic pillars:

1) a predictable and simplified regulatory environment;

2) faster access to sufficient financing;

3) qualification of workers;

4) an open market for a 'resilient' supply chain.

In spring 2023, the Commission will present three proposals for industrial competitiveness. The first, entirely innovative, will consist of a simplified regulatory framework for some technologies considered key to achieving climate neutrality objectives; the other two, already announced previously, will concern the law on critical raw materials and the new design of the electricity market.

The objective of simplifying the regulatory framework will translate into practice in:

1) production capacity achievement objectives by 2030, in order to avoid strategic dependence and possible risks for the green transition;

2) faster authorisations;

3) criteria for the identification of net-zero supply chain projects of strategic interest, with faster authorisations and better access

to financing;
4) European standards that promote the rapid spread of key technologies;
5) regulatory test areas to allow rapid innovation experimentation.

NATIONAL MACROECONOMIC TREND

In Italy, the gross domestic product grew by 3.9 per cent year-on-year, according to the latest indications of the International Monetary Fund.

In the first quarter of 2022, GDP recorded an overall reduction, with a decline in both manufacturing and services activities, affected by further strong energy price increases in a context of high uncertainty due to the developments of the invasion of Ukraine.

On the other hand, the trend in GDP

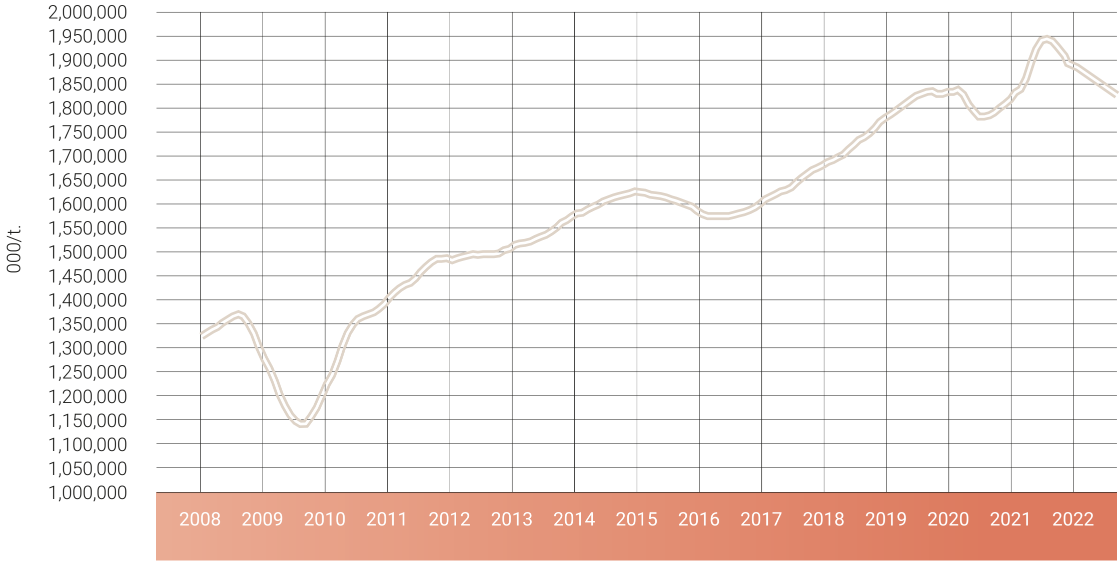
strengthened in the second quarter, almost two percentage points higher than the value recorded before the pandemic.
Overall, during the first half of the year, economic activity showed an overall resilience, in the face of the high uncertainty on the developments of the invasion of Ukraine, the persistent supply difficulties and the strong increases in energy and food prices, being supported by the increase in consumption, investments and exports.
In the third and fourth quarters, economic activity weakened in comparison with the previous half-year due to the attenuation of the recovery of the added value of services, which returned to pre-pandemic values already in the summer months, and the decline in industrial production mainly due to the effects of persistently high energy prices.
Inflation in 2022 progressively accelerated the growth path and in the autumn months reached new highs, reaching 12.3 per cent year-on-year in December, driven by the energy component that is progressively being transmitted to the prices of other goods and services.

(var. and percentage points)	2022	Forecast 2023
PIL		
World	**3.4**	**2.9**
Advanced countries		
Of which: Eurozone	3.5	0.7
Japan	1.4	1.8
U.K.	4.1	(0.6)
U.S.A.	2.0	1.4
Emerging countries		
Of which: Brazil	3.1	1.2
China	3.0	5.2
India	6.8	6.1
Russia	(2.2)	0.3
Italiy	3.9	0.6

Source: International Monetary Fund – January 2023

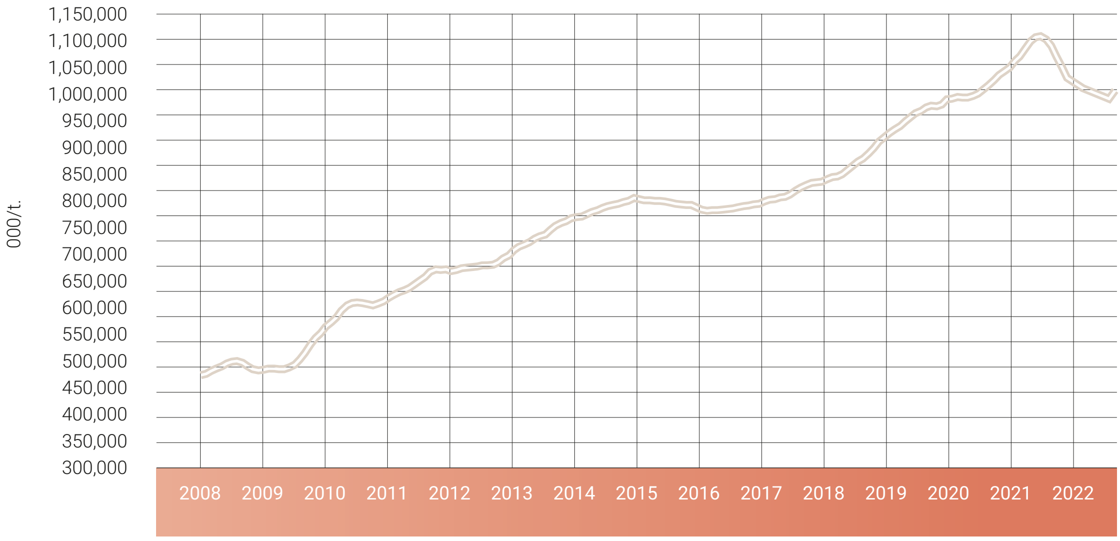
f. Performance of the steelmaking sector

In 2022, worldwide steel production, according to the most recent indications published by the World Steel Association, amounted to 1,831 million tonnes, an overall decrease by approximately 4.3% compared to the previous year.
China confirmed its position as the world's leading producer, with a total output of 1,013 million tonnes and a 2.1% decrease compared to the previous year.



World Steel Production

Source: World Steel Association



China Steel Production

Source: World Steel Association

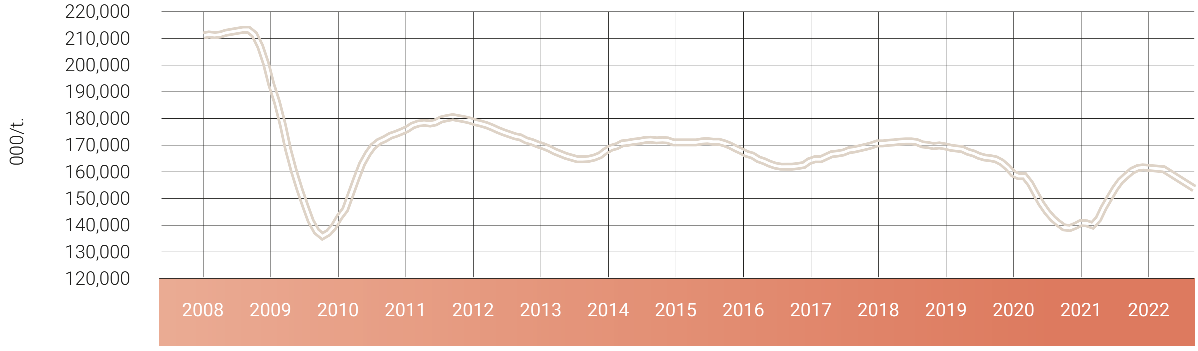
(milion of tons)	2022	2021	variation
Steel production			
World	**1,878.5**	**1,960.4**	**-4.2%**
Asia	**1,345.0**	**1,375.6**	**-2.2%**
of which: China	1,013.0	1,034.7	-2.1%
Japan	89.2	96.3	-7.4%
Europe	**266.6**	**309.3**	**-13.8%**
of which: EU (27)	136.7	152.5	-10.4%
CIS	85.2	105.6	-19.3%
North America	**111.4**	**117.8**	**-5.4%**
of which: USA	80.7	85.8	-5.9%
South America	**43.3**	**45.6**	**-5.0%**
Africa	**14.9**	**16.0**	**-6.9%**
Middle East	**44.0**	**41.2**	**-6.8%**
Oceania	**6.2**	**6.4**	**-3.1%**

Source: World Steel Association

(milion of tons)	2022	2021	variation
Steel production			
EU (27)	**136,7**	**152,5**	**-10.4%**
of which: Germany	36,8	40,2	-8.5%
Italy	21,6	24,4	-11.5%
France	12,1	13,9	-12.9%
Spain	11,5	14,2	-19.0%
Poland	7,7	8,5	-9.4%
Austria	7,5	7,9	-5.1%
Belgium	6,9	6,9	0.0%
Holland	6,1	6,6	-7.6%
UK	**6,1**	**7,2**	**-15.3%**

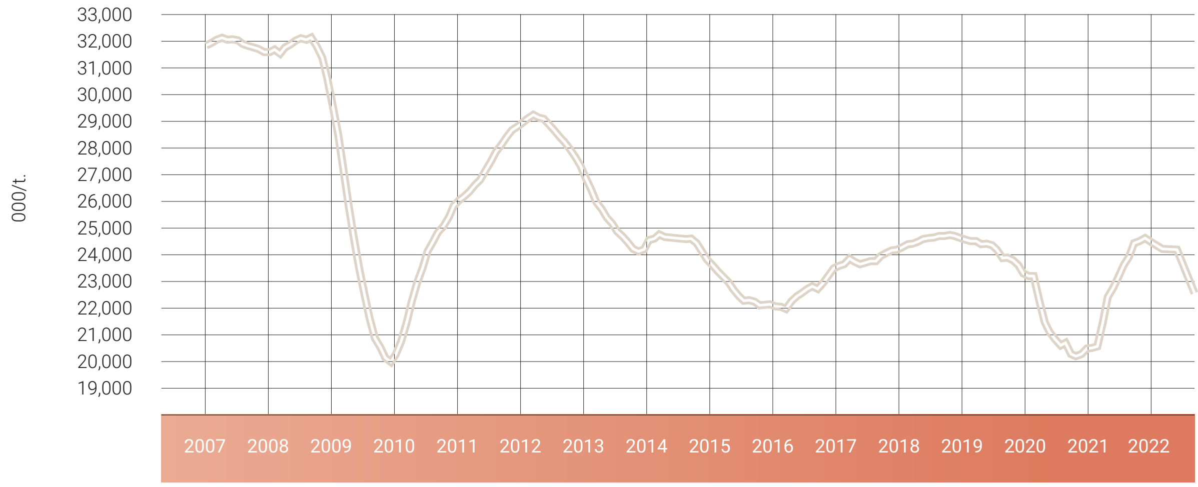
Source: World Steel Association

The European Union (EU27) reported an overall production of 136.7 million tonnes, down by 10.4% compared to the previous year. Germany and Italy were confirmed as the main European producers, with 36.8 million tonnes (-8.4% compared to 2021) and 21.6 million tonnes (-11.6% compared to 2021), respectively.



EU Steel Production (UK included)

Source: World Steel Association



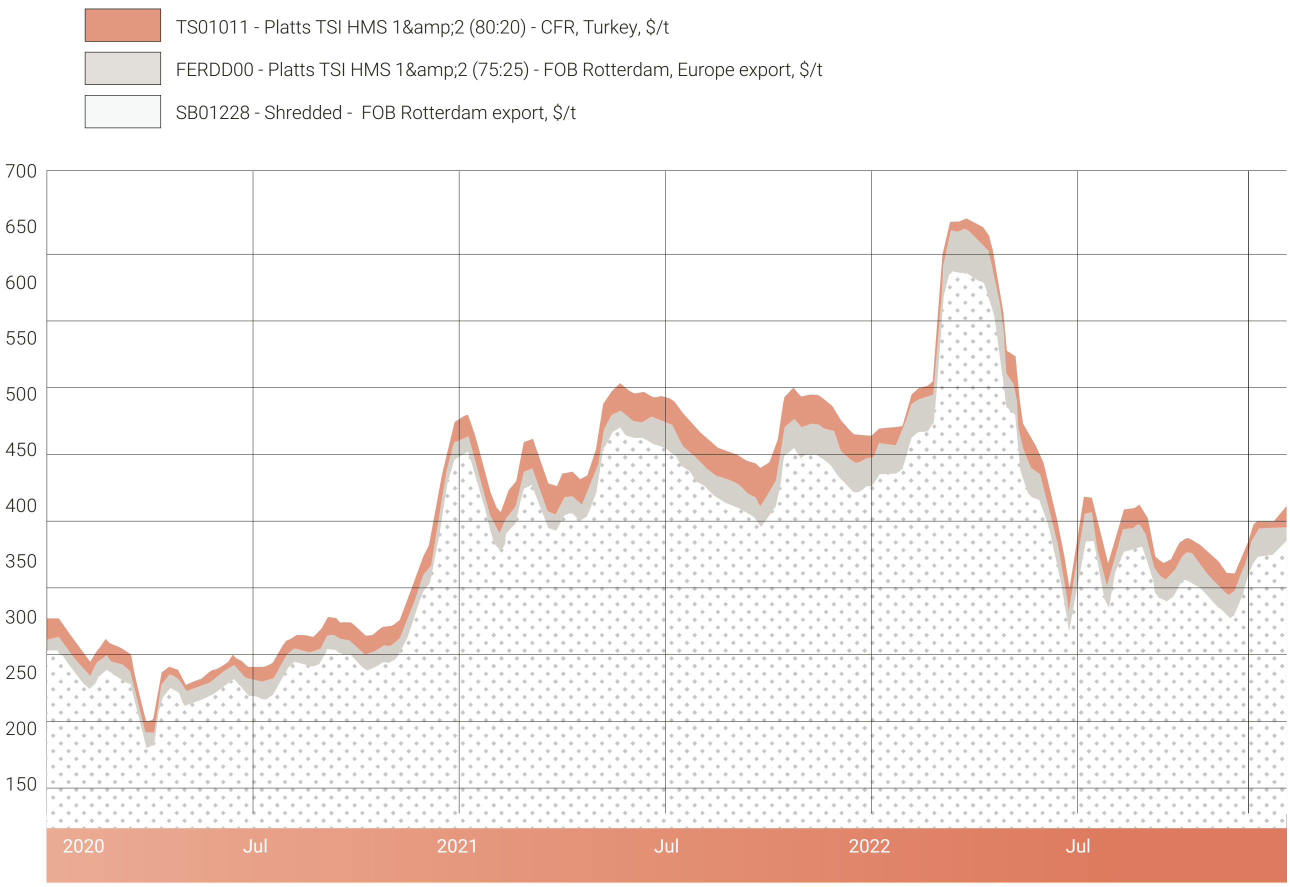
Italy Steel Production

Source: World Steel Association

In the first half of 2022, the prices of steel products reached their highest values since 2008, in a context characterised by strong uncertainty over the availability of materials and high pressure on the prices of energy raw materials and steel raw materials, both mineral and scrap metal ferrous.

During the last part of the year, there was a general reduction in the prices of steel products, which in any case settled at higher values at the end of the year than at the beginning of the year.

In the first half of 2022, the prices of ferrous scrap reached the highest levels since 2008, with an upward trend that gradually accentuated during the first half of the year and then retraced in the last part of the year.



The positive trend observed in steel consumption throughout 2021 continued in the first half of 2022, despite the negative impact on the production activity of the user sectors deriving from the growing problems of the supply chain and the increase in energy prices.

The consumption of steel has had a positive evolution in all sectors, with an accentuated trend in construction, mechanics and automotive. In particular, production in the automotive sector recorded a significant rebound, reversing the negative trend of previous years.

In the second half of the year there was a gradual weakening of steel consumption, mainly due to the continuation of high energy prices, with a consequent significant increase in production costs of steel mills and rolling mills, and to the progressive deterioration of the general economic prospects caused by the Russian invasion of Ukraine.

At the end of the year, apparent steel consumption reached the lowest level since the post-pandemic peak.

In 2022, imports into the EU of finished products from third countries decreased overall, against an uneven trend that recorded an increase in the first half of the year, and a drastic and progressive reduction in the second half of the year.

The main countries of origin of finished steel imports into the European market were Turkey, India, South Korea, China and Taiwan.

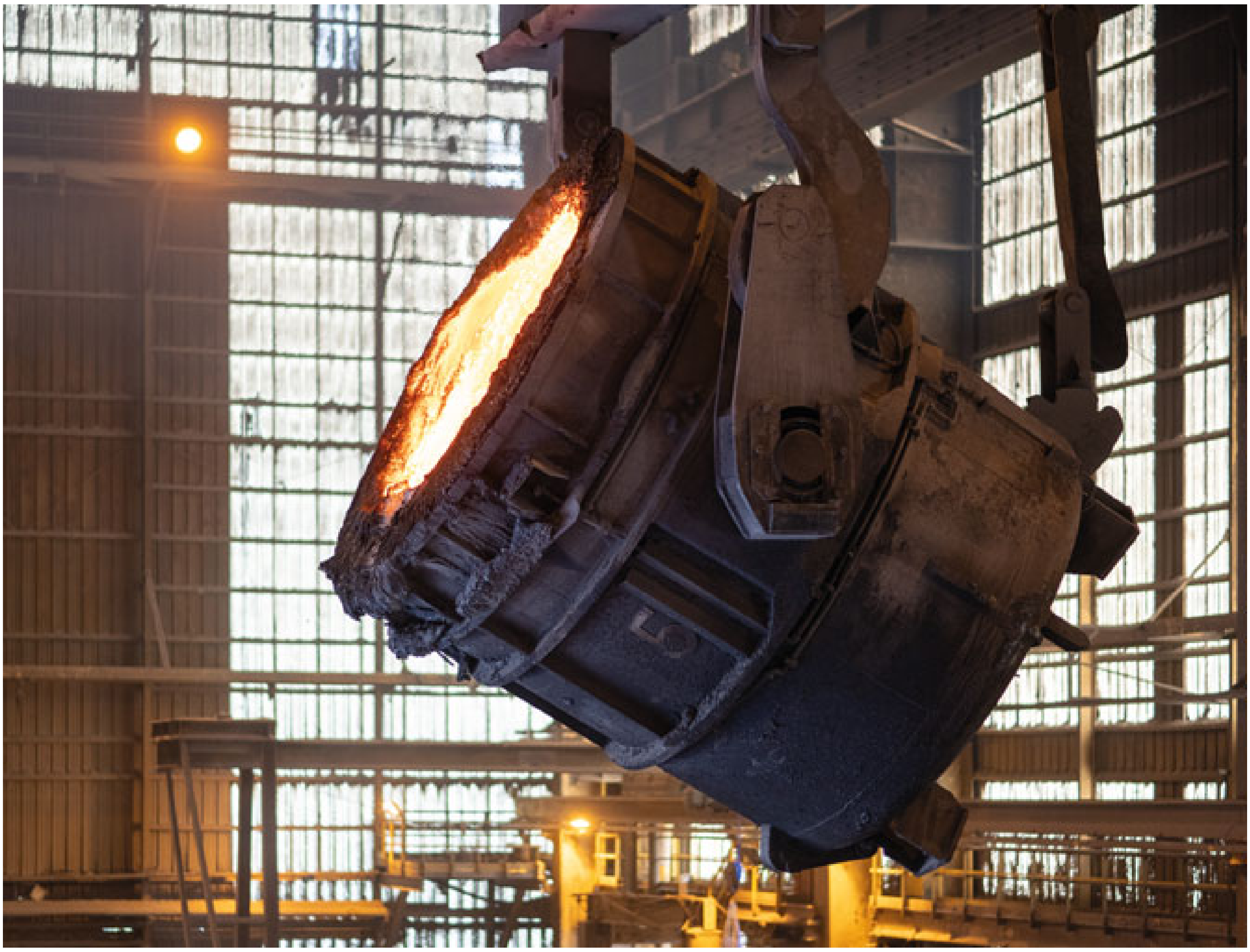
As a result of their respective sanctions and the interruptions of the war, imports

from Russia and Ukraine have decreased significantly.
In 2022, total EU exports of steel products to third countries decreased significantly; the main destinations were the United Kingdom, Turkey, the United States, Switzerland and China.
As a result of this uneven trend, the economic activity of the European user sectors recorded a limited overall increase of 2.1% on an annual basis.

User Sectors	Share of consuption	Q1 22	Q2 22	Q3 22	Q4 22	Year 2022
Construction	35.0%	17.1%	6.5%	2.0%	-7.0%	4.4%
Automotive	18.0%	-10.6%	1.6%	20.7%	2.0%	2.7%
Mechanical engineering	14.0%	9.9%	6.3%	7.6%	4.0%	6.5%
Metal articles	14.0%	7.6%	7.4%	1.3%	-1.0%	3.8%
Oil & Gas	13.0%	4.4%	3.8%	-0.5%	1.0%	1.9%
Appliances	3.0%	-8.8%	-3.0%	-0.3%	-3.0%	-4.3%
Other transports	2.0%	-14.1%	10.9%	1.2%	0.5%	6.6%
Other	2.0%	7.6%	10.7%	1.1%	0.0%	4.8%
Total	**100.0%**	**4.9%**	**3.1%**	**4.0%**	**-2.0%**	**2.1%**

Source: annual data Eurofer February 2023 – quarter data internal rev

The positive trend of economic activity in the construction sector recorded throughout 2021 continued until the third quarter of 2022, albeit at a gradually slower pace.
Growth was fuelled by residential investments, stimulated by the generous support programs for housing and renovations underway in many countries and by infrastructure projects. In the last part of the year, on the other hand, there was a marked reduction in economic activity in the construction sector due to multiple negative factors, including the shortage and increase in the prices of construction materials, the general growing economic uncertainty and the expectations of future higher interest rates due to the tightening of the monetary policy decided by the European Central Bank to curb inflation.
The European construction sector recorded an overall increase in production of 4.4% (overall increase of 6.7% in 2021).
Economic activity in the mechanical engineering sector grew in 2022, driven by the overall post-COVID industrial recovery, bringing production back to high absolute levels, even higher than those recorded before 2019.
The European mechanical engineering sector recorded an overall increase in production of 6.5% (overall increase of 11.4% in 2021).
Production in the automotive sector returned to growth starting from the second quarter of 2022, remaining well below pre-pandemic levels, and also below the pre-2019 recession levels.
The continuous interruptions on the



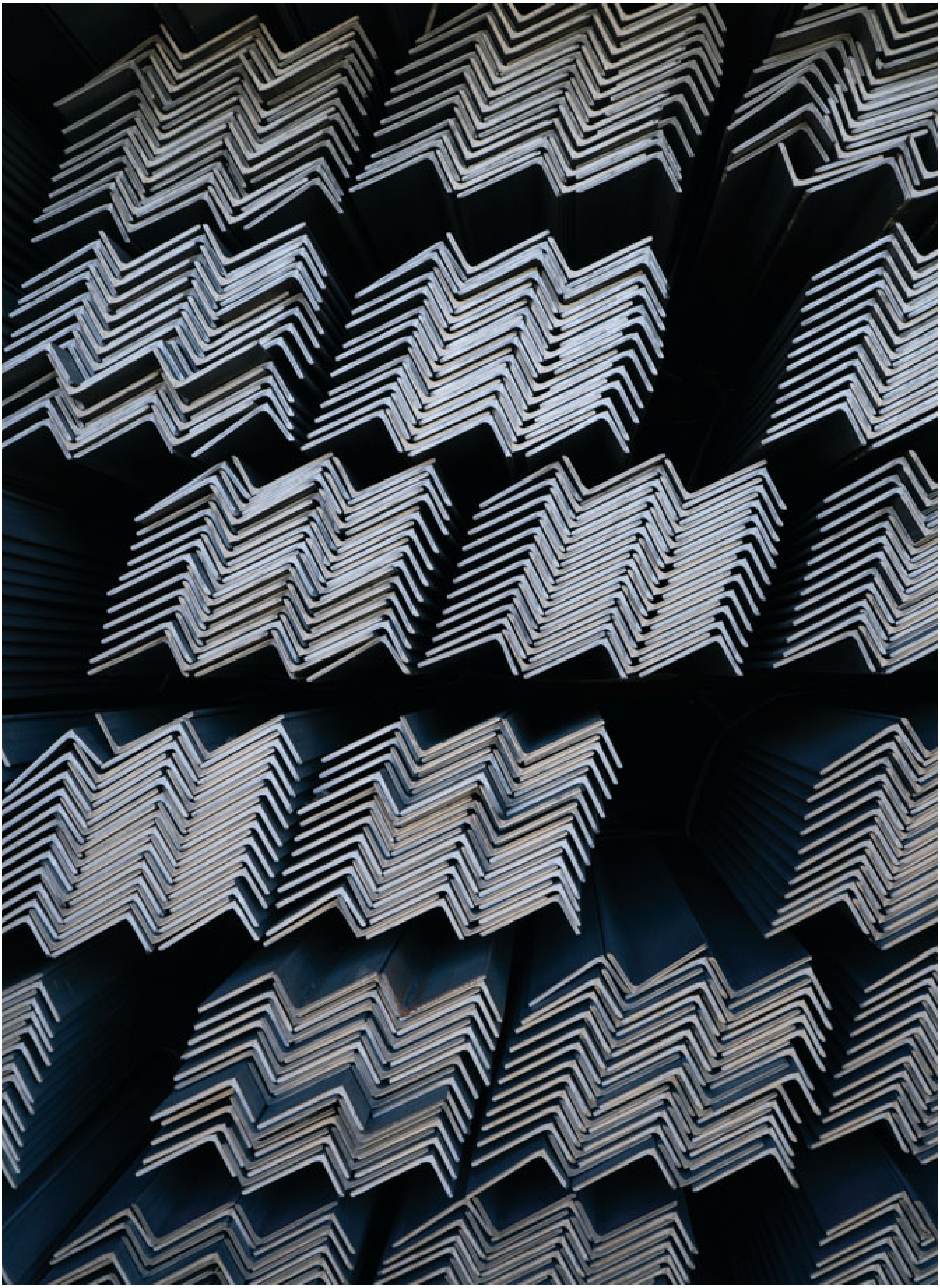
supply side, in particular the shortage of semiconductors, as well as the increases in energy prices and the increase in shipping costs, continued to weigh considerably on the automotive industry, also due to the low confidence of the consumers and reduced incomes due to high inflation.

The European construction sector recorded an overall increase in production of 2.7% (overall increase of 2.7% in 2021).

In response to the tariff increases applied by the United States on steel imports as from May 2018, the European Community adopted a number of countermeasures, including protection, to impose quantitative limits on steel imports and to offset its inflow caused by trade diversion resulting from the US measures.

The final measures, which were introduced on 2 February 2019 and were due to expire at the end of June 2021, were subject to two annual reviews, in October 2019 and July 2020, which resulted in some changes in quota management. The exit of the United Kingdom from the EU led to a significant change in the territorial scope of the protection, necessitating a recalculation of quotas and a reduction in their volumes as from 1 January 2021.

The measure was then extended for another three years on 24 June 2021 with Regulation 2021/1029.



g. Performance of the Beltrame Group

During 2022, the Beltrame Group recorded a decrease in sales volumes compared to the previous year, equal to a total of 9.7%, in a context characterised by the high variability of the activities of the user sectors, which saw a progressive weakening in the second part of the year, especially with regard to construction, and the sharp decline in apparent consumption of steel. The prices of ferrous scrap and steel products reached their highest values in the first half of 2022 since 2008, and then reached their highest levels in the last part of the year, remaining in any case on average values higher than 2021.

Sales of merchant laminates decreased by 13.1% year-on-year compared to the previous year (in the previous year an increase of 24.8% year-on-year compared to 2020), maintaining the leadership in the merchant laminates segment in the main domestic markets. The Italian and French plants continued the process of continuous improvement in efficiency and maintained excellent levels of industrial performance.

Sales of steel for construction purposes (rebars from reinforced concrete and its derivatives) showed substantial stability in volumes on an annual basis. The business, also thanks to the continuous improvement of efficiency and industrial performance, increased its margins.

Sales of large special steel round bars (SBQ) decreased by 23.0% compared to the previous year (in the previous year an increase of 57% compared to 2020) due to the temporary reduction in flows of the procurement of semi-finished steel products for the Calarasi plant during the second quarter due to the interruption of supplies from Russia and Ukraine following the outbreak of the conflict between the two countries; the availability of these products on the national and international market made it possible, however, to use alternative European and non-European suppliers and to re-establish adequate supply flows in the second half of the year.

All businesses reported significantly higher adjusted Ebitda compared to 2021.

The economic performance achieved by Beltrame Group in 2022 can be summarised as follows:

- net revenues increased from Euro 1,738 million in 2021 to Euro 2,213 million in 2022, or 27.3%; sales volumes rose from 2,223 thousand tonnes in 2021 to 2,009 thousand tonnes in 2022;
- adjusted Ebitda amounted to Euro 418.4 million (Euro 277.2 million in 2021), up compared to the previous year in all business lines;
- depreciation, amortisation, provisions, and write-downs totalled Euro 68.2 million (Euro 59.2 million in 2021);
- the operating result was positive for Euro 353.9 million (Euro 213.2 million in 2021);
- financial charges amounted to Euro 4.7 million (Euro 7.7 million in 2021);
- the net result was positive for Euro 283.4 million (Euro 160.5 million in 2021).

The net financial position improved from a positive Euro 18.8 million as at 31 December 2021 to a positive Euro 74.6 million as at 31 December 2022.

During the year, the net cash flow shows a generation of cash totalling Euro 55.8 million (Euro 92.3 million in 2021). More specifically, this result was achieved by a positive operating cash flow of Euro 242.1 million

(Euro 165.4 million in 2021) partially absorbed by outlays for investments in property, plant and equipment and intangible assets of Euro 160.4 million (Euro 66.1 million in 2021), dividends of Euro 24.1 million (Euro 4.8 million in 2021) and the acquisition of net financial investments of Euro 7.8 million (Euro 16.2 million in 2021).

Investments in property, plant and equipment paid in 2022 amounted to a total of Euro 153.1 million.

The main interventions were aimed at increasing product quality and optimising the energy consumption of steel production plants, improving efficiency and reducing natural gas consumption of rolling mills, developing finishing lines and product verticalisation, for the gradual expansion of the production range and enlargement of the offer in higher-margin market segments, and strengthening logistics infrastructures within the production sites.

Investment projects developed during the year are also aimed at maintaining high plant and safety/environmental standards.

Investments in tangible fixed assets include the purchase of the main assets of a steel plant in Targoviste (Romania), formerly COS Targoviste SA, carried out by Donalam on 11 March 2022 after a due diligence process of approximately 10 months, for a total value of € 35.3 million. The transaction was followed, on 10 June 2022, by a further acquisition of some secondary assets in the same industrial area for a total value of Euro 1.3 million.

The assets acquired cover a total area of 1,327,337 square metres and, in addition to the properties, mainly include an electric furnace steel plant and two rolling lines, in addition to all the related underground services and utilities.

Following the acquisition, Donalam started a process of modernisation, improvement and efficiency of these plants, which allowed the rolling lines to be put into operation in September following a preliminary phase of testing and certification of the finished products; the investments made in this phase, totalling Euro 16.2 million, were capitalised and recognised as Assets in progress as at 31 December 2022.

h. Economic and financial data and indicators

1. The Group

AFV BELTRAME GROUP
STEEL SINCE 1896

Income Statement *(in thousands of Euro)*	2022	2021
Revenues from sales (A.1 + A.5)	2,213,442	1,737,811
Value of operating production (A.1 + A.2 + A.3 + A.4)	2,287,286	1,891,210
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	1,734,959	1,479,611
VALUE ADDED	591,724	421,442
%	26.73%	24.25%
- Personnel costs (B.9)	169,656	149,006
EBITDA	422,068	272,436
EBITDA adjusted	418,435	277,215
%	18.90%	15.95%
- Amortisation, depreciation and allocations to provisions (B.10 +		
B.12 + B.13)	68,172	59,214
OPERATING PROFIT (LOSS)	353,896	213,222
+/- Profit (loss) from the financial area (C + D)	(4,663)	(11,003)
GROSS PROFIT (LOSS)	349,233	202,219
- Income taxes	(65,844)	(41,680)
NET PROFIT (LOSS)	283,389	160,539

Statement of Financial Position *(in thousands of Euro)*	2022	2021
Tangible and intangible fixed assets	606,676	496,618
Financial fixed assets	17,426	16,294
Trade receivables	71,543	93,713
Trade payables	469,285	435,803
Closing inventories	545,579	459,066
Other current assets and liabilities	8,019	(66,231)
Net working capital	155,856	50,745
Provisions for risks and charges and severance indemnity	46,755	42,496
Net capital resources	733,203	521,161
Shareholders’ equity	807,773	540,010
Net financial position	(74,570)	(18,849)

Indicators	2022	2021
Operating cash flow (in thousands of Euro)	242,054	165,413
Cash flow for technological investments (in thousands of Euro)	(153,132)	(60,621)
Equity / fixed assets ratio (MP / Af)	1.29	1.05
Equity plus consolidated liabilities / fixed assets ratio [(MP + Pml) / Af]	1.50	1.34
Debt to equity ratio [(Pml + Pc) / MP]	0.89	1.41
Debt (long-term interest bearing) to equity ratio (Pfn / MP)	(0.09)	(0.03)
Current assets / current liabilities ratio (Ac / Pc)	1.53	1.29
Deferred liquidity + immediate liquidity / Current liabilities ratio	0.60	0.54
Ebitda adjusted / net revenues	18.90%	15.95%
Financial charges, net / net revenues	(0.21%)	(0.44%)
Labour cost / net revenues	0.08	0.09
Pfn / Ebitda adjusted	(0.18)	(0.07)

KEY:
Se: Shareholders' equity *Conl: Consolidated liabilities* *Nfp: Net financial position*
Fa: Fixed assets *Cl: Current liabilities* *Ca: Current assets*

2. The Parent Company AFV Beltrame S.p.A.

ACCIAIERIE BELTRAME S.P.A.
BELTRAME GROUP

Income Statement *(in thousands of Euro)*	2022	2021
Revenues from sales (A.1 + A.5)	1,045,016	872,417
Value of operating production (A.1 + A.2 + A.3 + A.4)	1,058,581	961,783
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	780,665	755,858
VALUE ADDED	297,115	215,524
%	28.43%	24.70%
- Personnel costs (B.9)	60,052	56,067
EBITDA	237,063	159,457
EBITDA adjusted	235,461	159,902
%	22.53%	18.33%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	29,054	25,874
OPERATING PROFIT (LOSS)	208,009	133,583
+/- Profit (loss) from the financial area (C + D)	(1,743)	(6,888)
GROSS PROFIT (LOSS)	206,266	126,695
- Income taxes	(47,908)	(36,474)
NET PROFIT (LOSS)	158,358	90,221

Statement of Financial Position *(in thousands of Euro)*	2022	2021
Tangible and intangible fixed assets	271,271	263,456
Financial fixed assets	254,681	179,663
Trade receivables	62,314	98,473
Trade payables	227,310	248,290
Closing inventories	265,804	246,558
Other current assets and liabilities	(25,672)	(65,304)
Net working capital	75,136	31,437
Provisions for risks and charges and severance indemnity	25,044	26,790
Net capital resources	576,044	447,766
Shareholders' equity	613,115	477,711
Net financial position	(37,071)	(29,945)

Indicators	2022	2021
Operating cash flow (in thousands of Euro)	149,878	88,608
Cash flow for technological investments (in thousands of Euro)	(32,329)	(23,447)
Equity / fixed assets ratio (MP / Af)	1.06	0.96
Equity plus consolidated liabilities / fixed assets ratio [(MP + Pml) / Af]	1.28	1.25
Debt to equity ratio [(Pml + Pc) / MP]	0.69	1.11
Debt (long-term interest bearing) to equity ratio (Pfn / MP)	(0.06)	(0.06)
Current assets / current liabilities ratio (Ac / Pc)	1.54	1.33
Deferred liquidity + immediate liquidity / Current liabilities ratio	0.65	0.69
Ebitda adjusted / net revenues	22.53%	18.33%
Financial charges, net / net revenues	(0.16%)	(0.41%)
Labour cost / net revenues	0.06	0.06
Pfn / Ebitda adjusted	(0.16)	(0.19)

KEY:
Se: Shareholders' equity *Conl: Consolidated liabilities* *Nfp: Net financial position*
Fa: Fixed assets *Cl: Current liabilities* *Ca: Current assets*

Revenues from sales, totalling Euro 1.045.016 thousand, showed an increase compared to the previous year as a result of the significant rise in the prices of steel products. The increase amounted approximately to 19.8% compared to 2021. The shipment volumes of finished products stood at 842 thousand tonnes (970 thousand tonnes in 2021).
The Italian plants have increased their leadership in the merchant bars segment in the main markets of Southern Europe and have continued the process of continuous improvement of efficiency, increasing the levels of industrial performance.
The company's financial structure shows a positive net financial position of Euro 37.1 million, an improvement of Euro 7.1 million compared to 31 December 2021.
The most significant information about the Parent Company's currently active production units is provided below:

VICENZA:

— Electric steel plant comprising electric furnace, ladle furnace, two continuous casting systems for blooms and billets;
— Rolling plant composed of a continuous rolling mill for medium products with 19 stands for profiles/small beams;
— Rolling plant composed of a continuous rolling mill for small products with 21 stands for small profiles;

SAN DIDERO (TURIN):

— Rolling mill comprising continuous mill for mid-size products with 19 cages for sections / small beams;
— vRolling mill comprising continuous mill for small products with 24 cages for small sections, reinforced concrete rebar.

SAN GIOVANNI VALDARNO (AR):

Rolling mill comprising continuous mill with 18 cages for small sections.


AFV
AFV BELTRAME GROUP

3. The subsidiary Laminés Marchands Européens S.A.

As reported above in point D. "Structure of the Beltrame Group", the Parent Company owns 80.23% of the company's share capital. The minority interest is held by ARCELORMITTAL - Luxembourg.

The values shown below differ from those of the company's filed financial statements because they were adapted for consistency with Italian accounting standards, used to prepare the consolidated financial statements.

Income Statement *(in thousands of Euro)*	2022	2021
Revenues from sales (A.1 + A.5)	477,538	386,131
Value of operating production (A.1 + A.2 + A.3 + A.4)	466,023	400,522
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	350,307	319,480
VALUE ADDED	137,753	85,733
%	28.85%	22.20%
- Personnel costs (B.9)	39,265	35,945
EBITDA	98,488	49,788
EBITDA adjusted	98,950	54,122
%	20.72%	14.02%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	13,832	12,528
OPERATING PROFIT (LOSS)	84,656	37,260
+/- Profit (loss) from the financial area (C + D)	(2,583)	(994)
GROSS PROFIT (LOSS)	82,073	36,266
- Income taxes	(9,239)	(5,227)
NET PROFIT (LOSS)	72,834	31,039

Statement of Financial Position *(in thousands of Euro)*	2022	2021
Tangible and intangible fixed assets	99,781	78,188
Financial fixed assets	2,183	2,089
Trade receivables	7,370	2,085
Trade payables	68,957	48,411
Closing inventories	81,742	76,670
Other current assets and liabilities	17,899	(2,527)
Net working capital	38,054	27,817
Provisions for risks and charges and severance indemnity	11,163	12,333
Net capital resources	128,855	95,761
Shareholders' equity	151,905	79,071
Net financial position	(23,050)	16,690

Indicators	2022	2021
Operating cash flow (in thousands of Euro)	77,841	25,011
Cash flow for technological investments (in thousands of Euro)	(26,148)	(14,288)
Equity / fixed assets ratio (MP / Af)	1.49	0.98
Equity plus consolidated liabilities / fixed assets ratio [(MP + Pml) / Af]	1.70	1.36
Debt to equity ratio [(Pml + Pc) / MP]	0.78	1.33
Debt (long-term interest bearing) to equity ratio (Pfn / MP)	(0.15)	0.21
Current assets / current liabilities ratio (Ac / Pc)	1.73	1.39
Deferred liquidity + immediate liquidity / Current liabilities ratio	0.89	0.37
Ebitda adjusted / net revenues	20.72%	14.02%
Financial charges, net / net revenues	(0.36%)	(0.34%)
Labour cost / net revenues	0.08	0.09
Pfn / Ebitda adjusted	(0.23)	0.31

KEY:
Se: Shareholders' equity *Conl: Consolidated liabilities* *Nfp: Net financial position*
Fa: Fixed assets *Cl: Current liabilities* *Ca: Current assets*

Revenues from sales, totalling Euro 477.538 thousand, showed an increase compared to the previous year as a result of the significant rise in the prices of steel products. The increase amounted approximately to 23.7% compared to 2021. The shipment volumes stood at 415 thousand tonnes (456 thousand tonnes in 2021). The French plant has increased its leadership in the merchant bars segment in the main markets of Northern Europe and has continued the process of continuous improvement of efficiency, increasing the levels of industrial performance.

The company's financial structure shows a positive net financial position of Euro 23.0 million, an improvement of Euro 39.7 million compared to 31 December 2021.

The most significant information about the Company's production units is provided below:

— Electric steel plant comprising electric furnace, ladle furnace, continuous casting system for billets / blooms;

— Rolling mill comprising TG&P continuous mill with 21 cages for sections/beams;

— Rolling mill comprising TPP continuous mill with 20 cages for small sections.

4. The subsidiary Stahl Gerlafingen A.G.

As reported above in point D. 'Structure of the Beltrame Group', the Parent Company owns 86.47% of the Company's Share Capital. The minority interest is held by SIMEST S.p.A.
The values shown below differ from those of the company's filed financial statements because they were adapted for consistency with Italian accounting standards, used to prepare the consolidated financial statements.

Income Statement *(in thousands of Euro)*	2022	2021
Revenues from sales (A.1 + A.5)	696,121	496,525
Value of operating production (A.1 + A.2 + A.3 + A.4)	722,598	529,700
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	581,843	423,194
VALUE ADDED	145,385	107,177
%	20.88%	21.59%
- Personnel costs (B.9)	57,454	50,764
EBITDA	87,931	56.413
EBITDA adjusted	84,702	56.413
%	12.17%	11.36%
- Amortisation, depreciation and allocations to provisions (B.10 +		
B.12 + B.13)	19,619	17,387
OPERATING PROFIT (LOSS)	68,312	39,026
+/- Profit (loss) from the financial area (C + D)	404	(836)
GROSS PROFIT (LOSS)	68,716	38,190
- Income taxes	(8,971)	0
NET PROFIT (LOSS)	59,745	38,190

Statement of Financial Position *(in thousands of Euro)*	2022	2021
Tangible and intangible fixed assets	137,884	120,710
Financial fixed assets	508	348
Trade receivables	9,542	7,079
Trade payables	114,256	103,904
Closing inventories	131,506	98,971
Other current assets and liabilities	2,147	2,571
Net working capital	28,939	4,717
Provisions for risks and charges and severance indemnity	10,004	3,091
Net capital resources	157,327	122,684
Shareholders' equity	194,813	127,583
Net financial position	(37,486)	(4,899)

Indicators	2022	2021
Operating cash flow (in thousands of Euro)	61,650	42,838
Cash flow for technological investments (in thousands of Euro)	(29,329)	(17,164)
Equity / fixed assets ratio (MP / Af)	1.41	1.05
Equity plus consolidated liabilities / fixed assets ratio [(MP + Pml) / Af]	1.43	1.28
Debt to equity ratio [(Pml + Pc) / MP]	0.69	1.09
Debt (long-term interest bearing) to equity ratio (Pfn / MP)	(0.19)	(0.04)
Current assets / current liabilities ratio (Ac / Pc)	1.45	1.30
Deferred liquidity + immediate liquidity / Current liabilities ratio	0.45	0.42
Ebitda adjusted / net revenues	12.17%	11.36%
Financial charges, net / net revenues	0.06%	(0.17%)
Labour cost / net revenues	0.08	0.10
Pfn / Ebitda adjusted	(0.44)	(0.09)

KEY:
Se: Shareholders' equity *Conl: Consolidated liabilities* *Nfp: Net financial position*
Fa: Fixed assets *Cl: Current liabilities* *Ca: Current assets*

Revenues from sales, totalling Euro 696.121 thousand, showed an increase compared to the previous year as a result of the significant rise in the prices of steel products. The increase amounted approximately to 40.2% compared to 2021. The shipment volumes stood at 627 thousand tonnes (648 thousand tonnes in 2021).
The Swiss plant has stabilised its leadership in the segment of reinforced concrete bars in the domestic market and has continued the process of continuous improvement of efficiency and industrial performance.
The company's financial structure shows a positive net financial position of Euro 37.5 million, an improvement of Euro 32.6 million compared to 31 December 2021.
The most significant information about the Company's production units is provided below:

— Electric steel plant comprising electric furnace, with 80 t nominal capacity, ladle furnace, continuous casting system for billets and blooms;
— 1 continuous rolling mill for rounds, rebars and reinforcing round bars for construction industries, and wire rods;
— 1 continuous rolling mill for flat bars, universal flats, profiles, and beams;
— 1 plant for the production of meshes;
— 6 rewinding plants.


Stahl Gerlafingen
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5. The subsidiary Donalam S.r.l.

As reported above in point D. 'Structure of the Beltrame Group', the Parent Company owns 93.69% of the company's Share Capital. The minority interest is held by FINEST S.p.A.
The highlights from the consolidated financial statements of Donalam SRL and of its subsidiary Donalam Siderprodukte AG (Switzerland) are summarised below.
The values shown below differ from those of the company's filed financial statements because they were adapted for consistency with Italian accounting standards, used to prepare the consolidated financial statements.

Income Statement *(in thousands of Euro)*	2022	2021
Revenues from sales (A.1 + A.5)	156,999	122,263
Value of operating production (A.1 + A.2 + A.3 + A.4)	194,630	133,015
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	183,863	120,685
VALUE ADDED	13,007	13,242
%	8.28%	10.83%
- Personnel costs (B.9)	12,885	6,231
EBITDA	122	7,011
EBITDA adjusted	410	7,011
%	0.26%	5.73%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	5,542	3,948
OPERATING PROFIT (LOSS)	(5,420)	3,063
+/- Profit (loss) from the financial area (C + D)	(1,497)	(1,848)
GROSS PROFIT (LOSS)	(6,917)	1,215
- Income taxes	(33)	(33)
NET PROFIT (LOSS)	(6,950)	1,182

Statement of Financial Position *(in thousands of Euro)*	2022	2021
Tangible and intangible fixed assets	97,312	34,150
Financial fixed assets	10	4
Trade receivables	8,376	9,137
Trade payables	74,785	57,415
Closing inventories	67,776	37,183
Other current assets and liabilities	12,250	(1,504)
Net working capital	13,617	(12,599)
Provisions for risks and charges and severance indemnity	210	68
Net capital resources	110,729	21,487
Shareholders' equity	86,799	20,571
Net financial position	23,930	916

Indicators	2022	2021
Operating cash flow (in thousands of Euro)	(25,985)	14,997
Cash flow for technological investments (in thousands of Euro)	(64,720)	(6,295)
Equity / fixed assets ratio (MP / Af)	0.89	0.60
Equity plus consolidated liabilities / fixed assets ratio [(MP + Pml) / Af]	0.89	0.61
Debt to equity ratio [(Pml + Pc) / MP]	1.26	3.32
Debt (long-term interest bearing) to equity ratio (Pfn / MP)	0.28	0.04
Current assets / current liabilities ratio (Ac / Pc)	0.90	0.80
Deferred liquidity + immediate liquidity / Current liabilities ratio	0.28	0.26
Ebitda adjusted / net revenues	0.26%	5.73%
Financial charges, net / net revenues	(0.95%)	1.51%
Labour cost / net revenues	0.08	0.05
Pfn / Ebitda adjusted	58.37	0.13

KEY:
Se: Shareholders' equity *Conl: Consolidated liabilities* *Nfp: Net financial position*
Fa: Fixed assets *Cl: Current liabilities* *Ca: Current assets*

Revenues from sales, totalling Euro 156.999 thousand, showed an increase compared to the previous year as a result of the significant rise in the prices of steel products. The increase amounted approximately to 28.4% compared to 2021. The shipment volumes of finished products stood at 125 thousand tonnes (155 thousand tonnes in 2021).

The company's financial structure highlights an overall net financial indebtedness of Euro 23.9 million, up by Euro 23.0 million as at 31 December 2021.

Investments in tangible fixed assets include the purchase of the main assets of a steel plant in Targoviste (Romania), formerly COS Targoviste SA, carried out by Donalam on 11 March 2022 after a due diligence process of approximately 10 months, for a total value of € 35.3 million. The transaction was followed, on 10 June 2022, by a further acquisition of some secondary assets in the same industrial area for a total value of Euro 1.3 million.

The assets acquired cover a total area of 1,327,337 square metres and, in addition to the properties, mainly include an electric furnace steel plant and two rolling lines, in addition to all the related underground services and utilities.

Following the acquisition, Donalam started a process of modernisation, improvement and efficiency of these plants, which allowed the rolling lines to be put into operation in September following a preliminary phase of testing and certification of the finished products; the investments made in this phase, totalling Euro 16.7 million, were capitalised and recognised as Assets in progress as at 31 December 2022.

To financially support the company in this important development project, the shareholders carried out two capital increases, on 4 March and 14 December, for a total of Euro 73.3 million.

The most significant information about production units is provided below:

CALARASI:
Rolling plant with continuous 4-stand rolling mill for large profiles and bars.

TARGOVISTE:

— Electric steel plant comprising electric furnace, with 80 tonne nominal capacity, ladle furnace, VD plant and continuous casting system for billets and blooms;
— 1 continuous rolling mill for small products: rounds, rebars and reinforcing round bars for construction industries, and wire rods;
— 1 continuous rolling plant for medium products: round, flat and hexagonal products.

h. 6. The smaller companies

Sipro Beltrame AG (Zurich - Switzerland)

(in thousands of Euro)	2022	2021
Current assets	4,570	5,527
Total assets	4,570	5,527
Liabilities	3,700	4,696
Shareholders' equity	870	831
Revenues	55,847	49,016
Net profit (loss)	148	135

The Company carries out trading activities in some Central European countries of the merchant bars produced by the Parent Company and the subsidiaries Stahl Gerlafingen AG and Laminés Marchands Européens S.A..

Laminoirs du Ruau S.A. (Monceau sur Sambre - Belgium)

(in thousands of Euro)	2022	2021
Current assets	202	148
Total assets	455	400
Liabilities	4,500	2,521
Shareholders' equity	(4,046)	(2,121)
Net profit (loss)	(1,925)	320

The Company, wholly owned by the subsidiary LME S.A., owns the industrial site, where production ceased definitively in 2011.
Currently, the only activities pertain to in-depth studies of the environmental issues connected with the future use of the site, to maintaining the residual assets and seeking potential buyers for the industrial site.

h.

Ferriera Sider Scal S.r.l. in liquidation

(offices in Vicenza and site in Villadossola - Verbania Cusio-Ossola)

(in thousands of Euro)	2022	2021
Current assets	3,126	3,274
Total assets	3,126	3,274
Liabilities	4,926	4,966
Shareholders' equity	(1,800)	(1,692)
Net profit (loss)	(108)	(1,118)

The company owns a production facility in Villadossola (VB), which, in 2008, ceased definitely its production. The rolling mill was definitely dismantled and sold in 2017.

The production site, active since the end of the 19th century, was purchased by the company in October 2001. Previously, for the period that goes from March 2000 to October 2001, it was operated by another subsidiary of the Parent Company, which then was merged into this by incorporation.

Currently, the company is engaged in the management of two environmental issues. In the first case, it is the presence of polluting materials within the production site for which has been obtained the approval of the additions made to the operational reclamation project.

The second issue is related to areas outside the plant, in particular to the bed of a canal, which crosses the site, and to lands located downstream of the site, where contaminated materials were found.

On 11 May 2021, an agreement was signed with a specialised company for the demolition of almost all the industrial buildings located within the Villadossola site. The works, which began in October of the year under review, will be completed by the end of 2023.

The negative result for 2022 takes into account provisions recognised in the income statement for the year in question against overheads expected till 2024.

Metal Interconnector S.c.p.A.

(registered office in Milan)

Metal Interconnector is a joint-stock Consortium Company, established by companies in the steel manufacturing segment and in other energy-intensive sectors of the Italian industry, such as the non-ferrous metallurgy, but also including companies in other segments (including wood, paper, chemistry, concrete and glass). This consortium was established in the second half of 2014. Metal Interconnector represents energy-intensive companies with a high impact of electricity consumption on their production. It includes little less than 70% of companies that took part in the Terna bids, as envisaged by art. 32 "Fostering the creation of a single energy market through the interconnector development and the involvement of energy-intensive end customers" of Italian Law no. 99 of 2009.

The consortium is intended to be an instrument to fund the electric interconnection lines between Italy and other Countries, which will permit other shareholder companies involved to use the same lines, as soon as operational and in proportion to the level of investment made.

Three initiatives are currently being implemented/planned by the investee companies:

- Interconnector Italia S.c.p.A. - The company holds 100% of the shares of Piemonte Savoia S.r.l., which has created an

'Italy-France' direct current interconnection between the Piossasco (IT) and Grande Ile (FR) nodes. The work has made the electricity frontier with France the most important for our country, increasing the cross-border interconnection capacity by 1,200 MW, of which 350 MW already available in exemption to the Selected Entities, which will increase from the current approximately 3 GW to over 4 GW. On July 26, 2019, on behalf of the Selected Entities, an exemption request was submitted to the Italian Ministry of Economic Development (MiSE) for an additional capacity of 250 MW on the border with France. This request was subsequently withdrawn by the same Italian Ministry following rejection by the European Commission; therefore, the Consortium will no longer finance the additional capacity of 250 MW. The work entered into operation in November 2022;

— Interconnector Energy Italia S.c.p.A. - The company holds all the shares of Monita Interconnector S.r.l., which has built a 500 kV direct current interconnection between the stations of Villanova (IT) and Lastva (ME) with a route, partly in submarine cable and partly in terrestrial cable, of about 445 kilometres. The first interconnection module became operational on December 28, 2019, creating an interconnection capacity of 600 MW. 200 MW, out of the 600 MW associated with the first module, were made available free of charge to the Selected Entities.

— Interconnector Energy Italy - in 21 January 2021, Interconnector Energy Italia informed the shareholders that the Italian Ministry of Economic Development had sent to the European Commission for Energy the Exemption Decree for the new 150 MW interconnector on the Austrian border. Upon receipt of the positive opinion, the Italian Ministry of Economic Development (MISE) has proceeded to notify RESIA Interconnector S.r.l. of the Exemption Decree, the latter being the company set up specifically by Terna for the construction of the Italy-Austria interconnector; after 90 days (on 3 September 2021), the assignees completed the purchase of the above-mentioned Special Purpose Vehicle and Terna left the corporate structure completely. The work is underway and is expected to start operating in 2024.

The 2021 financial statements of Metal Interconnector S.c.p.A. were approved by the Shareholders' Meeting on 22 November 2022 and show a break-even result (loss of a total of Euro 42,656,623 in the previous year). The break-even result for 2021 derives from obtaining operating grants of Euro 1,037 thousand, sufficient to cover the costs for the year recognised in the income statement. The loss recognised in the previous year was entirely attributable to the write-down of the equity investment held by the company in Interconnector Energy Italia S.c.p.A., which had in turn, written down the equity investment held in Monita Interconnector S.r.l. To take into account the negative result of the investee, since the Board of Directors considered the loss in value to be permanent, a write-down of Euro 2,185 thousand was made.

In the year under review, the company completed a share capital increase in the amount of Euro 18,950 thousand fully subscribed by the shareholders for the portion already held with partial utilization of loans previously received.

Consorzio Valbel (registered office in Vicenza)

The Company's corporate purpose is a) the design, coordination, performance and organisation of the business activity of the shareholders relating to the procurement of natural gas, including through the development and management of natural gas storage infrastructures and all other goods and services necessary for the activities of the consortium members; b) services carried out in favour of the National Electricity System such as the interruption of loads.

Alternative Energy Innovation S.r.l.
(registered office in San Giovanni Lupatoto - Verona)

The Company's corporate purpose is to carry out transactions relating to the energy sector. During the year under review, the purchase of land and the authorizations currently held by the transferors was finalised with the aim of developing the construction of plants for the production of energy.

Renewability S.c.a.r.l. (registered office in Monza)

The corporate purpose of the company is to aggregate the electricity consumption of the consortium members through supply contracts from owned or third-party renewable production plants. Transactions also include purchases on the wholesale spot markets or with future delivery.

i. Productions

1. The production process

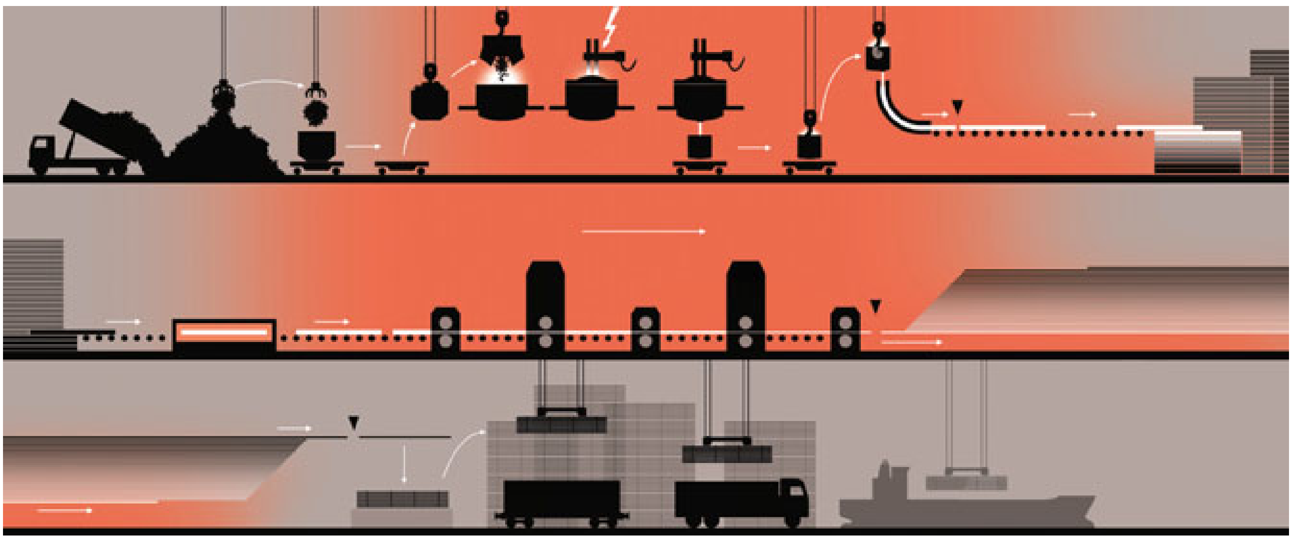
The first stage of the production process entails melting the raw material consisting of scrap iron in the Electric Arc Furnace (EAF), at a temperature of approximately 1,600°C. The operation is carried out through the electric arc of the graphic electrodes inserted in the furnace. Once melting is completed and the chemical and temperature analyses are carried out, the unimproved liquid steel is drawn through an opening located in the lower part of the furnace into a container (ladle) and transferred to the ladle furnace where ferroalloys are added as necessary to obtain the desired steel quality and where the cast is purified with the removal of the extraneous elements that are typically present.

The container (ladle) containing the liquid steel is carried from the improvement furnace to the "continuous casting machine". At this point the liquid steel is moved to a container coated with refractory material (tundish) which feeds multiple solidification lines (steel parallelepipeds with square or rectangular cross section and variable length from 4 metres to 12 metres) and cut to measure by oxy-fuel cutting.

The billet still at temperature can be used immediately for the rolling process or cooled and stored.

The final stage of the process, called rolling, takes place in the unit called "rolling mill", where the semi-finished product, before being worked over, is brought to a temperature of approximately 1,050 °C.

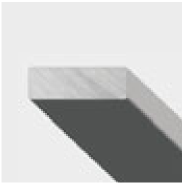
In this unit, the semi-finished product is plastically deformed in consecutive steps by making it pass through pairs of opposed rollers until obtaining the desired section and subsequently cut by a flying shear, before it enters (at approximately 950°C) the cooling plate with moving blades and lastly it is introduced into the product storage warehouse.

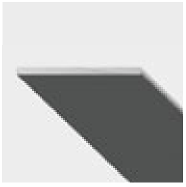


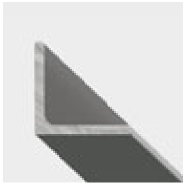
2. The products

The sections produced in the Group's plants are illustrated below:

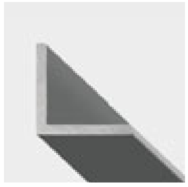
Merchant bars


Flat bars


Universal flats


Equal angles


Unequal angles


Sharp edged equal angles


Sharp edged unequal angles

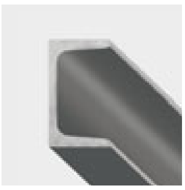

T bars


Small U-channels

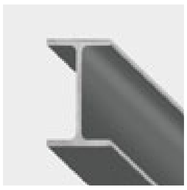

Squares


Rounds

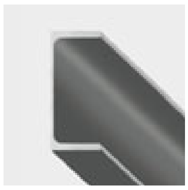
Beams


Rolled Beams UPN


Rolled Beams UPE/UAP


Rolled Beams IPE


Rolled Beams IPN


Rolled Beams HE

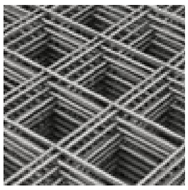
Special steel SBQ and reinforcing steel


Special Bar Quality SBQ


Reinforcing bars topar-S 500C


Reinforcing bars topar-Rc in compact rings


Wire rod


Stock meshes
Connecting systems
Distance cones

j. EHS system management - Environment, Health and Safety

The sustainable development and the continuous improvement have always been the fundamental priorities for the Beltrame Group, considered as key prerequisites for the safeguard of people and the environment, thus guaranteeing the rights of future generations.

In line with its own Code of Ethics, the Beltrame Group considers caring for and protecting the safety and health of the workers and of the environment in which it operates to be fundamental principles to adhere to in exercising its own activities. This vision is put in practice by promoting communication with the employees, providing them with adequate training and continuous awareness and involvement work, as well as proposing supplementary forms of welfare.

The headquarters of Vicenza is tasked with harmonising the activities pertaining to the Environment, Health and Safety Management (EHS), defining the action lines, checking their application and coordinating the activities carried out in individual plants. The resources allocated to each plant are specifically trained and dedicated to the management of these activities.

The Group intends to adhere to the following principles:

— integrating the concepts of environment, health and workplace safety in its corporate management;

— evaluating beforehand the risks of each work activity carried out within the Group's sites, in order to take adequate actions to prevent work- related injuries or illnesses and to minimise, insofar as it is technically feasible, the severity and likelihood of such events;

— voluntarily complying with the laws and the other prescriptions pertaining to workers' health and safety and environmental protection, through continuous updates and timely verification of fulfilment of the prescribed obligations;

— favouring a continuous and effective communication activity with all involved parties (employees, customers, contractors, suppliers, agencies, institutions, citizens) and information / training, when required, in relation to health, safety and environmental matters, in order to assure an adequate level of awareness;

— constantly monitoring, for continuous improvement, the environment aspects and the residual risks for health and safety, using adequate control instruments and monitoring systems.

Based on the principles expressed above, the Group develops programmes oriented to the continuous improvement of the efficiency and effectiveness of its own processes and systems, defining objectives and targets to:

— promote the reduction of risks of injury, work- related illnesses, the workplace health and safety of all personnel;

— pursue the reduction of its own significant environmental impacts (atmospheric emissions, production of waste, energy consumption and water consumption).

In this context, over the last few years the Group carried out important investments, both on plants and machinery, and in the development of its human resources.

During 2022, the integrated approach to issues related to Quality, Health, Safety and the Environment was consolidated, according to the reference standards (e.g. ISO 9001, ISO

14001 and ISO 45001), and aspects relating to the analysis of the context, the involvement of all interested parties and the continuous improvement of processes and company management systems were examined in depth, with a view to sustainability.
The elements that contribute to the context in which the Group operates were reviewed and the assessment of risks and opportunities for the organisation, which represent two key elements in the management systems based on high-level standards (HLS), was updated.
With regard to the first aspect, the set of internal and external factors that influence the Group's activities and impact, at least potentially, on the achievement of the expected results was reviewed.
Similarly, activities were carried out to identify all the circumstances that may cause impacts on the Group's performance, both in negative and positive terms and in terms of the management system and management, and in terms of expected results of its business, exploring reputational aspects also.
As a result of this analysis, activities and projects were oriented in the various areas of the system, aimed at offsetting risks and optimising opportunities.
The main activities and the results obtained in 2022 in relation to the protection of the environment, health and workplace safety and integrated management system are described below.

1. Environmental Management

The operations of the iron and steel business involve the management of numerous environmental aspects. The Group carried out an assessment of the impact of its activities, products and services, in order to manage and prevent environmental impacts, promoting the use of the best technologies available at all sites in which it operates.
With regard to the activities connected with environmental protection, we note that during the year there were no cases in which the Group companies were finally declared liable in relation to harm to the environment or in which, in that regard, any penalties or punishments were imposed.

1.1 Main environmental aspects

1.1.1 Use of water resources

With regard to water consumption, the Group has long since implemented policies to optimise the cooling water circuits, setting up recycling systems and cascade plants capable of recovering drainage water from the lines, limiting the quantities discharged.
The cooling water circuits of Vicenza and San Didero have been subject to changes, which have made it possible to recover water flows discarded and now it reintroduced to the network.
At the Trith Saint Léger plant, the optimisation of the rainwater treatment plant that runs through the steel plant and is released to the surface water body continued. A study was also prepared to identify possible secondary uses to be interrupted in the event of water scarcity.
At the Gerlafingen plant, the study continued for the optimisation of the entire water cycle, aimed at the separation of the circuits relating to different types of water (industrial, civil, meteoric), which will be composed of various application phases on a multi-year basis.
The Calarasi plant also saw a series of changes applied to the cooling circuit of the lamination furnace, with the construction of new flow recovery tanks and the installation of a battery of evaporation towers much more efficient than the previous ones.

1.1.2 Energy consumption

With regard to energy costs, the Group confirmed the actions in line with the policies to reduce specific consumption, through investment and process efficiency projects that have led to a significant containment of the same.
All plants are equipped with a widespread monitoring system that makes it possible to assess the performance of production plants in real time. 2022 confirmed the positive trend and almost all specific consumption indicators were in line with or better than the budget, also thanks to a continuous action to raise the awareness of operators in the correct management of production and auxiliary plants.
During the year, significant efficiency measures were developed to improve the

already excellent condition of the plants:

— the Vicenza site saw the implementation of a management procedure to improve the cleaning of the fume system filter and to reduce the compressed air dedicated to it, which recorded a saving of about 30%. During the year, the transformer dedicated to the LF ladle furnace was also replaced: this operation, related to a better and more precise setting of the currents and voltages of the electric arc, made it possible to improve and stabilise the consumption of the furnace. Lastly, during 2022, studies and investments were undertaken in renewable energy supplies through PPAs and proprietary photovoltaic systems: the initiatives corresponding to a total of approximately 14 MWp will come into service progressively over the course of 2023;

— at the Trith Saint Léger site, work began on the new TGP heating furnace: the furnace, which in the future could also accept an 80/20 methane/hydrogen mixture, should make it possible to immediately reduce the consumption of methane dedicated to heating billets, guaranteeing an excellent result both in terms of consumption and emissions. Actions were then taken to improve the hot charge dedicated to the TPP heating furnace: the initial results show an increase in the firing temperature of about 30°C with a consequent saving on natural gas consumption;

— at the Gerlafingen site, work began on the new Kombi heating furnace: the furnace, which in the future could also accept an 80/20 methane/hydrogen mixture, should make it possible to immediately reduce the consumption of methane dedicated to heating billets, guaranteeing an excellent result both in terms of consumption and emissions. Standard interventions also

continued, which the Group has now established as 'best practice' in its plants, such as the revamping of lighting through the installation of new LEDs and the replacement of engines with new high-efficiency models in class IE4; the savings for these interventions are substantial and range between 5% and 20% depending on the interventions themselves. A part of the internal district heating network was also renovated and this intervention will significantly reduce the gas consumption of the thermal power plant;

— work began at the Calarasi site to replace the heating furnace of the existing rolling mill; this intervention will lead to a significant reduction in methane consumption. At the same time, the water treatment plant of the rolling mill was also revamped.

1.1.3 Atmospheric emissions

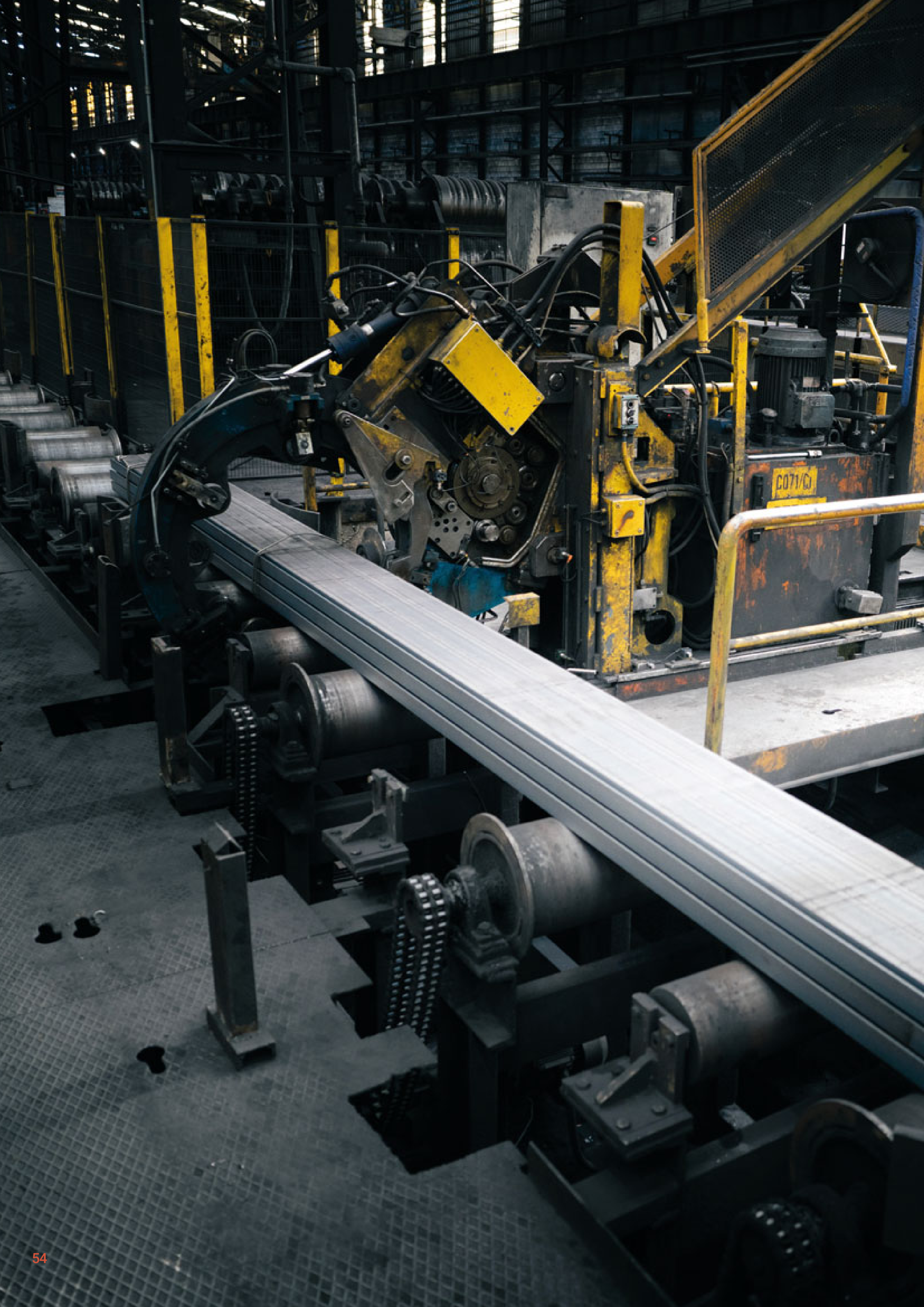
Emission reduction technologies compliant with best available techniques (BAT) are adopted in all Group plants, published in the reference documents prepared by the European Union and subject to periodic review and updating.

All production plants are subject to monitoring and control plans defined and verified by the Inspection Bodies. The emissions of the smelting plants (EAF furnaces) are also subject to continuous monitoring to determine the flow of particulate matter exiting the chimneys located downstream of the flue gas treatment plants. For a long time they have been equipped with systems dosing adsorbent material into fumes, so as to guarantee emission levels much lower than the strict European limits.

During 2022, the self-checks required by the respective monitoring plans were conducted, which certified compliance with the prescribed limit values.

1.1.4 Production and treatment of waste and by-products

The Group pays great attention to ensuring that its activities have a reduced impact on the environment and are consistent with



the expectations of stakeholders, also by limiting the use of raw materials and natural resources. For this purpose, the Group carries out continuous research on techniques and operating methods that make it possible to replace natural materials with by-products of industrial origin and products deriving from waste recovery flows and to optimise the efficiency of its production plants.

Steel production plants use technology based on electric arc furnaces (EAF), which involves the use of selected scrap iron of predetermined quality that is part of the steel production flow at the end of its life cycle, whether it is related to the industrial sector (processing waste, classified as pre-consumer) or downstream of common use (so-called post-consumer). Each plant monitors the quality and origin of the scrap and, on average, the content of material from recycling operations in the finished product was over 95%.

The scrap iron entering plants can be classified either as a product deriving from a recovery cycle ('end of waste' according to European regulation EU 333/2011) or as waste and must comply with strict purchase specifications as well as be subject to strict verification and classification protocols on entrance to the scrap yard area.

A scrap pre-selection plant is in operation at the Trith Saint Léger plant, which makes it possible to select high-performance ferrous materials for the electric furnace, guaranteeing high yields and reduced energy consumption. The resulting material deriving from the selection of scrap has a significant content of non-ferrous metals, which is recovered and enhanced in processing cycles outside the site, as is similarly the case at the Vicenza and Gerlafingen sites for residual material from magnetic scrap sorting.

The iron and steel production process includes also the addition of subsidiary materials, which provide energy and chemical value to the liquid steel bath present in the furnace (with reducing and fluxing functions, etc.). They are typically represented by lime, dolomite, coal and other slag necessary for the formation of slag of adequate quality for the protection of the plants and its subsequent use.

With a view to the circularity of products and processes, the Group has identified alternative materials and substitutes for some of these raw materials flows. In particular, some types of residues, which originate from internal processes, are reused as slagging agents, helping to reduce the consumption of lime and therefore the exploitation of non-renewable natural resources.

In Vicenza, the installation of the industrial plant for the storage, transport and dosing in the EAF furnace of polymers, deriving from the recovery cycle of the plastic fraction of separate waste collection, which acts as a reducing agent in partial replacement of coal was completed. This material is now part of the flow of subsidiary materials procured and its use is monitored through the steel process control systems.

Similar tests with recycled materials (plastic or deriving from the granulation of end-of-life tires) were conducted at the Trith Saint Léger site, which has a similar plant configuration in Vicenza and will also be tested at the Gerlafingen plant.

The Group is also focused on identifying recovery paths for the waste produced

and has activated contacts with specific supply chains (e.g. cement and concrete production), which have shown interest in the recycling of slag and industrial aggregate in their processes.
Also in 2022, the objective of sending at least 90% of the waste produced at the various sites for recovery and reuse was met.

1.1.5 Radiometric checks

In 2022, the complete review of the methods for managing and controlling the systems for monitoring and reporting the levels of radioactivity in the loads entering and leaving the Group's plants continued, with particular attention paid to the control of scrap loads.
The operating procedures to be implemented with internal personnel or through third-party companies in the event of findings or radiometric anomalies were also defined.
No significant anomaly was found in 2022.

1.2 Eco-Index

In order to monitor their own environmental performance and identify and direct their improvement plans, all the Group's plants are provided with an instrument called "Eco-index", which integrates the main environmental aspects and relative impacts in a single parameter, easy to read and visualised on a dashboard. The indicator is specific to each Group site and is based on specific impacts and improvement objectives of the individual site. The parameters considered are related to emissions of dust and CO2 into the atmosphere, water consumption and discharges, waste recovery rate and natural gas consumption.
In 2022, the Eco-Index (average weight of product of all companies) recorded a value of 79.6%. The slight decrease compared to the previous year is mainly due to the revaluation of new CO2 emissions benchmarks, consistent with the reduction in free allocations of the fourth ETS period and to some problems that arose during the year to water plants and in the market for the recovery of waste.

1.3 Environmental authorisations

All of the Group's EU sites operate in compliance with the IPPC Directive and in accordance with the provisions of specific authorisations issued by the competent entities. In Switzerland, environmental authorisations are issued by the competent AFU (Amt für Umwelt - Environment Office). The Italian, French and Romanian plants operate within the scope of the IPPC (Integrated Pollution Prevention and Control) Directive and they are subjected to periodic checks by the authorities (provincial administrations, ARPA, Prefectures and the Ministry of Environment) to verify compliance with the regulatory and prescriptive provisions set out in Authorisations.

In 2022, the checks carried out by the control agencies certified the compliance with regulatory prescriptions, in some cases suggesting actions for improvement.

The marking of the industrial aggregate produced in the Vicenza (Beltreco) and

Gerlafingen (Ruvido) plants, deriving from the processing of electric furnace slag, was maintained in 2022.
During the year, there was a recovery in the market linked to the use of secondary materials, with a positive impact on shipments of industrial aggregates.
With regard to the regulatory aspects related to the documents showing the best available techniques applicable to steel plants (Bref Documents), at the end of 2022 the one relating to rolling plants was approved (as part of the more general document concerning the treatment plants of metals - FMP-Ferrous Metal Processing), as a result of which, the Group has initiated the adequacy assessment, which will be concluded in the current year.

1.4 Allocation of CO_2

The balance of the CO2 quotas allocated, returned or purchased on the market, relating to the European ETS - Emission Trading System, relating to the Group's Italian, French and Romanian plants is shown in the following table.

	2021			2022		
	AFV	LME	Donalam	AFV	LME	Donalam
Assignments	87,056 (#)	58,159	12,796	87,056	58,159	15,345
Purchase of quotas	60,000	0	0	15,000	15,000	0
Sale of quotas	0	0	0	0	0	0
Emissions	127,032 (#)	67,450	22,773	119,614	74,592	13,576

Note: (#) The 2021 assignments and emissions value related to the Italian plants has been updated accordingly to the ETS verification.

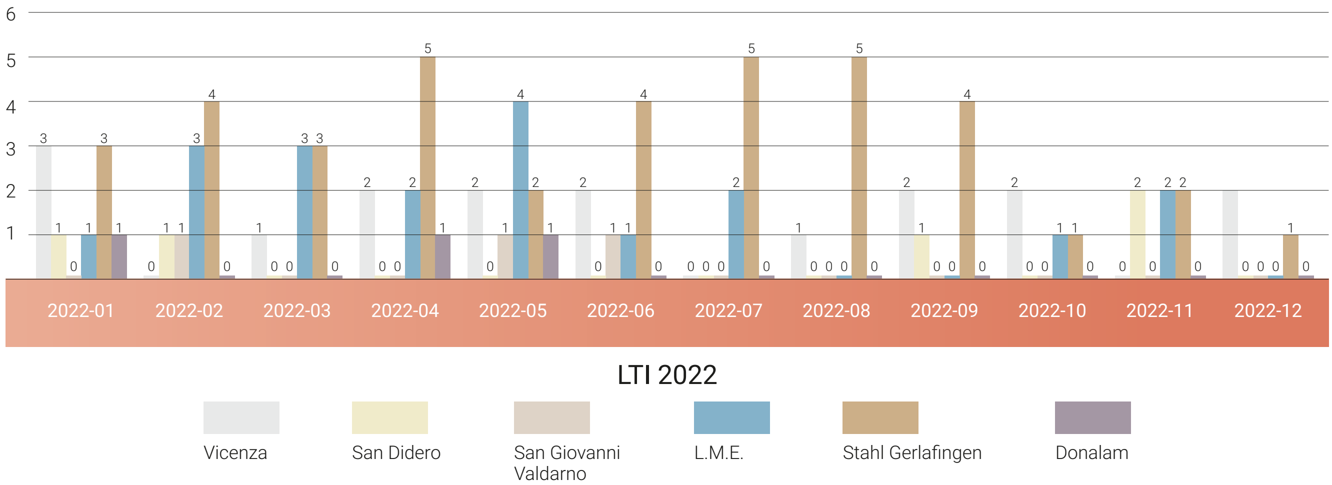
It is noted that pursuant to the MiFID2 directive, the CO2 emission allowances (EUAs) were considered as equivalent to a financial instrument.
The Gerlafingen plant does not come within the scope of the ETS (Emission Trading System) and is subject to the obligations prescribed by Swiss Law no. 641.71 "Federal law on the reduction of CO2 emissions". Estimated emissions in 2022 amounted to 100,558 tonnes.
The issue of the ETS will in any case be strongly influenced in the coming years by what was announced by the European Commission in the Green Deal package, in particular with regard to the amendment of the specific Directive (a topic that will be discussed below).

2. Safety Management in Workplaces

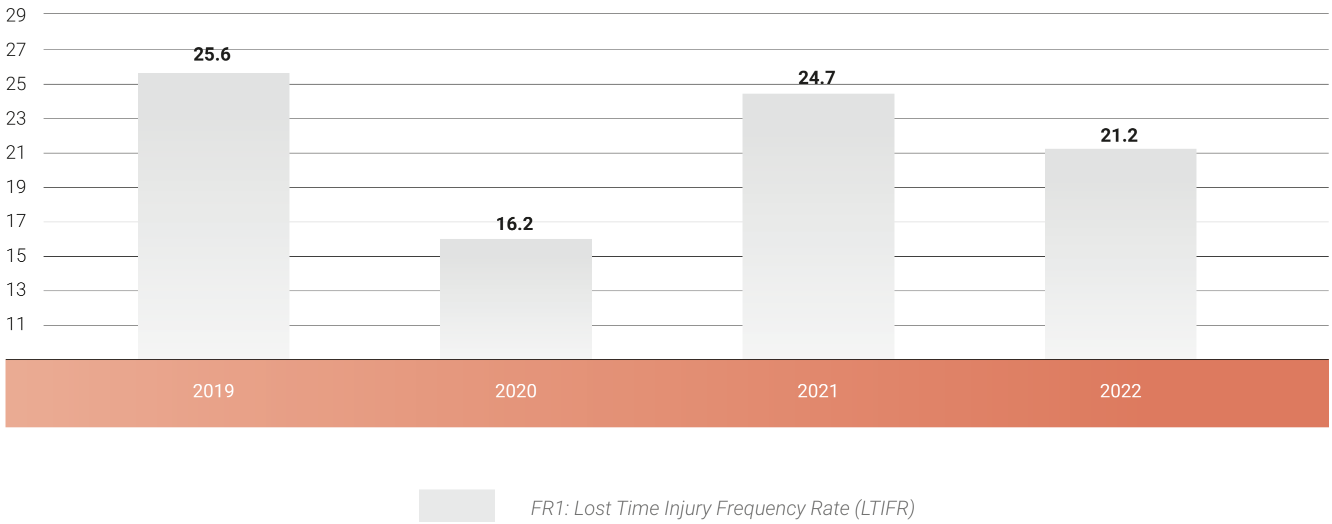
Activities relating to the protection of health and safety in the workplace are among the main priority of the Group.
The commitment and worker information, instruction and training, the evolution of plant and work environments, the constant improvement of the company's Health and Safety Management have been used to achieve their maximum optimisation. In 2022, activities pertaining to workplace health and safety continued.

2.1 Injuries and occupational diseases

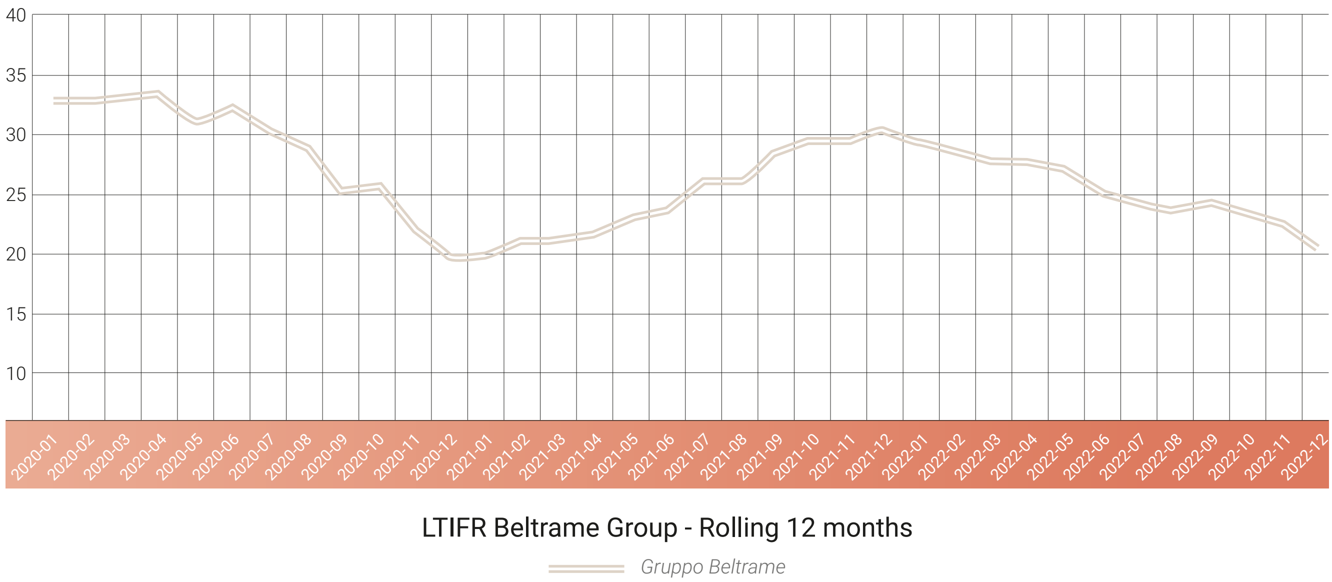
With regard to accidents, we note that the accident phenomenon in the Group has recorded a progressive improvement over the last few years, which was confirmed in 2022 with a reduction in the frequency index (LTIFR), a parameter that includes all the accidents that have involved absence from the workplace of at least one day.
In 2022, 86 injuries were recorded, compared to 97 in the previous year.



The frequency index at Group level was 21.2, compared to 24.7 in the previous year.



This indicator, expressed as a 12-month moving average, shows a marked decreasing trend, the result of the actions undertaken in the last two years.



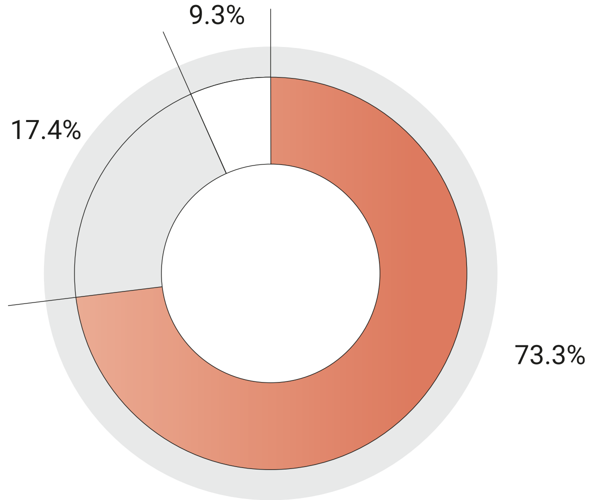
LTIFR Beltrame Group - Rolling 12 months

The analysis of the causes of injuries (LTI) shows that the main causes are:

— unsafe behaviour or actions for 73.3% of cases;

— organisational deficiency in 17,4% of cases;

— technical causes or dangerous situations in 9.3% of cases.



LTI cause categorization

The main types of injuries that occurred in 2022 are related to collisions and crushing and trips and slips, which involved the upper and lower limbs for about half of all injuries.
All the events were analysed and discussed also with the injured party on their return to work, with the aim of identifying the causes, implementing remedial actions and increasing awareness of a safe approach to the various work phases.
In 2022 no cases were reported with definitive responsibility for claims related to liabilities for work-related illnesses or causes of mobbing.

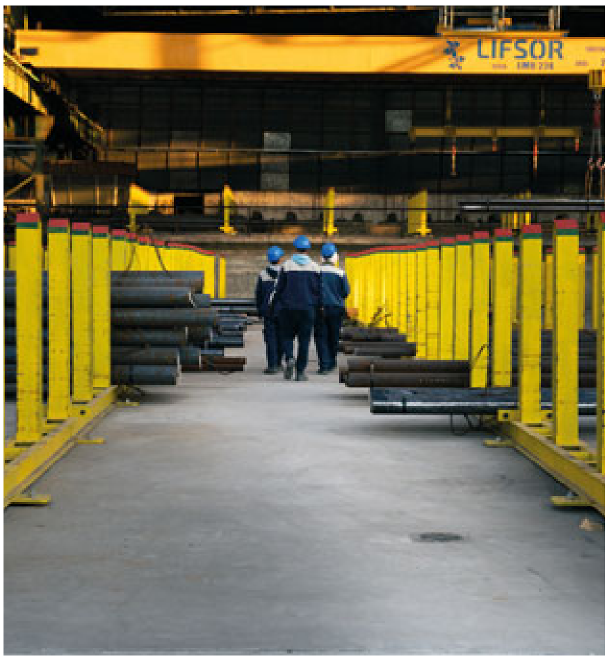
2.2 Main interventions

During 2022, the activities implemented to increase safety awareness and culture at all levels were consolidated through the project called SHARP, from which a continuous improvement of the injury trend is also expected, through the application of the rules illustrated below.

The following steps were taken:

1. execution of focuses on safety or short training breaks in the departments during the work shift (so-called ‘safety pills’ or training breaks), by managers, dealing with specific topics or contingent issues related to the safe approach of department activities;
2. organisation of safety meetings in production departments, involving EHS with shift managers and department managers, for a periodic examination of accidents that have occurred and their causes, near-misses, reports received on dangerous situations or behaviours;
3. preparation of an accurate and timely analysis of accidents and near-misses with the functions concerned, identifying the root causes of the event by means of specific methodologies (RCA). Approach to any cause identified with radical and targeted action, without neglecting any element that may have contributed to the event;
4. dissemination of press releases and information brochures on incidents or accidents, sharing causes and possible common actions between the Group’s sites;
5. planning of periodic interactive visits to the production departments by managers, with EHS representatives, to make it clear that the priority on safety belongs to all hierarchical levels and organisational functions (Visible felt leadership);
6. resumption and strengthening of interactive visits (SWAT), through an observational approach and the direct involvement of the operators met;
7. assessment and taking charge of the reports that come from workers with resolution plans and feedback to the whistleblowers;
8. dissemination of safety slogans, by installing panels containing safety messages in work areas;
9. periodic review of work procedures with respect to technical-organisational changes and correct application in the field;
10. definition of a medium-term training programme on behavioural safety and awareness-raising according to international standards.

In 2022, targets were defined for certain categories of activities and various methods of monitoring and formalising them were tested.



2.3 Application of Group standards

In 2022, the monitoring program for the application of the centrally defined standards on specific safety issues continued in all Group plants.

In particular, the implementation of the ten standards defined, applied and monitored was verified:

1. H&S Reporting and Investigation and Environmental reporting (management of reports relating to incidents and accidents and reports relating to the monitoring of environmental parameters);
2. Mobile Equipment (mobile vehicles and risk of pedestrian/vehicle interference);
3. Work at height;
4. Housekeeping and 5s implementation (order/organisation and cleaning in the workplace);
5. Contractor Safety Management (safe management of contractors);
6. EHS Audit - EHS Scorecard (audit of the different companies);
7. Energy Isolation and LO.TO.TO. (isolation of energy sources before maintenance operations);
8. Liquid steel (risk management related to liquid steel and slag in all phases of handling and transport);
9. SWAT programme (behavioural audit);
10. JSA - Job safety analysis for risk assessment of non-routine operations.

Meetings were held dedicated to the definition of specific improvement plans for each site (with specific focus on EHS issues), with the involvement of local committees and the supervision and coordination of Group management.

A benchmarking program was also concluded on the main personal protective equipment (PPE) used in the Group, with particular regard to safety shoes, helmets and protective eyewear, in order to standardise the technical characteristics of the devices.

2.4 Health, safety and environment investments

The main investment projects for the management of the environment, health and safety concern:

- improvement of plants and machine tools (MASAI - Machine Safety Improvement Project);
- progress of the programme to upgrade the radiometric portals at all sites;
- rationalisation of internal traffic plans to reduce vehicle-pedestrian interference and refurbishment of roadways within the plants;
- installation of new cranes in Vicenza and Gerlafingen;
- general arrangement of accesses to work areas, parking areas for operating personnel and changing rooms;
- lateral segregation of the Vicenza scrap yard with perimeter wall on the south side;
- upgrading of electrical equipment, following an update of the risk assessment;
- installation of redundant protections on machinery;
- positioning of bins for the safe storage of various waste;
- extraordinary maintenance of fire prevention systems.

3. The QHSE Integrated Management System

To guarantee the principles of the code of ethics and of the quality, health and safety, and environment policies (QHSE), the Group has adopted an Integrated Management System.
The purpose of this system is to facilitate the process for the identification, registration and measurement of QHSE results, in order to drive the continuous improvement process. The obtaining of a certification, by an external entity, is the logical step to implement a management system. The target is to obtain a credited and independent acknowledgement of the Group's commitment.
Regulations adopted at Group level:

- ISO 9001:2015 - Quality management systems;
- ISO 14001:2015 - Environmental management systems – Requirements and user guide;
- ISO 45001:2018 - Occupational health and safety management systems – Requirements;
- ISO 50001:2011 - Energy management systems - Requirements with guidance for use.

The obtaining of certifications allowed for the evolution of performance, thus facilitating the measurement of performance and ensuring the control of corporate processes.
The table below shows the situation of the certifications obtained by the Group's plants as at the ending date of the 2022 financial year.

Company	Site	Quality Management System	Environmental Management System	Health and Safety Management System	Energy Management System
		EN ISO 9001	EN ISO 14001	EN ISO 45001	EN ISO 50001
AFV Acciaierie Beltrame SpA	Vicenza	x	x	x	-
	San Didero (TO)	x	x	x	-
	San Giovanni Valdarno (AR)	x	-	x	-
Stahl Gerlafingen Ag	Gelafingen (CH)	x	x	x	-
Laminés Marchands Européens SA	Trith Saint Léger (F)	x	x	x	x
S.C. Donalam Srl	Calarasi (RO)	x	x	x	-

In particular, in 2022 the Group:

- confirmed the certification of the environmental management system (ISO 14001) for all sites, with the exception of the San Giovanni Valdarno plant;
- confirmed the certification of the safety management system (ISO 45001) at all sites;
- extended the certification of the environmental management system for quality (ISO 9001) at all sites.
- confirmed the certification of compliance of the energy management system with the ISO 50001 standard at the Trith Saint Léger site;

The standards taken as a reference belong to a high-level system (HLS-High Level Structure), which are integrated into a single management system.

This approach involves the analysis of the context in which the company operates, as well as that of the needs and expectations of the parties involved, in this case presenting similarities with the requirements of the approach to sustainability identified by the ESG (Environment, Social, Governance) issues. The purpose of this approach is essentially to understand the most important aspects that can influence the way in which the company deals with its responsibilities in terms of health and safety. The assessment of risks and consequent opportunities is the tool that the Group has adopted to guide, both at strategic and operational level, its efforts in the implementation and continuous improvement of the safety management system. The standard makes also clear reference to the importance of management awareness and leadership skills and a strong drive towards consultation and participation of workers in issues concerning the safety management system, which the Group has put in place through constant contact with trade unions and workers' representatives for safety.

3.2 Sharing and exchange of information - Cross Audit

During 2022, a constant exchange of information and checks was maintained within the Group, conducted through comparisons carried out both in person and on a virtual platform, on aspects of legislative compliance and operational management, aimed at sharing of best practices and the identification of ideas for improvement.

Meetings were organised with all EHS managers, often face-to-face, for continuous discussion on various aspects of the Health, Safety and Environment Management System, with reference to the state of application and implementation activities in progress in the plants.

The self-assessments on EHS performance of the various plants were also resumed, aimed at conducting intra-group cross-audits, whose methodology and purposes were described in a dedicated workshop ('EHS Cross Audit introduction & training workshop'), focused on the following topics:

— EHS Management System
— Occupational health and safety
— Reporting of accidents/injuries and near misses
— Pollution prevention and control
— Suppliers, Contractors and Visitors
— Working at heights
— Internal logistics and circulation plan
— Isolation of energy sources (LOTOTO)
— Machinery Safety
— Workplace tidiness, cleanliness and organisation
— Management of temporary workers
• Heavy lifting (use of gantries and lifting accessories)
— Use of Forklift Trucks
— Management of emergencies
— Protection of isolated workers
— Restricted spaces
— Risks linked to the presence of liquid steel / incandescent slag
— Legionella risk prevention
— Health surveillance
— Collection and separation of waste
— Status of application of the SHARP project

In December 2022, a 'Group Safety Awareness and Commitment Workshop' was also organised remotely, which involved all Group functions and local contacts, in which guidelines and actions were discussed and shared for increase awareness, participation and culture of safety at all levels.

4. EPD® - Environmental Product Declaration

The Environmental Product Declaration (known as EPD®) is a voluntary product certification scheme, developed in application of ISO 14025 (Type III environmental labelling), according to the International EPD System Programme and validated by independent third-party bodies. These declarations relate to the environmental impacts that may be associated with the product life cycle and which are assessed through the Life Cycle Assessment (LCA), so as to ensure transparency, objectivity and comparability of the results expressed, relating to the environmental performance of products. The information contained in the EPD is of an informative/communicative nature on environmental performance and there are no prescriptive performance thresholds.
The Group elaborated a life cycle analysis and prepared an environmental product declaration for the hot-rolled merchant bars, produced in the Italian (in 2022 one EPD was registered for each Italian plant) and French plants, as well as for reinforcing bar in coils, produced by the Swiss subsidiary and SBQ profiles produced in the Donalam S.r.l. plant in Calarasi, to a specific environmental product declaration.
In 2022, a similar environmental declaration was also drawn up for the industrial aggregate deriving from the processing of EAF furnace slag produced at the Vicenza (Beltreco) plant.
The EPD declarations of the Group's products have been validated and registered within the main international schemes (International EPD® System and IBU - Institut Bauen und Umwelt).
With reference to the assessments on the impacts that emerge from the analysis of the life cycle and which are traced back to standard indicators, the EPD is used in the Group as an operational support in the continuous improvement process, as it allows to identify areas of intervention in the various phases of the production process, supply chain and customer supply. This declaration is also the starting point for the identification of the carbon footprint of products (GWP - Global Warming Potential)
In Italy, the validation of the environmental product declaration meets the requests of some national customers, related to 'green' public purchasing and supply, for which the minimum environmental criteria for construction products are considered fulfilled when they have a Type III Environmental Product Declaration (EPD), which complies with UNI EN 15804 and ISO 14025.
Another fundamental element supporting the peculiar circularity of the electric furnace steel supply chain is the declaration of the content of recycled material present in the finished products. This certification, consistent with the UNI EN ISO 14021 standard, identifies the percentage of materials from recovery cycles used in the laminate production process, which was higher than 95% (also for the year 2022). An independent third-party certification of the calculation procedure and the related results for each Group plant is expected for 2023.

5. Green Deal Of The European Commission

REGULATORY CONTEXT

The European Green Deal is a package of strategic initiatives that aims to start the European Union on the path of a green transition, with the ultimate goal of achieving climate neutrality by 2050.

The plan aims to support the transformation of the EU into a fair and prosperous society with a modern and competitive economy and highlights the need for a holistic and cross-sectoral approach in which all relevant strategic sectors contribute to the common goal of climate.

The package includes initiatives on climate, environment, energy, transport, industry, agriculture and sustainable finance, all highly interconnected sectors and will offer significant opportunities, such as economic growth potential, new business models and markets, new jobs and technological development.

Fit for 55 - how the EU will turn climate targets into legislation.

The package aims to translate the ambitions of the Green Deal into legislation and consists of a series of proposals aimed at revising legislation on climate, energy and transport and implementing new legislative initiatives to align EU legislation with its climate objectives.

The plan includes the following points:

— a review of the EU Emissions Trading System (EU ETS), which includes its extension to maritime transport, and a review of aviation emission standards as well as the establishment of an emissions trading system separate for road transport and construction;

— a revision of the Effort Sharing Regulation governing Member States' reduction targets in sectors not included in the EU ETS;

— a revision of the LULUCF regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry;

— an amendment to the regulation that establishes the rules on CO2 emissions from cars;

— a revision of the directive on the promotion of renewable energies;

— a revision of the energy efficiency directive;

— a revision of the directive on the taxation of energy products;

— a carbon border adjustment mechanism (CBAM);

— a revision of the directive on the construction of an infrastructure for alternative fuels;

— ReFuelEU Aviation for sustainable aviation fuels;

— FuelEU Maritime for a sustainable European maritime space;

— a social climate fund;

— a revision of the Energy Performance of Buildings Directive (EPBD);

— the reduction of methane emissions in the energy sector;

— a revision of the third 'Energy' package on gas.

European climate legislation

With its adoption, the EU and its Member States have committed to reducing net greenhouse gas emissions in the EU by at least 55% by 2030 (compared to 1990 levels) and to achieve climate neutrality by 2050. This is a legally binding target based on an impact assessment carried out by the Commission.

The main actions envisaged by the regulation are as follows:

— defining the pace of emission reduction until 2050 to guarantee a defined path for businesses, stakeholders and citizens;
— developing a system to monitor progress towards the goal and report on it;
— ensuring a cost-effective and socially fair green transition.

EU climate change adaptation strategy
The strategy outlines a long-term vision for the EU to become a society resilient to climate change and fully adequate to its inevitable impacts by 2050.

EU Biodiversity Strategy for 2030
The EU biodiversity strategy for 2030 aims to contribute to the recovery of biodiversity in Europe by 2030, which would benefit people, the climate and the planet.

'From producer to consumer' strategy
The Commission's 'From producer to consumer' strategy aims to help the EU achieve climate neutrality by 2050 by orienting the current EU food system towards a sustainable model.

Industrial strategy for Europe
The objective of the EU industrial strategy is to support industry in its role as an accelerator and driver of change, innovation and growth, strengthening its resilience and promoting its competitiveness and green and digital transformation.

Action plan for the circular economy
The action plan includes over 30 action points on the design of sustainable products, circularity in production processes and the opportunity to give consumers and public buyers the opportunity to make informed choices. It covers sectors such as electronics

and TLC, batteries, packaging, plastics, textiles, construction of buildings and food products.

Just Transition

The EU has introduced a just transition mechanism to provide financial support and technical assistance to the regions most affected by the transition to a low-carbon economy. The mechanism will help mobilise funds in the period 2021-2027 in favour of:

— people and communities: facilitating job opportunities and redevelopment, improving the energy efficiency of housing and combating energy poverty;

— companies: incentivising investments in the transition to low-carbon technologies, providing financial support and investments for research and innovation;

— Member States or regions: investing in new jobs in the green economy, sustainable public transport, digital connectivity and clean energy infrastructure.

Contribution of the financial sector

As part of the Green Deal, the Commission has proposed a series of initiatives on sustainable finance:

— investment plans;

— taxonomy on green investments;

— rules on green bonds;

— financing of the climate transition (general information);

— clean, economic and safe energy.

EU Sustainable Chemicals Strategy

Chemicals are essential for the modern standard of living and for the economy. However, they can be harmful to human health and the environment. The strategy is an essential element of the European Green Deal and its ambitious goal of eliminating pollution.

Forestry strategy and zero deforestation imports

The EU forest strategy for 2030 presented by the Commission in July 2021, one of the main elements of the European Green Deal, is based on the EU biodiversity strategy and plays a central role in efforts to reduce gas emissions greenhouse effect of at least 55% by 2030.

Carbon border adjustment mechanism (CBAM)

The negotiators of the Council and the European Parliament reached a provisional and conditional agreement on the Carbon Border Adjustment Mechanism (CBAM). The agreement still needs to be confirmed by the representatives of the Member States at

the EU and by the European Parliament and adopted by both institutions before it is final. According to the European Union, the carbon adaptation mechanism at the borders is a fundamental element of climate action. This mechanism promotes the import into the EU of goods by third-country companies that comply with the high climate standards applicable in the 27 EU Member States. This should ensure a balanced treatment of these imports and aims to encourage non-EU countries to join the EU's climate-related efforts.

As regards the products and sectors that fall within the scope of the new standards, the CBAM will initially cover a series of specific products in some of the most carbon-intensive sectors: iron and steel, cement, fertilisers, aluminium, electrical and hydrogen energy, as well as some precursors and a limited number of downstream products. Indirect emissions would also be included in the regulation in a very limited manner.

By virtue of the provisional agreement, the CBAM will gradually become operational in parallel with the gradual elimination of free allowances within the ETS system. Further work is also needed on measures to prevent the leakage of carbon emissions linked to exports.

THE BELTRAME GROUP'S BUSINESS ACTIVITIES

The Beltrame Group carefully monitors the evolution of regulations and the possible risks and opportunities that derive from these reforms and also has defined a specific organisation within it.

Within the Strategic Committee, a discussion was initiated on the Group's decarbonisation objectives and on the strategies to be implemented to achieve the proposed level.

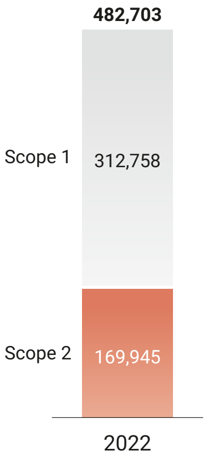
The attention of our stakeholders and the regulatory context have offered new development opportunities: reducing CO2 emissions today is the key to accessing the economic context of tomorrow, in which companies are called upon to be increasingly sustainable in order to remain competitive.

For the management of CO2 emissions, a structured and responsible approach was followed based on three fundamental steps:

Measurement: you cannot reduce what has not been measured, which is why we have completed the measurement of CO2 emissions generated by the chain value.

To calculate the emissions of the steel industry, there are two main options: the absolute value of the emissions and the CO2 intensity, the latter expressed in tonnes of CO2 per tonne of finished steel product.

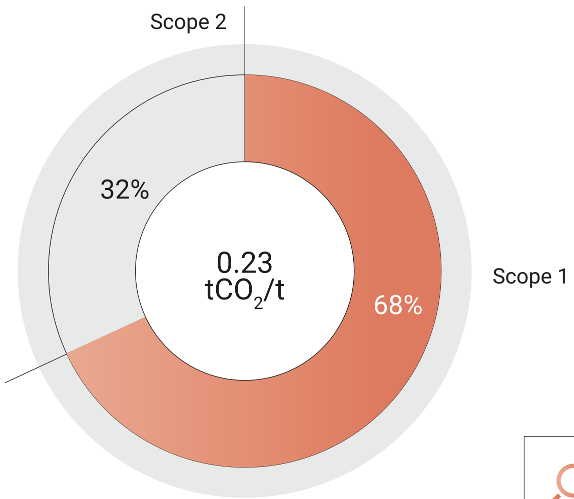
The values at Group level of Scope 1 and Scope 2, referring to the year 2022, are shown below.



		tCO_2
Scope 1	Direct Co_2 emissions	312,758
Scope 2	Indirect Co_2 emissions from purchased electricity	169,945
		482,703

Note:
Scope 1 includes the following emissions outside the ETS scheme: fuel combustion from company cars and fugitive emissions;
Scope 2 is calculated by applying a market-based approach, using the AIB 2022 residual mix factors by country.

The CO2 emission intensity, again referring to Scope 1 + 2 emissions for steel mills and rolling mills, referring to 2022 and expressed in tCO2/t of finished steel product is shown in the following diagram.



Scope 1: 0.15 tCO_2/t
Scope 2: 0.07 tCO_2/t

Note:
Scope 1 includes the following emissions outside the ETS scheme: fuel combustion from company cars and fugitive emissions; Scope 2 is calculated by applying a market-based approach, using the AIB 2022 residual mix factors by country.

The Group has finalised the calculation of its carbon footprint, believing that all the phases that contribute to the generation of the finished product must be considered for the purposes of analysis and measurement. In fact, the Scope 1 + 2 + 3 (upstream) of all steel mills and rolling mills were considered, averaging the specific performance on production.
The Scope 1 + 2 + 3 (upstream) emissions were validated by the RINA accredited Certification Body in compliance with the

ISO14064-1 standard.
Specific emissions are lower than both the average of the global steel industry emissions and the European average of the emissions of electric arc furnace steel (EAF), the same production technology.
The Group is committed to further reducing its carbon footprint and has identified tangible actions to reduce its CO2 emissions as part of a reduction strategy extended to all companies.
Through these initiatives, CO2 emissions, already among the lowest in the sector, will be further reduced, thanks to a Decarbonisation Plan that aims to reduce Scope 1 and 2 emissions by 40% by 2030 compared to 2015 levels.
The activity plan is oriented towards four main areas of action:
A) Production efficiency: with projects aimed at improving the efficiency of production processes through various key initiatives for the Group, such as the:

— revamping of the main heating furnaces of rolling mills;
— use of digital control systems for the melting and rolling furnace;
— increase in the inlet temperatures of the billets in the rolling mills;
— optimisation of operating procedures.

Upgrading and renovating plants (e.g. heating furnaces) has always been a priority for the Group to reduce energy consumption and production costs. Several projects have already been approved to further reduce the KPI of gas consumption per tonne of steel produced and consequently reduce Scope 1 emissions.
B) Circular economy practices: with measures to improve the quality of scrap and other raw materials, together with measures for the reuse of waste from production processes and the replacement of raw materials with recycled materials.
Some examples of such actions are:

— the internal reuse of steel mill slag or the production of certified industrial aggregates, thus creating the conditions to meet green procurement requirements in the construction chain;

— the use of recycled products, deriving from the separate collection chain of plastic in partial replacement of coal.

These applications have allowed the Group to consolidate the process of reducing waste and by-products sent to landfills, favouring the recovery of waste, which today covers more than 90% of the total.

Furthermore, the Group's production is completely based on the use of scrap as a raw material; in fact, over 95% of all iron used as raw material is recycled.

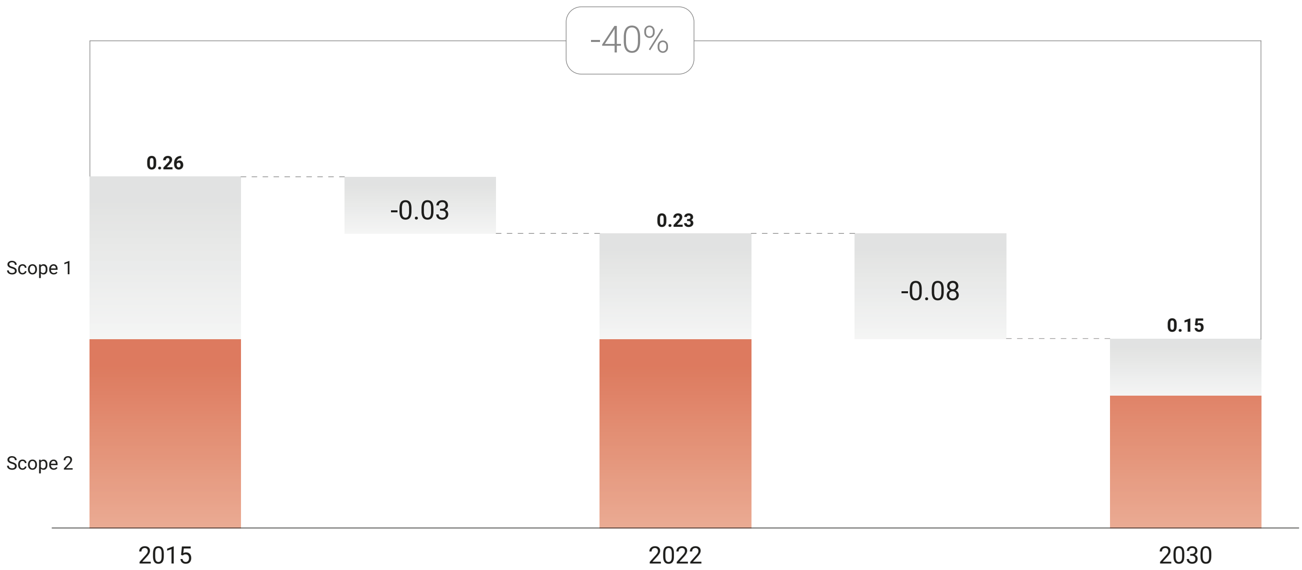
C) Procurement of green energy: the Group has planned investments to achieve two ambitious targets by 2030: 40% renewable energy of the total supply for Italian and Romanian sites and a significant increase in the quantity of non-fossil energy sources for French and Swiss sites.

For this reason, projects related to the procurement of renewable electricity have been identified, first through the development of renewable energy plants for self-consumption and then through green energy purchase agreements (Power Purchase Agreement).

Among the main initiatives, in 2022 the Group established 'Renewability', a community of renewable energy consumers; the consortium company thus created aims to invest in the construction of solar power generation plants and to provide the electricity produced by the plants to each member.

D) Technological solutions that involve the use of hydrogen as an energy carrier: the Group is preparing to use green hydrogen as a fuel. The heating furnaces of the rolling mills are already set up to use hydrogen as a fuel mixed with natural gas. The potential use of green hydrogen is a long-term opportunity (roughly starting from 2026, according to various ongoing studies) which envisages a fuel mix (80% natural gas and 20% green hydrogen) and the support of induction furnaces.

The following chart shows the reduction target by 2030 (compared to 2015) of Scope 1 + 2 as the Group's target (tCO_2/t of the finished product).



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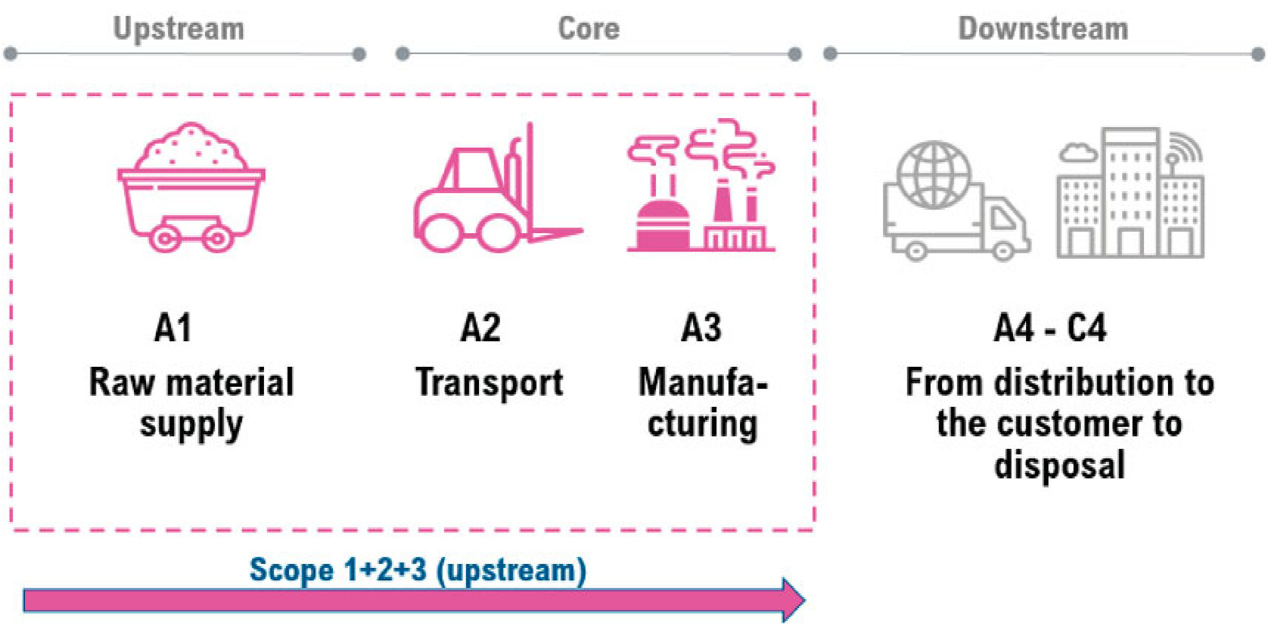
CHALIBRIA - CARBON NEUTRAL STEEL

Chalibria is the carbon neutral steel of the Beltrame Group in relation to Scope 1 + 2 + 3 emissions (upstream) along the 'cradle-to-gate' chain value, whose quantification has been verified by the accredited certification body RINA in compliance with the ISO14064-1 standard (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals).

The Group uses the RINA digital platform that supports audit activities, 'DIAS' (Data Integrity Audit Services platform); this platform guarantees the traceability, integrity and transparency of data along the 'cradle-to-gate' chain value for carbon neutral Chalibrian steel.

The boundaries of Chalibrian carbon neutrality are shown in the following diagram:



For the CO2 emissions that the Group is not yet able to reduce through the projects included in the decarbonisation plan, Chalibria's carbon neutrality is obtained by offsetting these emissions through the purchase of carbon credits on a voluntary basis, in line with the PAS2060 certification (Specification for the demonstration of Carbon Neutrality).

The investments of the decarbonisation plan will allow the reduction of emissions of the 'cradle-to-gate' chain value and consequently a decreasing purchase of carbon credits.

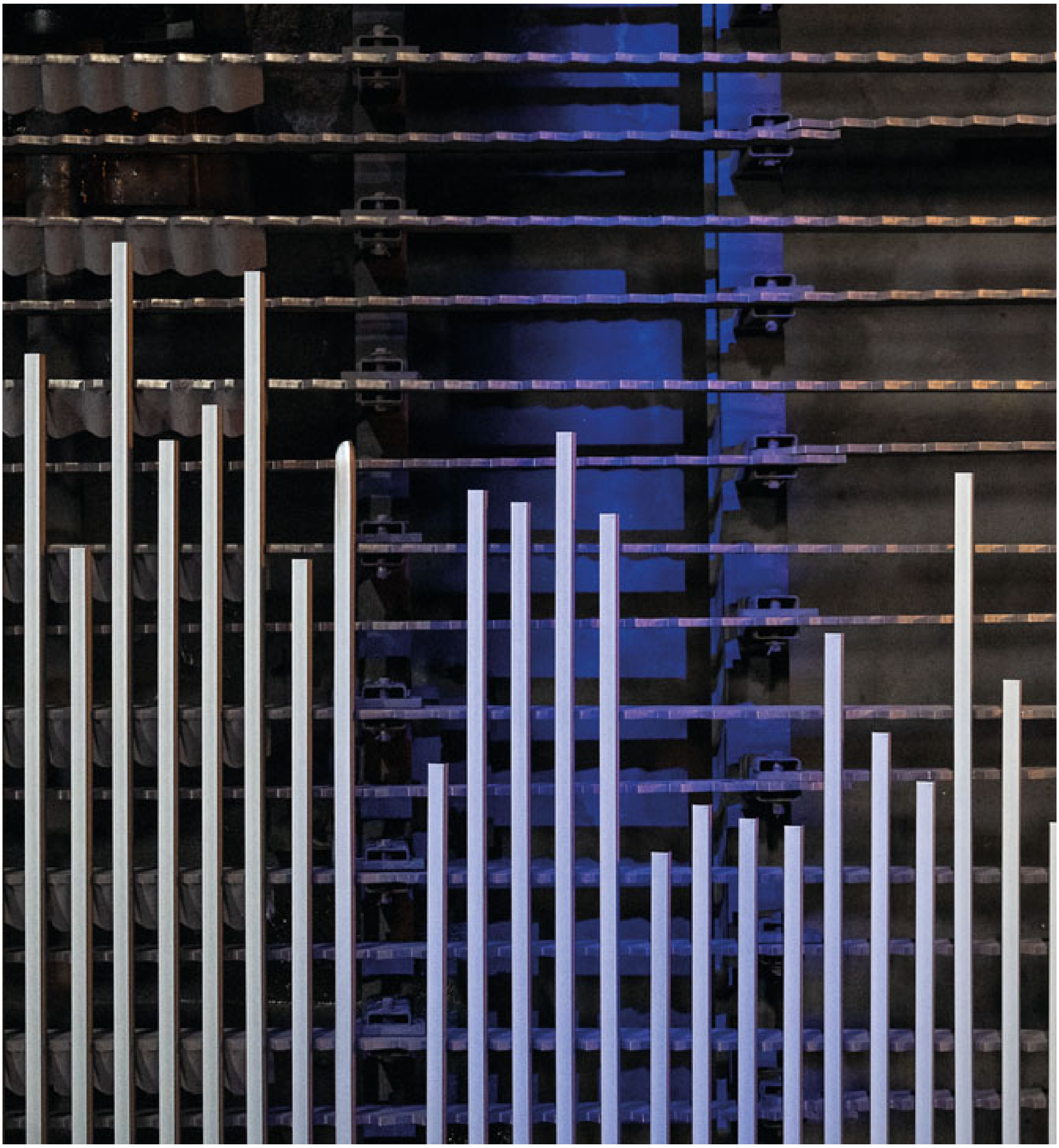
Carbon neutrality was validated through a certificate issued by RINA in accordance with the standards and sent to all our customers who purchase Chalibrian steel.

In line with international greenhouse gas standards, Chalibria allows users to reduce indirect emissions and to declare an equivalent reduction in the category of goods purchased for Scope 3.

Voluntary carbon credits are certified that can be purchased by companies to offset the CO2 emissions generated by their activities.

These credits are generated by projects that contribute to removing or reducing the amount of CO_2 in the atmosphere.

The Group only uses carbon credits that are verified by international standards (e.g. VCS -Verified Carbon Standard or Gold Standard). The certificate sent to customers that certifies the carbon neutrality of Chalibrian steel, shows the reference project for the carbon credit used for offsetting, together with the verification of the compliance of carbon credits issued by RINA in line with the PAS2060 certification.

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6. Sustainability Report

Also for the year 2022, the Group has prepared the Sustainability Report, in order to make manifest its performance and the activities implemented in favour of clear sustainable development, favouring a continuous improvement of industrial processes, company management and approach to stakeholders belonging to the entire value chain, with the aim of increasing the size of the latter and encouraging shared development.

Great attention has been continuously paid to virtuous processes that make it possible to consolidate the circular economic vocation of the steel industry, guaranteeing the reduction of the consumption of raw materials and identifying solutions for the recycling and enhancement of by-products.

The Group is committed on a daily basis to involving all stakeholders in the chain value (shareholders and investors, employees, customers, governments, suppliers, local communities) to ensure sustainable development. To implement this commitment, the Group has set up an organisational structure that monitors and coordinates the company's commitment to sustainability at central level, defines its strategy and validates the projects managed by the local operating structures.

During 2022, the mapping of primary and secondary stakeholders was updated and a new strategy for involving them was defined, with the aim of creating shared value and identifying material topics, in compliance with the Global Reporting Standards Initiative (GRI) 2021.

A complete and complex materiality analysis was carried out with the aim of updating the material topics covered by the 2022 Sustainability Report, identifying all the issues that represent current and potential positive and negative impacts, with regard to the economy, environment and people, including their human rights.

For the definition of the material topics covered by the sustainability report, the Group has followed all the steps indicated in the new GRI Standards; in particular, an in-depth analysis was carried out of the activities, commercial relationships and the sustainability context in which these relationships occur as well as their relationship with the strategic pillars.

This process made it possible to identify current and potential, positive and negative impacts on the environment, economy and people, including their human rights.

The negative impacts (risks) were assessed on the basis of their severity and probability and the positive impacts were assessed on the basis of their scope and extent; their significance was subsequently assessed and prioritised for reporting purposes.

The 2022 Sustainability Report will focus in particular on the following material topics:

- health, safety and well-being, including human rights;
- decarbonisation and climate change;
- energy management;
- environmental management: water, air, waste;
- economic performance;
- development and management of human capital;
- business ethics;
- policy and regulatory risk;
- community impact and development.

7. The Five Pillars Of Sustainability In AFV Beltrame

In the more general framework that envisages the integration of sustainability in the Group's activities and strategy, five main pillars have been identified on which to concentrate efforts and define precise objectives:

— Safety

The Group has launched a program of concrete actions aimed at reducing accidents and occupational diseases. A focus on people that we consider fundamental for the growth of the Group.

The SHARP project is part of this context, which aims to investigate the causes of accidents and injuries (whose number is in line with industry statistics) and to raise awareness among workers in order to guarantee the health and safety of work activities.

— Energy consumption

Since the beginning, the Group has invested in reducing energy consumption: efficiency and the reduction of production costs have always been a primary driver for being competitive over the years.

To continue on this path, the production efficiency strategy was strengthened by modernising the gas heating furnaces, designing and implementing heat recovery systems and installing digital control systems.

— Water consumption

The Group is constantly working to reduce water consumption. At all sites, the cooling systems were improved to reduce the use of water and the rainwater treatment system was optimised.

— CO2 emissions

The Group has defined the Decarbonisation Plan by 2030 for Scope 1 and 2, with a 40% reduction in emissions compared to 2015. The Decarbonisation Plan is at the heart of the environmental strategy.

— Waste management

The Group has launched a circular economy project with specific measures to improve the quality of scrap and other raw materials and to promote the reuse of materials involved in the production process. In line with the 'AWaRe' (All Waste Recovered) project, the objective is to optimise the recovery of waste produced at the sites. In 2022, the Group recycled and reused more than 90% of the waste produced.

8. Corporate Sustainability Reporting Directive Proposal

At the beginning of January 2023, the new Corporate Sustainability Reporting Directive (CSRD) came into force, which changed the European regulatory framework on non-financial reporting and sustainability.

The main objective of the reform is to accelerate the transition to a more sustainable economy in line with the Green Deal, increasing the responsibility of companies in terms of transparency and communication of their environmental, social and governance (ESG) performance.

The number of subjects required to report non-financial sustainability will be expanded, albeit progressively:

- from 1 January 2024 for large public-interest companies (listed companies, banks and insurance companies), which already prepare the non-financial statement today (first report in 2025, relating to the year 2024);
- from 1 January 2025 for other large companies not yet subject to the directive on non-financial reporting (first report in 2026, relating to the year 2025);
- from 1 January 2026 for SMEs and other listed companies (first report in 2027, relating to the year 2026) - SMEs can choose not to participate until 2028;
- from 1 January 2028 for non-European companies (first report in 2029, relating to the year 2028).

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The concept of 'dual materiality' will be consolidated with regard to both the impacts of the company business on society and the environment, and those induced by the implementation and application of sustainability factors on the prospects and strategies of companies, identifying risks and opportunities.

The reporting standards will also be modified, in particular, the common European standards (ESRS - European Sustainability Reporting Standards), which have been developed by the EFRAG (European Financial Reporting Advisory Group) on the mandate of the European Commission, must be used in line with the objectives of the Green Deal, which must ensure that the information provided by companies is understandable, relevant, verifiable, comparable and faithfully represented, while avoiding disproportionate administrative burdens for the companies themselves.

The sustainability information will be integrated in the supplementary report on the management of the financial statements, with an assessment by the independent auditors limited in the first period to a 'limited assurance'.

The CSRD directive is closely linked to the Taxonomy Regulation (EU Regulation 2020/852), which introduced a system for the classification of economic activities based on harmonised environmental sustainability criteria, created with the aim of directing investments towards activities that can be contribute more to the achievement of climate and environmental objectives.

In particular, companies subject to regulations on non-financial reporting must declare which 'share' of their activities is 'aligned' with the taxonomy according to criteria defined by specific delegated acts of the European Commission for each economic activity and for each objective of the taxonomy itself.

The Group has a structure able to cope with the regulatory changes that will be introduced and will dedicate the coming months to the in-depth study of the various mandatory requirements that will be introduced with the CSRD.

k. Continuous Improvement – the Continuous Improvement programme of the Beltrame Group

The Group Continuous Improvement Programme was launched in 2016, with the introduction of two main project management modes: the Apc (Action Plan & Control) and OpEx (Operational Excellence) functions.
APC applies to projects with known solutions to be implemented, unlike OpEx which uses a structured methodology for the development of problems with solutions not yet defined, applying the DMAIC model in a streamlined manner. The APC methodology ensures that schedules are shared and respected for each activity, while OpEx also aims to train effective and efficient Project Leaders.
These two management methods are the pillars of the programme and find their adequate application in the top-down support of strategic management activities, through the application of Lean-Six-Sigma methodologies aimed at reducing variability (Six-Sigma) and improving the flows (Lean Manufacturing) of business processes.

Since the start of the Continuous Improvement programme, more than 400 improvement projects have been carried out, which have led to significant savings thanks to the solutions applied with planned and effectively completed actions.
Continuous improvement is certainly based on support for strategic projects, but this is not its only form: training, coaching and shopfloor management activities are a fundamental element in achieving process excellence.
In fact, customised training programs, resulting in the attainment of Belt certifications, recognised internationally by the British Quality Foundation, are consistently provided to Group personnel. In addition, specific improvement activities are applied directly in the production departments, such as 5S work sites, visual boards and stand-up meetings.
In 2022 alone, 229 people were trained in the Lean Management logic, 337 on the 5S +, 76 attended the Yellow Belt course, 14 the

Green Belt course and 5 the Black Belt course. Consequently, 76 Yellow Belts and 7 Green Belts were certified.

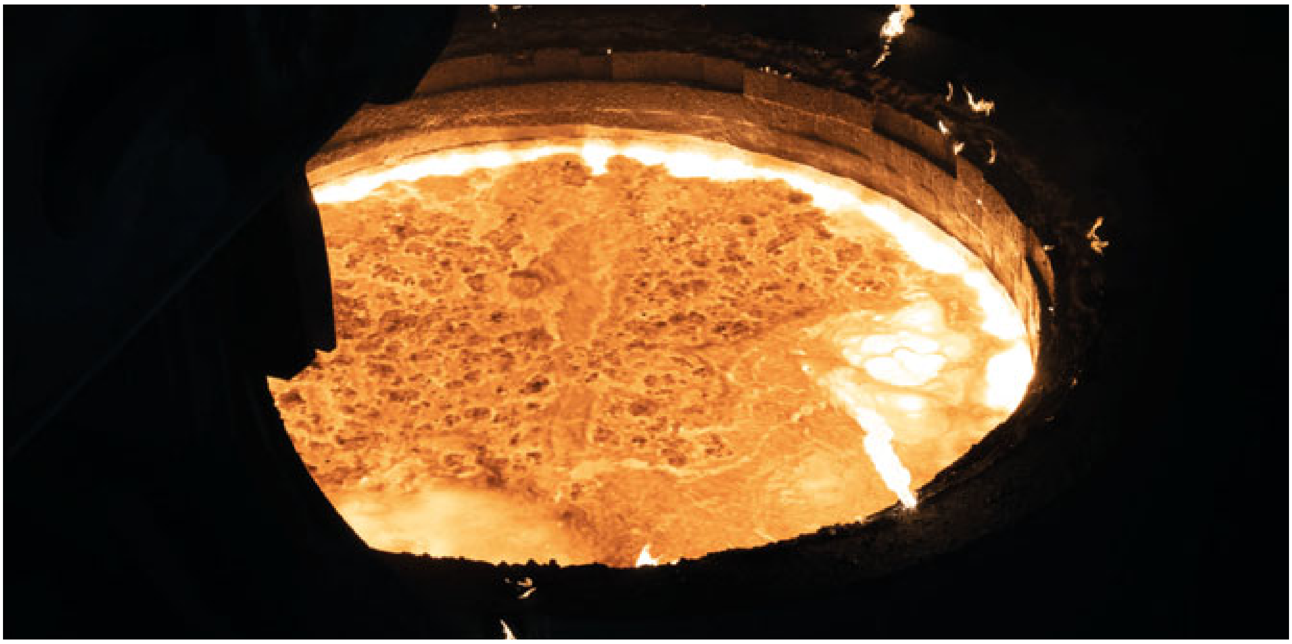
From 2016 to 2022, the number of people who learned project management and Lean Six-Sigma techniques continued to increase, with the ultimate aim of spreading the logic of continuous improvement and creating a self-sustainable culture.

The ultimate goal of the function is to achieve the excellence of each process, through small and constant incremental improvements, to create a corporate culture that makes kaizen (from Japanese 'change for the better') a daily activity for everyone, at every level. In fact, people remain the focus of the continuous improvement program, which can be considered a real philosophy, which begins with training and ends with the management of targeted work groups for the development of projects. To date, around 40% of the Group's personnel are involved in continuous improvement activities.

The creation of this network was possible thanks to the organisation of the function that finds figures dedicated to continuous improvement at each site, who act as facilitators between the departments, especially in the development of projects and are committed to disseminating the results achieved. The Group's central structure supports colleagues at the various production sites in promoting Best Practice projects and is responsible for aligning Management's requirements.

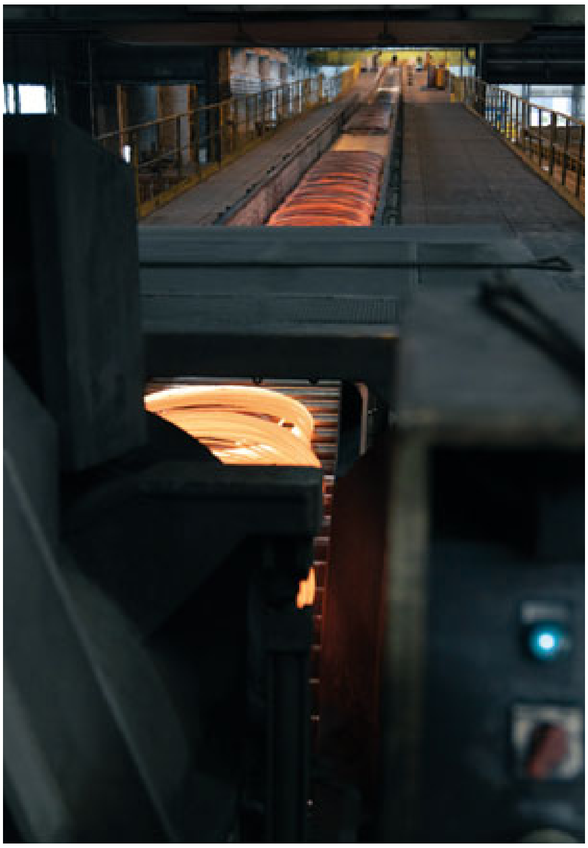
In order to have an overview of the performance of the function, as it has to achieve targets established at Group level, roadmaps have been introduced that in a simple and explanatory format present the short-term planning of the activities of the function starting from 2022. These make it clear which company areas are directly involved in the improvement programme and which are the economic results (and which are not) that are expected.

Continuous improvement activities are firmly integrated into the Group's strategies and directly involved in all high-potential strategic projects, working across all processes.



I. Adoption of the model pursuant to Italian Legislative Decree 231/2001

The Board of Directors of the Parent Company, to assure the best conditions of correctness, transparency and lawfulness in the execution of its own corporate functions, adopted, with the Board of Directors' resolution of December 15, 2008, the Organisation, Management and Control Model under Italian Legislative Decree no. 231/2001, which governs the company's administrative liability for unlawful acts by top managers or employees or contractors in the interest or for the benefit of the company.
An integral part of the Organisational Model is the Code of Ethics, approved concurrently with the model, which contains the principles and rules of behaviour guiding the Beltrame Group's activity.
Considering that the Code of Ethics references principles of behaviour (including lawfulness, integrity and transparency) suitable also to prevent the unlawful behaviours under Italian Legislative Decree no. 231/2001, this document acquires relevance for the purposes of the model and, therefore, it is complementary thereto.



OBJECTIVES

The purpose of the model is the construction of a structured, organic system of control procedures and activities, such as to allow, through a monitoring action on areas of activity at risk, to intervene promptly to prevent or contrast the perpetration of the types of offences contemplated by Italian Legislative Decree no. 231/2001.

REVISIONS

Through the years, the Model was revised in view of the new offences taken into consideration by the lawmakers as requirements for the enforcement of Italian Legislative Decree no. 231/2001.
Lastly, on 2 February 2023, the company's Board of Directors approved the updated Organisation, Management and Control Model, which includes the organisational regulations and amendments intervened since the previous versions of the model, the last of which was approved on 22 December 2020.

VIGILANCE OVER THE MODEL AND OVER THE OTHER INTERNAL CONTROL ACTIVITIES

The company appointed the Supervisory Committee to oversee the operation and compliance of the Organisational Model. The Supervisory Committee is vested with autonomous powers of initiative, expense and control and reports directly to the Board of Directors.

m. Risk management

Also in 2022, the national and international scenario was characterised by the evolution of the Covid-19 pandemic, with significant repercussions on global economic activity and in a context of general uncertainty. Moreover, the evolution of the pandemic seems today more easily predictable and manageable thanks mainly to the contribution of vaccination campaigns.

The outbreak of the conflict in Ukraine in February 2022 led to an increase in factors of uncertainty related to the geopolitical situation in Europe, with particular reference to the continuity of supplies and the prices of raw materials and energy resources.

CONFLICT IN UKRAINE

This conflict causes immeasurable human suffering and marks a turning point for Europe. The situation is very dynamic and will have an impact on the economy and financial markets around the world.

The Group does not operate as an outlet market for its finished products in Russia and Ukraine.

As regards ferrous scrap, the Group purchases the material mainly in the European Union and Switzerland. The availability of this material is therefore confirmed, even if market prices may undergo strong fluctuations.

The specific risks for the Group reside in the supply of ferroalloys, carbon electrodes and graphite for the melting process in the steel mill and in the supply and availability of natural gas, especially for rolling mills. At present, there are no significant procurement problems and the availability of alternative supply channels makes it possible to mitigate the risk.

Donalam purchased a significant percentage of its semi-finished steel products from

Russian suppliers and the preference for this supply channel is linked to geographical proximity and price. The availability of these products on the national and international market made it possible to evaluate alternative suppliers and possible supply channels were activated with European operators in Romania, Germany, Austria, Poland and with non-European operators in order to make up for a possible reduction in supplies from Russia.

The effects of this macroeconomic context inevitably affect also the management of the risks to which the Group is subject.

The Group is monitoring the situation with the utmost attention for possible negative impacts on the business and is implementing all possible strategies and actions to mitigate the risk.

The objectives and policies for the management of the risks to which the companies of the Group are subject are indicated below:

Risks connected with the Group's activity, strategy and operations

The Group's profitability depends on reaching determined minimum sale volumes. Any reduction in sales would compromise the operating results and the financial situation of the Group because of the significant incidence of fixed costs. In addition, the Group is constantly engaged in the implementation of actions directed at containing costs and hence mitigating this risk.

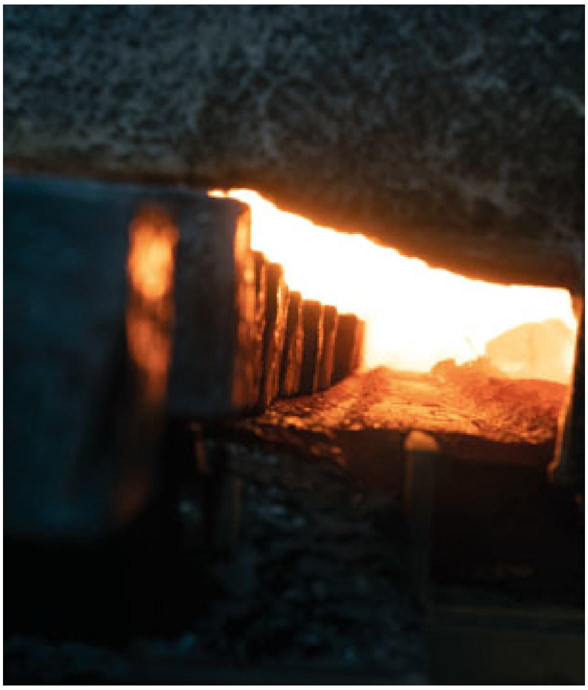
Risks connected with the performance of global financial markets, with the economy in general

The economic results and financial position of the Group, with particular reference to investment projects and growth objectives in production and sales, are inherently risky and uncertain because they depend on the occurrence of future events and macroeconomic developments, mainly the evolution of the geopolitical situation following the outbreak of the conflict in Ukraine, the future evolution of demand, supply and prices of steel products, changes in energy and raw material prices, particularly in the Eurozone.

In general, demand in the steel manufacturing segment has historically been subject to high cyclicity and tends to reflect the general performance of the economy, in most cases anticipating it and amplifying it. This tendency leads to a lack of predictability concerning product demand and consequently production volumes.

Risks associated with IT systems

A significant portion of the Group's activities are managed using IT systems. The failure



or partial operation of the IT systems for a significant period of time could have a negative impact on the generality of the activities.

In addition to the risks related to malfunctions or human errors, we highlight those related to cyber-security for breaches/theft of sensitive data or interruption of services. The risk linked to cyber-security, during the Covid-19 pandemic period, increased in relation to the strong impulse given to smart-working, and the consequent connections from the outside to the central IT systems made available to almost all white-collar workers, in order to limit health risks. In order to deal with the risks linked to cyber-security, the Group has adapted its protocols and further strengthened the training activities of employees aimed at increasing awareness of the risks associated with IT risks such as phishing and social engineering.

Risks connected with trends in commodity markets

The Group is affected to a significant extent by commodity prices, in particular scrap iron, electrodes, ferroalloys and energy costs, which represent the most important expenditure items. In case of significant price increases, the impact on the operating results and on the financial situations of the Group could be significantly negative. The Group monitors constantly the evolution of these cost factors on international markets and promptly adopts, if necessary, special procurement measures or hedging instruments available and deemed effective for its business model. The Group's commercial strategy is directed at reflecting these higher costs on sale prices and hence to the mitigation of this risk.

Risks deriving from the high level of competition

The sector where the Group's companies operate is characterised by a high level of competition where a limited number of significant producers is accompanied by numerous small entities (principally in the transformation of semi-finished products into finished products).

The steel manufacturing sector is also characterised by significant overcapacity. To date, the plant shutdowns by lower-performance producers have only partly reabsorbed the excess output.

Risks deriving from limitations in cash and cash equivalent and from limited access to loans

The Group's companies could have a need to obtain additional loans in order to finance investment programmes or to address contractions in sales, which would have negative effects on working capital and on liquidity. The financial structure and the availability of additional credit facilities also enable the Group to mitigate this risk.

Risks deriving from disputes

The Group's companies are involved directly or through subsidiaries in disputes relating to the environment, concerning employees, and other disputes. The financial statements of the company report allocations that, in view of the uncertainty on the quantification and on the actual possibility that expenditures may manifest themselves, reflect the estimate of the aforesaid liabilities. The negative outcome of these disputes is not

individually deemed significant, but the negative outcome of the disputes as a whole would in fact be significant. The Group's companies constantly monitor the evolution of the disputes, also with the aid of outside advisors.

Risks connected with international markets

The Group operates mainly in the markets of Europe, North Africa and in the near Middle East. The situation of the near Middle East and North Africa and the continuing Russia-Ukraine conflict have affected and will continue to affect negatively on the European economic development. A further deterioration of the situation in these areas could cause negative effects on the entire European economy and consequently on the Group.

The presence of extra-European producers with significant excess production, which benefit from support policies by their countries, could create distorting effects on the European market, which is the Group's reference market.

Risks deriving from the Management's ability to operate effectively

The Group's results are tied, to a large extent, to the top executives' and the management's ability to operate effectively. If the Group were not able to provide adequate incentives or to replace these persons with internal or external resources, the activities, the financial situation and the operating results could suffer from negative impacts. While there are no situations in these areas that may originate critical issues, the Group had defined training and experience paths, which may make it possible to overcome the occurrence of such events.

Risks deriving from regulations and government policies

A significant part of the employees of the Group's companies are represented by unions and are subject to collective employment agreement and safeguarded by current labour regulations which can limit the Group's ability to rapidly reorganise activities and reduce costs in response to changes in market conditions. These limitations could negatively influence the ability to promptly adapt the Group's structures, without influencing other competitors, subject to less rigid regulations.

Risks associated with laws and regulations that limit greenhouse gas emissions

The electric steel industry produces fewer greenhouse gas emissions than the integrated cycle, but meeting the new environmental obligations in this regard may require additional capital expenditure, changes in operating practices and additional reporting obligations.

The European legislative framework of climate policies is subject to continuous discussion and proposals inspired by the principles of the Green Deal. From 2020 onwards, several innovations have been proposed regarding the mechanisms that guarantee sustainable growth, while respecting natural resources, biodiversity and people, in accordance with the climate neutrality goal by 2050, with a growing commitment to greenhouse effect gas reduction.

Although not yet definitively approved, the European Commission has presented the 'Fit for 55' package, which intends to accelerate the reduction of emissions in 2030, to -55% or even -62% compared to 1990, with the aim of achieving climate neutrality by the end of 2050 (as envisaged in 2019 by the EU Climate Law).

The proposals envisage, among other aspects, a reform of the current emissions trading system ('EU-ETS'), and the introduction of a carbon price adjustment mechanism at the borders ('CBAM') to prevent the carbon leakage.

For EU-ETS entities at risk of carbon leakage, such as our Company, the package provides for an increase in the annual reduction rate of free allowances (over 4%) and the total phase-out of the allocation by 2034.

These regulations could have a negative effect on the Group's production levels, income and cash flows. In particular, the further reduction of the free allocation of CO_2 emission rights could entail additional costs and require significant investments, since the amount is already at the limit of the technically feasible operating conditions.

In addition, many non-European nations, having not yet established regulations on greenhouse gases, could introduce less stringent rules, leading to a competitive disadvantage with respect to imports, a disadvantage that will only be partially offset by the CBAM active from 2026, and which in any case will guarantee competition only within the European market.

In the context of sustainable finance, the Commission has also published the 'Green Taxonomy': a unified classification to define an eco-sustainable economic activity, making it clearer which activities contribute to the achievement of the EU's environmental objectives and the CSRD Directive 'Corporate Sustainability Reporting Directive', which also provides for the adoption of European standards (to be adopted by October 2022) for sustainability reporting that will be developed by the European Financial Reporting Advisory Group ('EFRAG'). The classification of taxonomic activities and these standards will influence the considerations of financial institutions or other stakeholders and will make it more competitive to obtain funding for less 'green' sectors or non-aligned companies.

Lastly, the European Central Bank has introduced climate risk among the indicators on which the banking system is subject to stress tests. This will push banks, including Italian ones, to reduce credit in favour of

energy-intensive companies, unless they demonstrate that they are on the path of transitioning to low or zero carbon solutions. The Group monitors its emissions and has adopted a short- and medium-long term decarbonisation strategy in line with best practices and that of the main players in the sector and has implemented it into measures to reduce its carbon footprint with investments for energy efficiency and other initiatives that will lead to a significant reduction in emissions. The overall impact of these new regulations on the Company's operations will depend on the timing of implementation and the progress of the projects.

Risks connected with changes on currency exchange rates

The risks deriving from fluctuations in currency rates seems small, inasmuch as the vast majority of the activities is carried out in Euro.

In the case of the Swiss subsidiary Stahl Gerlafingen AG, the majority of revenues and costs are recorded in Swiss Francs and therefore the results are substantially balanced. Revenues from sales and purchase costs of scrap are expressed in local currency but strictly related to the price in Euro expressed by European markets.

Transactions denominated in other currencies are systematically monitored and generally hedged using specific financial instruments.

Risks connected to interest rate changes

The risk of variation of interest rates, mainly connected to the medium-term financial debt whose interest rates are linked to the Euribor, is constantly monitored and generally managed through appropriate hedging instruments.

Risks connected with changes in purchase and sale prices

The risks of changes in purchase and sale prices, in particular against commitments assumed, are mitigated by the short-term operating cycle. The volatility of such prices, which are often correlated but not synchronised, leads however to a significant residual risk to the inventory value and income margins in the short term.

Credit risk

Credit risk represents the risk that one of the parties in a financial instrument does not fulfil an obligation causing a financial loss to the counterparty. The Group presents different degrees of credit risks in relation to the different markets; however, this is mitigated by the fact that the credit risk is subdivided over a large number of counterparties and customers, almost 88% of which are located in the European Union. The remaining part of receivables are mainly relative to subjects resident in Switzerland.
The financial activities are shown in the financial statements net of the allowance calculated on the basis of default risk, considering the available information on the solvency of the customer and of the counterparties in general, and considering historical data. In most cases loans are subject to insurance guarantees, transfers without recourse, bank guarantees or other procedures suitable to limit the risk.

Cash flow risk

Cash flow risk represents the risk that future cash flows will fluctuate due to a change in the market interest rates.
The Group covers the cash flow risk, mainly related to medium-term debts linked to the Euribor, through hedging instruments. Further comments on financial debts subject to risk hedging and hedging instruments used for such risk hedging were provided in the Notes to the financial statements.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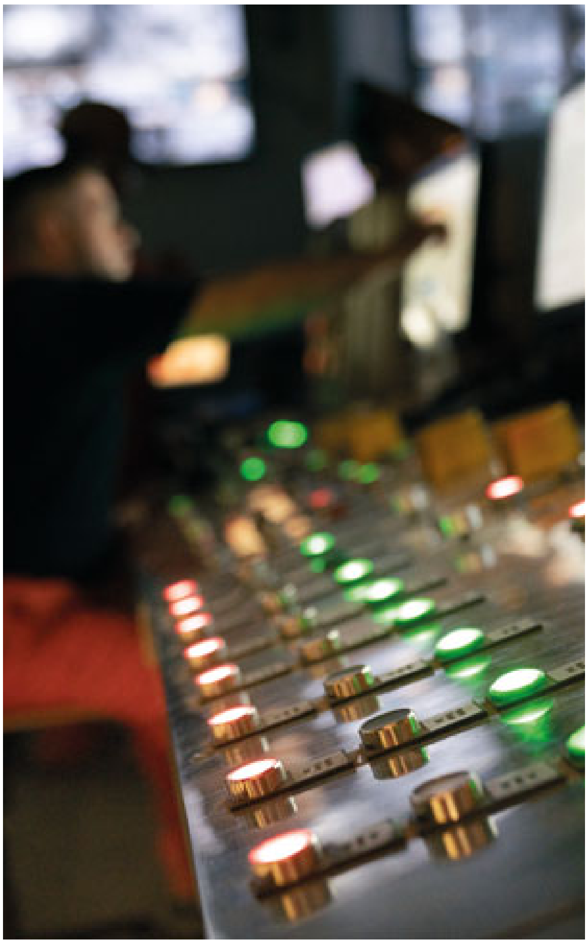
n. Atypical and unusual transactions and related-party transactions

Atypical and unusual transactions
No atypical and/or unusual transactions are noted, including intercompany transactions, nor any transactions, which fall outside of the usual activities carried out by the Group or which could influence in a significant way the Group's financial position, results of operations and cash flows.

Transactions with subsidiaries, affiliates, the Parent Company and with related parties
In these consolidated financial statements, the transactions of a financial and economic nature, settled at arm's length conditions, carried out between the companies of the Beltrame Group have been eliminated. As regards transactions with non-consolidated subsidiaries, we recall those carried out by the Parent Company AFV Beltrame S.p.A. with:



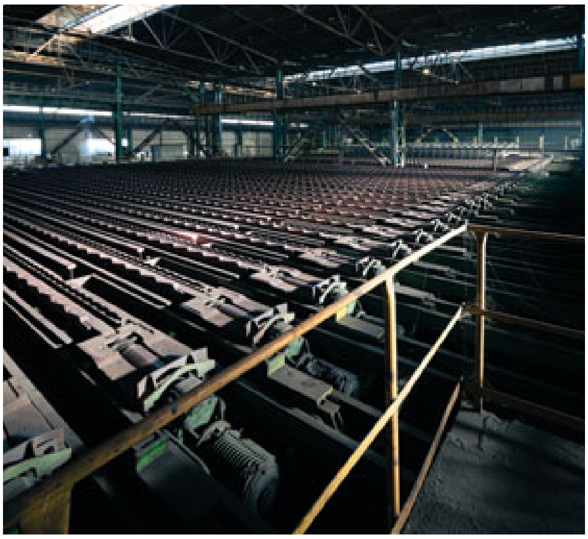
Consorzio Valbel
Revenues for a total of Euro 5,395 thousand,
Costs for a total of Euro 8 thousand,
Financial income accrued for Euro 5 thousand,
Trade receivables as at December 31, 2022, for a total of Euro 2,806 thousand,
Trade payables as at December 31, 2022, for a total of Euro 8 thousand.

Ferriera Sider Scal S.r.l. – in liquidation
Loans disbursed by AFV Beltrame S.p.A.:
- present at the end of the previous financial year for euro 1,587 thousand,
- disbursed during the year for a total of Euro 809 thousand,
- reimbursed for Euro 255 thousand,
- with a debit balance of the company at the end of the year in question of Euro 2,141 thousand.

Trade receivables as at December 31, 2022, for a total of Euro 37 thousand.
Trade payables as at December 31, 2022, for a total of Euro 1 thousand.
Administrative services carried out by the Parent Company AFV Beltrame S.p.A. for Euro 8 thousand.
Purchase of goods for a total of Euro 154 thousand.
Financial income accrued following the loan disbursement, for Euro 52 thousand.
Financial expenses accrued following the loan disbursement, for Euro 3 thousand.
We also point out that none of the Group's companies, in the current and previous years, held any treasury shares or parent company shares.

o. Business Outlook

The projections of the Eurosystem experts released in December indicate a slowdown in GDP in 2023 (0.5% from 3.4% in 2022), followed by an acceleration in the two-year period 2024-25 (1.9% and 1.8%, respectively in the 2 years).
According to projections, inflation in the area would fall from 8.4% on average in 2022 to 6.3% in the current year and to 3.4% in 2024; in 2025 the price trend would be 2.3%.
The continuation of the conflict in Ukraine determines high factors of uncertainty related to the geopolitical situation in Europe, in addition to the persistence of high levels of inflation, with particular reference to the prices of raw materials and energy resources, and the possible protracted weakness of the activities in China.
Leading international experts predict that the negative trend in the activity of steel-user sectors will continue at least until the second quarter of 2023, due to the continuing impact of the war, high inflation and energy prices, as well as the deteriorating global outlook.
The output of the user sectors is expected to decline in 2023 (-0.6%), to then reach moderate growth in 2024 (+1.8%) thanks to the improvement in consumer confidence and the general recovery of the industrial cycle.
However, the overall evolution of steel demand remains subject to very high uncertainty, which is likely to continue to undermine the demand of the user sectors throughout 2023.
Economic activity in the construction sector, after growing by 4.4% in 2022, is expected to contract by 1.6% in 2023 and then return to growth of 1.6% in 2024.
The negative trend recorded in the construction sector in the second part of 2022 is expected to continue at least in the first part of 2023, due to the lasting impact of rising prices and the growing shortage of construction materials and workers.
The mechanical engineering sector, after the significant rebound in 2022 (increase of 6.5%) should show a slight recession trend in 2023 (reduction of 0.2%) and then return to growth in 2024 (increase of 3.1%).
The persistent negative factors affecting the industrial outlook, in particular the unprecedented increase in energy prices and production costs, are expected to weigh on the production of the mechanical engineering sector during the first half of 2023. The sector should return to positive territory in the second half of 2023 where the outlook, albeit moderately positive overall, is expected to remain subject to significant factors of uncertainty.
The growth recorded in the automotive sector in 2022 is expected to continue, albeit more moderately, also in 2023 (+1.1 per cent). However, production levels will remain rather low in historical terms and the sector will continue to be exposed to external factors with an albeit modest decline in production,



expected for 2024 (-0.6%).
The full recovery of global trade and external demand in major markets such as the United States, China and Turkey will remain a key factor for EU car exporters in a short and medium-term context of high uncertainty linked to war, global supply chains and very high energy and fuel prices. In the long term, the political commitment at EU level towards the full adoption of electric vehicles by 2035 should prove to be somewhat favourable, despite the uncertainties over the implementation of electric vehicles, delays in the launch of new models and the lack of facilities (recharging points etc.) proved to be unfavourable to consumer demand and also delayed the investment decisions of car manufacturers.

Users Sectors	Share of consumption	Q1 23	Q2 23	Q3 23	Q4 23	Year 2023	Year 2024
Costruction	35.0%	-3.3%	-2.5%	0.2%	-0.8%	-1.6%	1.6%
Automotive	18.0%	3.9%	0.6%	-0.2%	0.2%	1.1%	-0.6%
Mechanical engineer	14.0%	-0.3%	-1.0%	0.0%	0.4%	-0.2%	3.1%
Metal articles	14.0%	-7.0%	-5.9%	-0.3%	1.5%	-3.1%	1.9%
Oil & Gas	13.0%	-2.9%	-5.5%	1.1%	0.5%	-1.9%	1.5%
Appliances	3.0%	-1.2%	1.0%	2.3%	2.2%	1.0%	2.6%
Other transports	2.0%	-1.1%	-4.1%	-1.6%	1.3%	-1.4%	2.0%
Others	2.0%	-1.9%	-6.5%	1.8%	2.0%	-1.2%	0.9%
Total	**100.0%**	**-1.4%**	**-2.2%**	**0.0%**	**1.2%**	**-0.6%**	**1.8%**

Source: Eurofer February 2023

In the first quarter of 2023, the Beltrame Group maintained a level of activity in line with the previous year and, despite the hight level in energy costs as a major cost item, good profitability, albeit lower than in 2022. The Board of Directors of the Parent Company, while pointing out that the Group's profitability is closely tied to the market's performance, whose future developments are uncertain, deems achievable, for 2023, positive profitability and cash flow generation targets.

Vicenza, march 30th 2023

AFV ACCIAIERIE BELTRAME S.P.A.
The Chairman of the Board of Directors
Mr Antonio Beltrame

02

Consolidated Balance Sheet, Consolidated Income Statement and Consolidated statement of cash flows

Consolidated Balance Sheet
as of December 31st, 2022 and 2021

BALANCE SHEET - ASSETS *(amounts in unit of Euro)*	2022	2021
A - AMOUNTS DUE FROM STOCKHOLDERS FOR SHARE		
SUBSCRIBED BUT NOT CALLED	0	0
B - FIXED ASSETS		
I - INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	2,597	0
3) Industrial patents and intellectual property rights	429,904	469,686
4) Concessions, licenses, trademarks and similar rights	17,000	18,000
5) Goodwill	8,978,925	11,971,900
6) Assets under construction and advances	5,558,640	1,507,323
7) Others	5,963,031	7,197,789
Total I - Intangible assets	20,950,097	21,164,698
II - TANGIBLE FIXED ASSETS		
1) Land and buildings	177,723,358	161,337,271
2) Plant and machinery	278,998,557	260,180,936
3) Industrial and commercial equipment	24,626,133	21,241,081
4) Other assets	3,998,501	2,869,215
4-bis) Leased property	1,200,000	1,200,000
5) Construction in progress and advances	99,179,755	28,625,093
Total II - Tangible fixed assets	585,726,304	475,453,596
III - FINANCIAL FIXED ASSETS		
1) Investments in:		
a) subsidiaries	10,000	0
b) associated companies	5,000	0
d bis) others	4,480,000	3,457,530
2) Receivables:		
d bis) others receivables	12,930,841	12,836,331
Total III - Financial fixed assets	17,425,841	16,293,861
TOTAL B - FIXED ASSETS	624,102,242	512,912,155
C - CURRENT ASSETS		
I - INVENTORIES		
1) Raw, ancillary and consumables materials	64,423,404	80,807,387
2) Work in progress and semi-finished products	157,827,806	108,017,853
4) Finished products and goods	319,167,975	266,924,801
6) Plant and machinery held for sale	4,159,727	3,316,190
Total I - Inventories	545,578,912	459,066,231
II - RECEIVABLES		
1) Trade receivables	75,909,721	94,323,958
2) Receivables from subsidiaries		
a) trading receivables	36,571	14,127

BALANCE SHEET - ASSETS *(amounts in unit of Euro)*	2022	2021
b) financial receivables	2,140,939	1,586,908
4) Receivables from parent company		
a) trading operations	8,620	25,899
b) financial	0	90,000
5-bis) Tax receivables	18,254,882	7,437,930
5-ter) Deferred tax assets	12,912,041	12,830,403
5-quater) Other receivables	39,142,281	8,848,708
Total II - Receivables	148,405,055	125,157,933
IV - LIQUID FUNDS		
1) Bank and post office accounts	199,392,173	197,804,049
2) Cheques	197	0
3) Cash on hand	35,228	40,177
Total IV - Liquid funds	199,427,598	197,844,226
TOTAL C - CURRENT ASSETS	893,411,565	782,068,390
D - ACCRUED INCOME AND PREPAID EXPENSES		
I - ACCRUED INCOME AND PREPAID EXPENSES		
1) within one year	6,946,049	6,865,500
2) beyond one year	1,129,008	206,210
TOTAL D - ACCRUED INCOME AND PREPAID EXPENSES	8,075,057	7,071,710
TOTAL ASSETS	**1,525,588,864**	**1,302,052,255**

Consolidated Balance Sheet
as of December 31st, 2022 and 2021

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY *(amounts in unit of Euro)*	2022	2021
A - SHAREHOLDERS' EQUITY		
I - SHARE CAPITAL	113,190,480	113,190,480
II - SHARE PREMIUM RESERVE	4,014,685	4,014,685
III - REVALUATION RESERVE	0	0
IV - LEGAL RISERVE	22,638,096	18,669,790
V - STATUTORY RESERVES	0	0
VI - OTHER RISERVES		
a) Extraordinary reserve and other reserves	279,657,753	146,594,110
b) Tax suspension reserve	515,391	515,391
b-2) Tax suspension reserve - Law 244/2007	1,241,811	1,241,811
b-3) Tax suspension reserve - Law 104/2020	64,256,235	64,324,395
VII - RESERVE FOR DERIVATIVE FINANCIAL INSTRUMENTS	0	(1,045,116)
VIII - PROFIT (LOSS) CARRIED FORWARD	0	0
IX - GROUP PROFIT (LOSS)	268,888,726	154,306,334
GROUP SHAREHOLDERS' EQUITY	754,403,177	501,811,880
MINORITY INTEREST	38,869,834	31,964,971
INCOME (LOSS) ATTRIBUTABLE TO MINORITY SHAREHOLDERS	14,499,895	6,232,987
NET EQUITY ATTRIBUTABLE TO MINORITY SHAREHOLDERS	53,369,729	38,197,958
TOTAL A - TOTAL SHAREHOLDERS' EQUITY	807,772,906	540,009,838
B - RESERVE FOR RISKS AND CHARGES		
1) For retirement benefits and similar obligations	1,745,359	1,340,557
2) For taxes, also deferred	18,962,159	11,616,457
3) For derivate financial instruments	0	1,375,153
4) Other	14,133,587	13,497,405
TOTAL B - TOTAL RESERVE FOR RISK AND CHARGES	34,841,105	27,829,572
C - RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY	11,913,622	14,666,620
D - AMOUNTS PAYABLE		
4) Borrowings from banks		
1) due within one year	16,023,744	36,779,654
2) due beyond one year	106,475,947	119,287,815
5) Payables to other lenders		
1) due within one year	1,945,500	22,217,102
2) due beyond one year	2,553,164	2,387,392
6) Advance payments	4,411,996	651,253
7) Trade payables		
1) due within one year	466,843,793	430,887,462

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY *(amounts in unit of Euro)*	2022	2021
2) due beyond one year	2,440,000	4,880,000
9) Payables to subsidiaries		
1) trading operations	998	34,785
2) financial		
11) Payables to parent company	504	1,243
12) Tax payables		
1) due within one year	18,341,433	48,791,629
2) due beyond one year	0	664,140
13) Social security payables		
1) due within one year	7,728,326	6,975,976
14) Other payables		
1) due within one year	24,950,244	20,548,698
2) due beyond one year	14,833,299	21,220,322
TOTAL D - TOTAL PAYABLES	666,548,948	715,327,471
E - ACCRUED EXPENSES AND DEFERRED INCOME		
I - ACCRUED EXPENSES AND DEFERRED INCOME		
1) due within one year	3,370,296	3,160,203
2) due beyond one year	1,141,987	1,058,551
TOTAL E - TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	4,512,283	4,218,754
TOTAL LIABILITIES	**1,525,588,864**	**1,302,052,255**

Consolidated Income Statement
as of December 31st, 2022 and 2021

Consolidated Income Statement *(amounts in unit of Euro)*	2022	2021
A - VALUE OF PRODUCTION		
1) Revenue from sales and services	2,174,043,826	1,727,968,756
2) Changes in work in progress, semifinished and finished		
products inventories	98,835,386	159,740,896
4) Additions to internally produced fixed assets	14,406,531	3,500,360
5) Other income and revenues		
- grants	2,469,143	2,749,553
- others	36,928,884	7,093,190
Total value of production	2,326,683,770	1,901,052,755
B - COST OF PRODUCTION		
6) Raw, ancillary and consumable materials	1,213,176,950	1,180,973,770
7) Services	486,029,298	309,114,331
8) Leases and rentals	6,375,770	5,574,610
9) Personnel costs		
a) Wages and salaries	125,067,620	109,395,494
b) Social security costs	33,815,522	30,250,550
c) Employment severance indemnity	3,579,155	3,664,765
e) Other costs	7,194,033	5,695,424
Total 9 - Personnel costs	169,656,330	149,006,233
10) Amortisation, depreciation and writedowns		
a) amortisation of intangible fixed assets	5,382,997	5,413,570
b) depreciation of tangible fixed assets	59,698,862	52,190,710
c) writedown of fixed assets	979,663	833,368
d) writedown of receivables among current assets	275,030	0
Total 10 - Amortisation, depreciation and writedowns	66,336,552	58,437,648
11) Changes in raw materials, ancillary		
and consumable materials	17,524,651	(23,918,507)
12) Provisions for risks	1,652,072	0
13) Others provisions	183,512	775,916
14) Other operating expenses	11,852,437	7,866,955
Total cost of production	1,972,787,572	1,687,830,956
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	353,896,198	213,221,799
C - FINANCIAL INCOME AND EXPENSES		
15) Investment income from unconsolidated subsidiaries	0	27,823
16) Other financial income: - from third parties	5,671,606	109,018
- from parent company	1,392	5,032
- from subsidiaries	56,505	41,445
17) Interests and financial charges - from third parties	11,208,763	7,918,359

Consolidated Income Statement *(amounts in unit of Euro)*	2022	2021
- from subsidiares company	2,820	1,572
- from parent company	504	1,243
17 bis) Profit (loss) on exchange rates	927,114	26,625
Total financial income and expenses	(4,555,470)	(7,711,231)
D - ADJUSTMENT TO FINANCIAL ASSETS		
18) Revaluations of		
b) financial fixed assets other than equity investments	0	381,107
19) Writedowns of		
a) equity investments	107,529	3,317,912
b) of derivative financial instruments	0	354,905
Total adjustment to financial assets	(107,529)	(3,291,710)
PROFIT (LOSS) BEFORE TAX	349,233,199	202,218,858
22) Income taxes		
a) current	58,712,009	42,291,622
b) deferred costs	7,195,934	(272,137)
c) deferred income	(63,365)	(339,948)
Total 22 - Taxes	65,844,578	41,679,537
23) Income (loss) for the year	283,388,621	160,539,321
Group net income (loss)	268,888,726	154,306,334
Minority interest	14,499,895	6,232,987

Consolidated Statements of Cash Flows
for the Year ended December 31st, 2021 and 2020

Consolidated Statements of Cash Flows *(amounts in unit of Euro)*	2022	2021
A. Cash flows from (used in) operating activities		
- Profit (loss) for the year	283,388,621	160,539,321
- Income taxes	65,844,579	41,679,537
- Interests income and charges, net	5,482,584	7,765,679
- Net gain (loss) on disposal of tangible fixed assets	(6,136,154)	802,541
1 Profit (loss) for the year after income taxes, interests,		
dividends and gains/losses for disposals	348,579,630	210,787,078
- Provisions	5,321,839	6,498,280
- Depreciation of tangible fixed assets	65,081,859	57,604,280
- Depreciations	979,663	3,133,368
- Other adjustments for non-cash items	(2,325,970)	557,449
Total adjustments for non-cash items	69,057,391	67,793,377
2 Cash flow before changes in net working capital	417,637,021	278,580,455
Changes in net working capital		
- (Increase) decrease in inventories	(80,357,738)	(185,234,117)
- (Increase) decrease in accounts receivables	18,720,793	(45,821,957)
- Increase (decrease) in trade payables	15,908,053	133,277,021
- (Increase) decrease in accrued incomes and prepaid expenses	145,097	(3,018,213)
- Increase (decrease) in accrued expenses and prepaid incomes	990,452	930,340
- Others changes in net working capital	(36,959,851)	4,746,278
Total changes in net working capital	(81,553,194)	(95,120,648)
3 Cash flow after changes in net working capital	336,083,827	183,459,807
Others adjustments		
- Interests received / (paid)	(4,072,574)	(6,405,878)
- Income tax payments	(84,966,148)	(6,644,086)
- Provision utilizations	(4,990,732)	(4,996,413)
Total amount of others adjustments	(94,029,454)	(18,046,377)
Cash flow from operating activities (A)	242,054,373	165,413,430
B. Cash flows from (used in) investment operations		
Tangible fixed assets		
Additions	(153,132,438)	(60,621,000)
Disposals	7,619,335	193,636
Intangible fixed assets		
Additions	(7,227,372)	(5,455,935)
Financial fixed assets		
Additions	(7,817,372)	(16,168,257)
Disposals	0	32,798
Others non- fixed financial assets		
Additions	0	0
Disposals	0	0

Consolidated Statements of Cash Flows *(amounts in unit of Euro)*	2022	2021
Cash flows from (used in) investment operations (B)	(160,557,847)	(82,018,758)
C. Cash Flows from (used in) financial activities		
Third parties		
Increase (decrease) in short term bank debts	(944,678)	(19,819,840)
Loans granted	118,548,289	58,883,449
Loans reinboursed	(172,135,954)	(41,124,172)
Accessory charges relating new loan	(2,557,344)	0
Purchage of shares from minority shareholders	0	(1,250,000)
Share capital increase	1,250	16,000,000
Dividends	(24,103,465)	(4,817,126)
Cash Flows from (used in) financial activities (C)	(81,191,902)	7,872,311
Translation adjustment	1,278,748	(417,249)
Net increase (decrease) in liquid funds (A+/- B +/- C)	1,583,372	90,849,734
Liquid funds at beginning of the year	197,844,226	106,994,492
Liquid funds at end of the year	199,427,598	197,844,226

03

Consolidated Financial Statements as of December 31st, 2022

Notes to the Consolidated Financial Statements

1. Form And Content Of The Consolidated Financial Statements

The consolidated financial statements of the Beltrame Group consist of the AFV Acciaierie Beltrame S.p.A. financial statements as at 31 December 2022 (hereinafter also referred to as the 'Parent Company') and those of the following companies directly or indirectly controlled by the Parent Company:

Name	% Interest held	
	Direct	Indirect
Donalam S.r.l. - Steel manufacturing company		
Calarasi (Ro) – Share capital Leu 515.356.700	93.69	---
Donalam Siderprodukte AG - Trading company		
Zurich (CH) – Share capital CHF 300,000	---	70.27
Laminés Marchands Européens S.A. - Steel manufacturing company		
Trith Saint Léger (F) – Share capital Euro 32,300,345		
(hereafter also LME S.A.)	80.23	---
Laminoirs du Ruau S.A. - Steel manufacturing company		
Monceau sur Sambre (B) – Share capital Euro 10,000,000		
(hereafter also RUAU S.A.)	---	80.23
Sipro Beltrame AG – Trading company		
Zurich (CH) – Share capital CHF 300,000	50.00	---
Stahl Gerlafingen AG – Steel manufacturing company		
Gerlafingen (CH) – Share capital CHF 61.001.000	86.47	---
Alternative Energy Innovation S.r.l. – energy industry		
S.G.Lupatoto (I) - Share capital Euro 10,000	50.00	---

The financial statements were prepared by consolidating the Financial Statements of the above-mentioned companies on a line-by-line basis. Compared to the previous year, we report that the Parent Company in relation:

— to the subsidiary Donalam S.r.l., increased subscribed capital:

- on 4 March 2022 for 1,895,428 shares with a unit value of RON 100, paying the amount of Euro 38.3 million;
- on 14 December 2022 for 1,725,990 shares with a unit value of RON 100, paying the amount of Euro 35.0 million;

As a result of the above transactions, the percentage held increased from 78.78% to 93.69%.

The share capital increases carried out during the year relate to the acquisition by the subsidiary of the production site in Targoviste (Ro). Further information on the investment made is given in the Report on Operations.

— to the subsidiary Alternative Energy Innovation S.r.l., at the time of incorporation of the company, it subscribed a share equal to 50% of the share capital of Euro 10,000, paying Euro 1,250 in July of the year in question.

The Parent Company and its subsidiaries have a majority holding or exercise significant influence on the following companies:

Name	% Interest held	
	Direct	Indirect
Ferriera Sider Scal S.r.l. in liquidation – Steel manufacturing company		
Vicenza – Share capital Euro 100,000	100.00	---
Consorzio Valbel – Service company		
Vicenza – Share capital Euro 70,000	14.28	---
Laminados Industriales S.A. – Steel manufacturing company		
Villa Constitution (RA) – Share capital Pesos 846,782,317		
(hereafter also LISA)	5.59	---
Metal Interconnector S.c.p.A. – Financial company		
Milan – Share capital Euro 128,950,422	5.16	---
Nord Ferro – Manufacturing company		
ZAC de Valenciennes (F) – Share capital Euro 200,000	---	25.00

As regards Ferriera Sider Scal S.r.l., in liquidation, this investee was not consolidated on materiality grounds.

During the year, the share capital increase of the investee company Metal Interconnector S.c.p.a. was completed, from Euro 110,000 thousand to Euro 128,950 thousand, which was proportionally subscribed by the shareholders through the partial utilization of loans previously granted by them.

The consolidated financial statements, comprised of the balance sheet, the income statement, the statement of cash flows and the notes to the financial statements, have been prepared in accordance with the criteria stated by the Italian Legislative Decree 127/91, as well as being supplemented with the accounting principles prepared by "Organismo Italiano di Contabilità – OIC" and, where deficient and inasmuch as they are not in contrast with the Italian accounting rules and standards, by the International Accounting Standard / International Financial Reporting Standards.

The financial statements of the consolidated companies are those prepared by the Board of Directors for approval. They have been adjusted, where necessary, in order to conform to the valuation criteria of art. 2426 of the Italian Civil Code, uniformly applied within the Group, as well as being interpreted and integrated with the accounting principles issued by Organismo Italiano di Contabilità – OIC and, where deficient, by the International Accounting Standard / International Financial Reporting Standards.
These notes to the consolidated financial statements fulfil the function of providing an illustration, an analysis, and, in each case, a supplement to the financial statements. They also contain the information required by Articles

2427 and 2427 bis of the Italian Civil Code, other provisions of Italian Legislative Decree no. 127/1991, or other laws. Moreover, they contain all the relevant information deemed necessary in order to provide a true and fair view, even if not required by specific provisions of the law.
The Balance Sheet, the Income Statement and the Statement of Cash Flows contain values expressed in units of Euro, while in these notes to the consolidated financial statements, except where indicated otherwise, values are expressed in thousands of Euro.
In compliance with art. 2423 ter of the Italian Civil Code, the sub-captions of the Balance Sheet and of the Income Statement identified by a capital letter and an Arabic number have been omitted, as the amount was zero for both the financial years.

Amounts to be settled beyond twelve months have been separately shown in the Balance Sheet.

For an analysis of the nature of the activity and of the significant events occurred after 31 December 2022, of the business outlook and of any other information pertaining to the financial statements of the year, please refer to the report on operations.

The reconciliation between Shareholders' equity and net income of AFV Acciaierie Beltrame S.p.A. as at 31 December 2022 and those reflected in the consolidated financial statements of the same date is detailed in the following table (in thousands of Euro):

	2022		2021	
	Shareholders' equity	**Result for the year**	**Shareholders' equity**	**Shareholders' equity**
Statutory fin. st. of the Parent Company	613,115	158.358	477,711	90,221
Group's share of the adjusted shareholders' equity of the consolidated companies				
Carrying value of consolidated companies	370,794	110.032	183,537	64,314
Translation difference of the financial year	(236,151)	---	(163,690)	---
Intercompany profit	7,545	1.243	4,483	---
Dividend collected from the consolidated	(900)	(671)	(229)	(229)
companies	---	(73)	---	---
Consolidated Group financial statements	754,403	268.889	501,812	154,306

2. Criteria

The most relevant consolidation criteria, adopted for the preparation of the consolidated financial statements, and which do not differ from those used in the previous financial year, with the exception of what is noted in the "Other information" paragraph, are as follows:

a) the assets and liabilities, income and expenses of the consolidated companies are consolidated on a line-by-line basis, eliminating the carrying amounts of the equity investments against the subsidiaries' shareholders' equity regardless of the percentage owned;

b) the difference between the acquisition cost and the shareholders' equity of the investees is allocated to the specific assets and liabilities on the basis of their fair value at the acquisition date. Any excess amount is posted as the goodwill between the intangible fixed assets net of the related amortisation calculated estimating their expected future benefit;

c) the lower price paid at the time of the acquisition of equity investments compared to the related shareholders' equity is allocated in the consolidated shareholders' equity as "Consolidation reserve" or, when the lower price paid is due to a forecast of unfavourable results, as a liability to the line item "Consolidation allowance for risks and future charges";

d) receivables, payables, revenues and expenses, as well as unrealised profit deriving from transactions between Group consolidated companies are derecognised;

e) dividends received from Group companies are derecognised from the consolidated income statement;

f) minority interests in consolidated subsidiaries are separately indicated as well as income attributable to minority shareholders;

g) adjustments and provisions accounted for in application of tax laws only are derecognised;

h) the translation into Euro of the financial statements of foreign subsidiaries denominated in other currencies is made using the year-end exchange rates for balance sheet items, historic rates for the shareholders' equity reserves, while the average exchange rate for the year has been used for the income statement. The exchange rate differences caused by the translation have been accounted for within a shareholders' equity reserve.

The following exchange rates were applied:

	CHF	Leu
Exchange rate as at 31 December 2021	1.0331	4.9490
Average exchange rate in the financial year 2022	1.0047	4.9313
Exchange rate as at 31 December 2022	0.9847	4.9495

Valuation criteria

The most significant valuation criteria adopted for the preparation of the consolidated financial statements are the following:

Intangible fixed assets

Intangible fixed assets are accounted for at acquisition or realisation cost. The cost of intangible fixed assets with finite life is amortised over the residual useful life, generally of five years.

In the cases where, irrespective of the amortisation already accounted for, a long-term loss of value resulted, the fixed assets are correspondingly impaired. If in following years the assumptions of the impairment no longer hold true, then the original value will be restated, to the limit of the net book value that the asset would have had, had the impairment not been accounted for.

Tangible fixed assets

Tangible fixed assets are recorded at acquisition or construction cost, adjusted in order to take into account the higher purchase price paid compared to the tangible fixed asset carrying amounts held by the acquiring companies. In any case, the carrying amounts are within the limits of the corresponding market value and/or value in use of the assets. Acquisition cost includes ancillary costs. The cost of production includes all costs directly referred to the fixed asset. It may also include other costs, for the portion that can be reasonably referred to the asset during the manufacturing period until the asset can be used.

Depreciation for finite life tangible fixed assets is calculated every financial period on a straight-line basis in relation to their residual useful lives.

Group companies periodically commission a specialised company to update the estimate of the useful life and residual life of the main tangible fixed assets in order to obtain input to determine the correct depreciation period. As a consequence of this update useful and residual life of the following asset categories were redefined:

	Useful life	Residual life
Large specific plants	19	7
Generic plants	19	6
General and specific equipment	17	7

For those assets, at the reference date of the estimate depreciation was calculated allocating residual value over residual life. For newly acquired assets, depreciation was calculated allocating historic cost over useful life.

For those categories of tangible fixed assets, which were not included in the study, the depreciation rates and criteria, which had previously been applied, remained in place and are shown here after:

Industrial buildings	3.0 - 5.0%
Office furniture and commercial equipment	12.0 - 20.0 – 25.0%
Means of transport	20.0 - 25.0%

In the year 2020, as permitted by Italian Law Decree 104/2020, the Parent Company revalued and estimated the useful and residual life of the buildings, plants and machinery of the Vicenza site already in place as at 31 December 2019. The activity, entrusted to independent experts, allowed the recognition of higher values for a total amount of Euro 66,414 thousand. This revaluation, as required by the afore-mentioned Italian Law Decree, was defined after the recognition of the 2020 depreciation of the assets subject to revaluation and the higher depreciation amounts were allocated starting from the 2021 financial year. In 2022, the estimate of useful and residual lives previously prepared for the Vicenza site was updated for all the sites of the Group companies.

Newly acquired assets are considered conventionally entered into the production process at mid-year; for this reason, depreciation is reduced by 50%.
In the cases where, independently of the depreciation already accounted for, a long-term loss of value resulted, the fixed assets are correspondingly impaired. If in following years the assumptions of the impairment no longer hold true, then the original value will be restated.
The carrying amount of the tangible fixed assets cannot exceed the recoverable amount. The recoverable amount is defined as the higher between the market value (the amount that can be obtained from the disposal of the tangible fixed asset in an arm's length transaction between knowledgeable willing parties, net of costs to sell) and its value in use (present value of the future cash flows expected to be derived from the continuous use of the asset, including the amount recoverable from its disposal at the end of its useful life).
The valuation of the value in use implies forecasting future positive and negative cash flows derived from its operations and eventual disposal and by applying appropriate discount rates.
Ordinary repair and maintenance expenses are charged in the income statement as incurred.
Leased assets have been accounted for following the financial method, which requires the assets and residual liabilities to be included into the balance sheet, while amortisation and financial expenses are to be shown in the income statement.

Financial fixed assets
Equity investments in unconsolidated subsidiaries and associates are measured at equity. If the value of the equity investment is not significant, it is valued at cost, represented by the value of the underwriting or the acquisition price. The cost is reduced in case of impairment that is when the subsidiaries' incurred losses and insufficient profits to

absorb those losses are expected in the near future. The original value is reinstated in future years if the reasons for such impairment no longer apply.

Inventories

Inventories are stated at the lowest of purchase or manufacturing cost, determined using the weighted average cost method, and the corresponding market value (replacement cost for raw material and net realisable costs for finished and semi-finished goods).

Manufacturing costs include the cost of raw materials, labour and both direct and indirect production costs attributable to the finished products.

Manufacturing cost is determined assuming normal capacity of the production facilities. The normal capacity is defined as the production expected to be achieved by the production facilities assuming reasonable levels of efficiency.

Inventories are written down due to obsolescence and/or slow-moving stock.

Receivables and Payables

Receivables and payables are recognised in the financial statements according to the amortised cost criterion. The amortised cost criterion is not applied when effects are scarcely significant or if receivables are short term (i.e. with due date of less than

12 months). Receivables are stated at their estimated realisable value by means of an adequate allowance for doubtful accounts.

Securities reported in working capital

Securities reported in working capital are valued at the lower of purchase costs inclusive of ancillary costs and the realisable value obtained from the market.

Accruals and Prepayments

The caption prepayments and accrued income details the revenues of the current financial year whose consideration is due in successive financial years, as well as those costs incurred before year-end but accrued in subsequent financial years. The caption accrued expenses and deferred income lists the costs of the financial year that are due in successive financial years and the revenues whose consideration is collected before year-end and related to successive financial years. The amounts are determined on a time basis.

Provisions for risks and charges

The provisions for risks and charges include provisions to cover losses or liabilities likely to be incurred, but where uncertainty remains as to the amount or date when this will happen. Provisions reflect the best estimate of losses to be incurred based on the information available. Contingent liabilities are disclosed in the notes, without allocation to a provision for risks and charges.

Allowance for employee severance indemnity

The allowance reflects the liabilities to all employees of the Group companies, determined on the basis of laws and labour contracts in force in the countries in which the companies included in the consolidation area operate.

Regarding the Parent Company, starting January 1, 2007, as a result of the pension reform introduced by the 2007 National Budget, the severance indemnity accrued from that date onwards is transferred monthly to private pension funds or to a treasury fund held by INPS, based on the employees' choice. The allowance reflects the liabilities up to December 31, 2006, net of the advances paid, for current employees and revalued in compliance with the law.

In the case of the foreign subsidiaries, the provisions are discounted once a year on the basis of a rate matching that of low-risk bonds, of average retirement age, on average time of employment with the company, on life expectancy and on salary increases.

Derivative financial instruments

Derivative financial instruments are assets and liabilities recognised at fair value.

Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented correlation between the characteristics of the hedged element and those of the hedging instrument and such hedging relationship is formally documented and the effectiveness of the hedge, verified periodically, is high.

When hedging derivatives cover the risk of change in the fair value of the hedged instruments (fair value hedge) they are recognised at fair value through profit or loss; consistently, the hedged items are adequate to reflect fair value changes associated with the hedged risk.

When the derivatives cover the risk of

changes in the future cash flows of the hedged instruments (cash flow hedge), the effective portion of the gains or losses on the derivative financial instrument is suspended in the shareholders' equity. The gains and losses associated with a hedge for the ineffective portion are recognised in the income statement. At the time the related transaction is realised, the accumulated gains and losses, recorded in shareholders' equity until that time, are recognised in the income statement (as an adjustment or supplement of the income statement item impacted by the hedged cash flows). Therefore, changes in the fair value of hedging derivatives are allocated:

— in the income statement, under items D18 or D19 in the case of fair value hedge of an asset or liability recorded in the financial statements, as well as fair value changes of the hedged items (if the fair value change of the hedged item has a higher absolute value than the fair value change of the hedging instrument, then the difference is recognised in the income statement entry affected by the covered item);

— in a dedicated shareholders' equity reserve (in item AVII "Reserve for hedges of expected cash flows") in the case of cash flow hedge in such a way as to offset the effects of the hedged flows (the ineffective component, as well as the change in the time value of options and forwards, is classified under items D18 and D19).

For derivative financial instruments classified as held for trading, inasmuch as, though they were stipulated to hedge the interest rate risk, they were not designated in hedge accounting, fair value changes are recognised in the balance sheet and allocated to the income statement under items D18 or D19.

The derivative instruments embedded in other financial instruments also have to be measured at fair value. An embedded derivative is separated from the primary contract and accounted for as a derivative financial instrument if, and only if:

— the economic characteristics and the risks of the embedded derivative are not closely correlated to the economic characteristics and the risks of the primary contract. There is a close correlation in the cases in which the hybrid agreement is stipulated according to market practices;

— all the elements of the definition of derivative financial instruments, as defined by OIC 32.11, are satisfied.

The provisions of Article 2426, paragraph 11-bis), of the Italian Civil Code, by express indication contained in the article itself, shall not apply if the following conditions are concurrently met:

— the contract was executed and is maintained to meet the needs expected by the company that prepares the financial statements for the purchase, sale or utilisation of the goods;

— the contract was intended for this purpose since its execution;

— performance of the contract is expected to take place through the delivery of the goods.

Revenues and Costs

Costs from purchases and revenues from sales are accounted for on an accrual basis. Revenues for sales of goods are accounted for when transfers of ownership have taken place, which generally corresponds to the time of shipping or receiving.

Current year grants

Current year grants are accounted for in the income statement taking into account the disbursement resolutions of the supplying entities and the accrual principle.

Dividends

Dividends are recorded in the period in which their distribution is approved by the shareholders.

Tax

Income taxes are accrued by each consolidated company in the year to which they relate on the basis of the taxable income, taking into account the due tax credits.

Deferred tax assets and liabilities are accounted for on the temporary difference between assets and liabilities recorded in the financial statements and the related values recognised for tax purposes. Moreover, they are recorded on the consolidated adjustments, wherever applicable.

Deferred tax assets on tax losses carried forward are recorded when their utilisation in the short term becomes reasonably certain. This is due to future taxable incomes that will absorb the tax losses before their expiry dates, in compliance with tax laws. On the other hand, deferred tax liabilities are accounted for on all temporary differences. Deferred tax liability on reserves under tax suspension regimes are not recorded if it is highly unlikely the reserves will be distributed to the shareholders.

Foreign currency balances

Foreign currency costs and revenues are converted into Euro at the exchange rates at the relevant transaction date. For sale or purchase agreements of goods in currencies other than the Euro, with deferred delivery and a related hedging instrument, the exchange differences since the contractual date are classified as an adjustment to the underlying commercial transaction.

The exchange differences between the transaction and the balance sheet date for receivables, payables and foreign currencies held in cash not classified as long term, are recorded in the income statement.

Guarantees and commitments

Guarantees, commitments and third-party assets held by the company, excluding guarantees given and commitments made for events recognised in the financial statements or entailing additional risks that are deemed remote, are described in point 5.20 below.

Recognition of assets and liabilities at amortised cost in the balance sheet

Receivables and payables present in the balance sheet are recognised using the amortised cost criterion. The initial recognition value is the nominal value minus any bonuses, discounts, rebates, transaction costs, fee income and expenses and every difference between initial value and nominal value at maturity. At the end of each year following the year of recognition, the book value is aligned to the present value of future cash flows at the effective interest rate.

Detection of greenhouse gas emission quotas

In the event of greenhouse gas emissions higher than those assigned free of charge to the Group companies, there is an obligation

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to recognise, on an accrual basis, the cost necessary to cover the payable to the national Authority under the item 'Other operating expenses'. The allocation is made at the market value of the emission allowances at the end of the year, under the balance sheet liability item 'Other payables'. If the Group companies have previously purchased allowances exceeding those necessary to cover the higher emissions, the surplus of emission allowances purchased and not sold at the end of the year is recorded, at purchase cost, under the item 'Accruals and deferrals' of the Balance Sheet.

Any contingent assets or liabilities deriving from the purchase or sale of the emission allowances after the end of the year are recorded, respectively, under the item 'Other revenues' and 'Other operating expenses' in the Income Statement.

3. Other Information

Dispensations with reference to the 4th paragraph of art. 2423 of the Italian Civil Code
It is also stated that no dispensation was used with reference to the 4th paragraph of art. 2423 of the Italian Civil Code.

4. Comments On The Principal Items Of The Balance Sheet

Comments on the economic environment and Beltrame Group operations as well as comparison between the current financial year figures against the previous one are made in the "Report on Operations". In particular, during the year under review, the subsidiary Donalam S.r.l. acquired ownership of an industrial site in Targoviste (Romania). Where particularly significant, the following notes provide information on the impact of the transaction in the change between the values at the closing date of these financial statements and those relating to the previous year.

4.1 Intangible Fixed Assets

Intangible fixed assets, net of amortisation, consist of the following:

(in thousands of Euro)	Rights, patents, and intellectual property	Concessions, licenses, trademarks and similar rights	Goodwill	Under construction	*Other Fixed assets*	Total
Balance as at December 31, 2020	525	19	14,965	1,292	1,786	18,587
Increases	185	---	---	924	6,941	8,050
Write-off capital losses	---	---	---	---	(115)	(115)
Translation differences	---	---	---	---	(1)	(1)
Reclassification and others	115	---	---	(709)	712	118
Depreciation	(355)	(1)	(2,993)	---	(2,065)	(5,414)
Write-downs	---	---	---	---	(60)	(60)
Balance as at 31 December 2021	470	18	11,972	1,507	7,198	21,165
Increases	6	---	---	5,132	121	5,259
Translation differences	---	---	---	---	(23)	(23)
Reclassification and others	220	---	---	(1,080)	792	(68)
Depreciation	(266)	(1)	(2,993)	---	(2,123)	(5,383)
Balance as at December 31, 2022	430	17	8,979	5,559	5,965	20,950

Increases for the current financial year are equal to Euro 5,259 thousand (Euro 8,050 thousand in 2021). The most significant interventions refer to:

— rights to receive and consume electricity produced with renewable sources acquired at a price that guarantees economic savings over the useful life of the plants by paying a fee of Euro 3,180 thousand to the company Renewability S.c.a.r.l.. The agreement envisages that the investment (equal to two other operators) entails a total outlay for each consortium member of Euro 10,753 thousand;

— feasibility studies related to potential new investments, purchase and configuration of software linked to production, as well as safety and financial management.

In the previous year, the increases included the purchase for the amount of Euro 6,300 thousand of the customer portfolio of the company Feralpi Profilati Nave S.r.l., classified in the table above under “other fixed assets”.

The amortisation of the intangible fixed assets in 2022 was Euro 5,383 thousand (Euro 5,414 thousand in the previous year). The prevalently used amortisation rate is 20%. The most significant values refer to depreciation:

— of the goodwill recognised for the consolidation of Nuova Ferrosider S.r.l. for Euro 2,993 thousand, subsequently incorporated by the Parent Company in 2021;

— of the customer portfolio that the Parent Company acquired in 2021 from Feralpi Profilati Nave S.r.l. for Euro 1,260 thousand.

4.2 Tangible Fixed Assets

Almost all tangible fixed assets consist of assets owned by the Parent Company and subsidiaries engaged in industrial activities.

The changes that occurred during the year, compared to the previous one, are summarised as follows:

(in thousands of Euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets transferable to others	Work in progress and advances	Total
Historical cost	321,631	1,074,506	70,120	15,868	39,906	1,522,031
Allocation of difference	51,352	35,999	---	---	---	87,351
Revaluation	17,890	46,427	2,046	51	---	66,414
Accumulated depreciation	(223,213)	(908,216)	(50,634)	(11,349)	---	(1,193,412)
Impairment provisions	(6,455)	(4,123)	(355)	(1,055)	(9,052)	(21,040)
Balance as at December 31, 2020	161,205	244,593	21,177	3,515	30,854	461,344
Increases	4,755	29,271	5,156	856	22,785	62,823
Disposals and other changes, net	(3)	(532)	(84)	(8)	(402)	(1,029)
Classification to asset for initial operation / reclass.	2,206	21,856	672	497	(25,349)	(118)
Uses/allocations to allowance for bad debt	(365)	(188)	(49)	---	(171)	(773)
Reclassification of allowance for bad debt	---	---	---	---	649	649
Translation differences	832	3,304	356	(2)	259	4,749
Depreciation	(7,292)	(38,123)	(5,987)	(789)	---	(52,191)
Historical cost	332,738	1,131,614	76,777	17,095	37,196	1,595,420
Allocation of difference	51,351	35,990	---	---	---	87,341
Revaluation	17,890	46,424	1,949	51	---	66,314
Accumulated depreciation	(233,821)	(950,385)	(57,089)	(12,022)	---	(1,253,317)
Impairment provisions	(6,820)	(3,462)	(396)	(1,055)	(8,571)	(20,304)
Balance as at December 31, 2021	161,338	260,181	21,241	4,069	28,625	475,454
Increases	23,870	43,310	9,055	1,622	89,449	167,306
Disposals and other changes, net	(7,022)	(320)	(45)	(2)	(256)	(7,645)
Classification to asset for initial operation / reclass.	1,634	16,813	488	485	(19,352)	68
Uses/allocations to allowance for bad debt	4,127	559	(2)	---	340	5,024
Reclassification of allowance for bad debt	---	(678)	(20)	---	---	(698)
Translation differences	1,018	4,106	418	(2)	374	5,914
Depreciation	(7,243)	(44,973)	(6,509)	(974)	---	(59,699)
Historical cost	356,656	1,206,759	87,492	19,035	107,411	1,777,353
Allocation of difference	51,351	35,990	---	---	---	87,341
Revaluation	17,890	46,424	1,879	51	---	66,244
Accumulated depreciation	(245,481)	(1,007,271)	(64,347)	(12,833)	---	(1,329,932)
Impairment provisions	(2,693)	(2,903)	(398)	(1,055)	(8,231)	(15,280)
Balance as at December 31, 2022	177,723	278,999	24,626	5,198	99,180	585,726

In the year 2020, as permitted by Italian Law Decree 104/2020, the Parent Company revalued and estimated the useful and residual life of the buildings, plants and machinery of the Vicenza site already in place as at 31 December 2019. The activity, entrusted to independent experts, allowed the recognition of higher values for a total amount of Euro 66,414 thousand. This revaluation, as required by the afore-mentioned Italian Law Decree, was defined after the recognition of the 2020 depreciation of the assets subject to revaluation and the higher depreciation amounts were allocated starting from the 2021 financial year. In 2022, the estimate of useful and residual lives previously prepared for the Vicenza site was updated for all the sites of the Group companies.

The net book value of buildings, plants, production machinery and equipment of the sites whose operations were halted and are, therefore, held for sale, totalled Euro 10.4 million (Euro 14.5 million in the previous year), of which Euro 9.7 million referred to property (Euro 11.7 million in the previous year).

Tangible fixed assets included assets under construction that, as at 31 December 2022, were equal to Euro 99,180 thousand (Euro 28,625 thousand in 2021). These fixed assets are classified in their pertinent categories when they start operating.

The 2022 additions in tangible fixed assets (including the assets which were not already operational by the year end) amount to Euro 167,306 thousand (Euro 62,823 thousand in 2021).

The main interventions were aimed at increasing product quality and optimising the energy consumption of steel production plants, improving efficiency and reducing natural gas consumption of rolling mills, developing finishing lines and product verticalisation, for the progressive expansion of the production range and the enlargement of the offer in higher-margin market segments, and the strengthening of logistic infrastructures within production sites.

The investment projects developed during the year are also aimed at maintaining high plant and safety-environment standards.

Investments in property, plant and equipment include the acquisition of the main assets of a steel plant in Targoviste (Romania), ex COS Targoviste SA, carried out by Donalam on 11 March 2022 after a due diligence process lasting approximately 10 months, for a total consideration of Euro 35.3 million. The transaction was followed, on 10 June 2022, by a further acquisition of some secondary assets on the same industrial area for a total value of Euro 1.3 million.

The acquired assets insist on a total area of 1,327,337 mq and, in addition to real estate, mainly include an electric furnace steel mill and two rolling mills, as well as all related sub-services and utilities.

In the post-acquisition period, work began on the restart and technological modernisation of the site, which in the year under review

resulted in the capitalisation of operations for a total of Euro 16.7 million.

Divestments made in the year under review largely related to the sale:

- by the Parent Company and the subsidiary Stahl Gerlafingen AG of land not used for their typical activities and located outside their respective industrial sites, generating capital gains totalling Euro 4,830 thousand;
- of production equipment that, in most cases, referred to assets for which the depreciation process was almost completed.

The book values of property, plant and production equipment were impairment test.

The recoverable amount was determined comparing the net book value of the assets with either the higher fair value derived from appraisals carried out by third party experts and valuations made by internal experts, and their values in use calculated according to the Discounted Cash Flow (DCF) method on the basis of the cash flows forecast for the period from 2023 to 2025.

Hereafter the growth rate applied to the terminal value is shown, together with discount rates used. The discount rates (WACC – weighted average cost of capital) vary depending on the country where the subsidiary is located; the range is provided below:

	2022	2021
Terminal value growth rate	1.61-2.00 %	1.50%
Discount rate	7.30-10.72%	6.30-7.23%

The recovery of the property, plant and production equipment is subject to the uncertainties connected in particular with the market environment in which the Group operates, described in the "Report on Operations".
Write-downs of property, plant and equipment amounted to Euro 15,280 thousand (Euro 20,304 thousand in the previous year).

On 6 August 2020, a concession agreement with the right to purchase (rent to buy) concerning the property complex of Marghera owned by the company with a duration until 31 December 2026, was signed. The contract provides for the payment of variable quarterly fees and variable sale prices in relation to the date of exercise of the option.
In the 2022 financial statements the book value of the land is higher than the value for taxation purposes by Euro 47,446 thousand (unchanged compared to the previous year), because of the allocation to the category of merger deficits deriving from transactions carried out by companies incorporated by the Parent Company in the 2003 and 2004 financial years.
The tangible fixed assets' carrying amounts, which include the allocation of the merger differences completed in previous financial years, higher acquisition costs compared to the carrying amount of assets held by the acquired companies, adjusted as a result of allocations when deemed necessary, do not exceed their market value and/or their recoverable amount.
The assets are not encumbered by mortgages.

4.3 Financial Assets

The carrying value of equity investments amounted to Euro 4,495 thousand (Euro 3,458 thousand in the previous year), and are mainly referable to the companies:

Metal Interconnector S.c.p.A. – entry value Euro 4,470 thousand.

Metal Interconnector is a joint-stock Consortium Company, established by companies in the steel manufacturing segment and in other energy-intensive sectors of the Italian industry, such as the non-ferrous metallurgy, but also including companies in other segments (including wood, paper, chemistry, concrete and glass). This consortium was established in the second half of 2014. Metal Interconnector represents energy-intensive companies with a high impact of electricity consumption on their production. It includes little less than 70% of companies that took part in the Terna bids, as envisaged by art. 32 "Fostering the creation of a single energy market through the interconnector development and the involvement of energy-intensive end customers" of Italian Law no. 99 of 2009.

The consortium is intended to be an instrument to fund the electric interconnection lines between Italy and other Countries, which will permit other shareholder companies involved to use the same lines, as soon as operational and in proportion to the level of investment made.

Three initiatives are currently being implemented/planned by the investee companies:

- Interconnector Italia S.c.p.A. - The company holds 100% of the shares of Piemonte Savoia S.r.l., which has created an 'Italy-France' direct current interconnection between the Piossasco (IT) and Grande Ile (FR) nodes. The work has made the electricity frontier with France the most important for our country, increasing the cross-border interconnection capacity by 1,200 MW, of which 350 MW already available in exemption to the Selected Entities, which will increase from the current approximately 3 GW to over 4 GW. On July 26, 2019, on behalf of the Selected Entities, an exemption request was submitted to the Italian Ministry of Economic Development (MiSE) for an additional capacity of 250 MW on the border with France. This request was subsequently withdrawn by the same Italian Ministry following rejection by the European Commission; therefore, the Consortium will no longer finance the additional capacity of 250 MW. The work entered into operation in November 2022;
- Interconnector Energy Italia S.c.p.A. - The company holds all the shares of Monita Interconnector S.r.l., which has built a 500 kV direct current interconnection between the stations of Villanova (IT) and Lastva (ME) with a route, partly in submarine cable and partly in terrestrial cable, of about 445 kilometres. The first interconnection module became operational on December 28, 2019, creating an interconnection capacity of 600 MW. 200 MW, out of the 600 MW associated with the first module, were made available free of charge to the Selected Entities.
- Interconnector Energy Italy - On 21 January 2021, Interconnector Energy Italia informed the shareholders that the Italian Ministry of Economic Development had sent to the European Commission for Energy the Exemption Decree for the new 150 MW interconnector on the Austrian border. Upon receipt of the positive opinion, the

Italian Ministry of Economic Development (MiSE) has proceeded to notify RESIA Interconnector S.r.l. of the Exemption Decree, the latter being the company set up specifically by Terna for the construction of the Italy-Austria interconnector; after 90 days (on 3 September 2021), the assignees completed the purchase of the above-mentioned Special Purpose Vehicle and Terna left the corporate structure completely. The work is underway and is expected to start operating in 2024.

The 2021 financial statements of Metal Interconnector S.c.p.A. were approved by the Shareholders' Meeting on 22 November 2022 and show a break-even result (loss of a total of Euro 42,656,623 in the previous year). The break-even result for 2021 derives from obtaining operating grants of Euro 1,037 thousand, sufficient to cover the costs for the year recognised in the income statement. The loss recognised in the previous year was entirely attributable to the write-down of the equity investment held by the company in Interconnector Energy Italia S.c.p.A., which had in turn, written down the equity investment held in Monita Interconnector S.r.l. To take into account the negative result of the investee, since the Board of Directors considered the loss in value to be permanent, a write-down of Euro 2,185 thousand was made.

In the year under review, the company completed a share capital increase in the amount of Euro 18,950 thousand fully subscribed by the shareholders for the portion already held with partial utilization of loans previously received.

Consorzio Valbel - book value Euro 10,000
The Company's corporate purpose is a) the design, coordination, performance and organisation of the business activity of the shareholders relating to the procurement of natural gas, including through the development and management of natural gas storage infrastructures and all other goods and services necessary for the activities of the consortium members; b) services carried out in favour of the National Electricity System such as the interruption of loads.

Renewability S.c.a.r.l. - book value Euro 5,000
The corporate purpose of the company is to aggregate the electricity consumption of the consortium members through supply contracts from owned or third-party renewable production plants. Transactions also include purchases on the wholesale spot markets or with future delivery.

Laminados Industriales S.A. – book value zeroed out in previous financial years.
The company, an investee of the Parent Company, owns a plate rolling mill in Santa Fe (Argentina). Production, started in 2012, was repeatedly slowed and shut down because of the company's financial hardship, of the weakness of Argentine domestic consumption and, more in general, of the country as a whole. The situation described above led the company to apply for a "concurso preventivo", i.e. bankruptcy protection procedure, as allowed by the Argentine law 24.522. The procedure started on February 10, 2014. On this basis, the Directors, in previous years, had deemed that the investee had suffered an impairment loss and adjusted the carrying amount of the equity

investment to zero.

Ferriera Sider Scal S.r.l. – in liquidation, book value zeroed out in 2018.

The company owns a production facility in Villadossola (VB), which, in 2008, ceased definitely its production. The rolling mill was definitely dismantled and sold in 2017.

The production site, active since the end of the 19th century, was purchased by the company in October 2001. Previously, for the period that goes from March 2000 to October 2001, it was operated by another subsidiary of the Parent Company, which then was merged into this by incorporation.

Currently, the company is engaged in the management of two environmental issues. In the first case, it is the presence of polluting materials within the production site for which, in march 2023, has been obtained the approval of the additions made to the operational reclamation project.

The second issue is related to areas outside the plant, in particular to the bed of a canal, which crosses the site, and to lands located downstream of the site, where contaminated materials were found.

On 11 May 2021, an agreement was signed with a specialised company for the demolition of almost all the industrial buildings located within the Villadossola site. The works, which began in October of the previous year, will be completed by the end of 2023.

The negative result for 2022 takes into account provisions recognised in the income statement for the previous year in question against overheads expected for 2024.

The other receivables included within the financial fixed assets, which amount to Euro 12,931 thousand (Euro 12,836 thousand in 2021) include:

— shareholders' loans granted by the Parent Company to its investee company Metal Interconnector S.c.p.A., interest-free, in the amount of Euro 4,768 thousand (Euro 5,719 thousand in the previous year), which can be allocated, partially or entirely, according to the decisions to be made by the Board of Directors, to the subscription of shares held by the latter, to capital increases, and/or to the disbursement of interest-free loans;

— a guarantee fund paid by the Parent Company against the commitment to finance the construction of electricity transport works for Euro 5,096 thousand (Euro 4,418 thousand in 2021). The work will be carried out through the investee Metal Interconnector S.c.p.A.;

— receivables from public bodies for residential construction of the subsidiary LME S.A. of Euro 1,573 thousand (Euro 1,481 thousand in 2021);

— a security deposit lodged by the subsidiary LME S.A. with a French bank for Euro 506 thousand against the objection raised by the company against a tax assessment, currently awaiting settlement;

— a security deposit of Euro 508 thousand established by the subsidiary Stahl Gerlafingen AG with a Swiss bank in relation to customs operations (Euro 348 thousand in 2021).

The receivables are deemed to be entirely collectable.

4.4 Inventories

Inventories consist of the following:

(in thousands of Euro)	2022	2021
Finished products	319,168	266,925
Semi-finished products	157,828	108,018
Raw materials	16,682	42,602
Consumable materials	34,087	24,971
Ancillary materials	13,654	13,234
Plants and machineries held for sale	4,160	3,316
Total	545,579	459,066

Change in inventories are analysed below with reference to the main categories:

— finished goods, with reference to the previous year's scope of consolidation, increased by 20% in quantities and essentially unchanged in unit values (increased by 24% in quantities and 27% in unit values in 2021 compared to 2020).

— semi-finished products increased in quantities by 38% and in unit values by 6% (in the financial year 2021 compared to the financial year 2020, quantities increased by 55% and unit values by 62%);

— raw materials decreased in quantity by 54% and decreased in unit values by 15% (in the financial year 2021 compared to the financial year 2020, quantities increased by 33% and unit values by 61%).

The value of inventories was adjusted, during the year and in previous years, mainly in the cases:

— of stock materials and spare parts of Euro 7,692 thousand to take into account in some cases technical obsolescence and in others lack of use in recent years;

— of finished and semi-finished products of Euro 30,104 thousand. The adjustment was made to align the manufacturing cost with the corresponding market value (replacement cost for raw materials and net realisable value for finished and semi-finished goods);

— of raw materials of Euro 933 thousand to take into account of the market value at the date of balance sheet;

— of plants intended for sale as they are not used at the sites owned by the company for Euro 470 thousand.

Finished products and semi-finished products at the closing date of these financial statements amounted to Euro 38,291 thousand on deposit at the company from which the Parent Company acquired the company Nuova Ferrosider S.r.l., incorporated on 1 October 2021 and which currently carries out its processing activities on behalf of the Parent Company. As a partial guarantee of the residual deferred instalments recorded in the item 'Other payables' in these financial statements, for the payment of the company Nuova Ferrosider S.r.l., the Parent Company has established a revolving pledge of Euro 17,077 thousand on part of its products in deposit.

4.5 Trade Receivables

Trade receivables, net of allowance for bad debt, whose change is detailed below, moved from Euro 94,324 thousand in the previous financial year to Euro 75,910 thousand in 2022. The level of trade decreased mainly due to the drop in delivery volumes in the last quarter of the year under review compared to the previous year, partly offset by an increase in unit prices. Trade receivables from customers include the amounts related to trade relations of the Parent Company with the subsidiary Consorzio Valbel for Euro 2,806 thousand (Euro 3,097 thousand in 2021).

Trade receivables have been aligned to their realisable value, through an allowance for bad debt whose changes are shown below:

(in thousands of Euro)	2022	2021
Opening balance	2,456	2,452
Allocations during the year	275	---
Amounts recovered from bankruptcy and other minor proceedings	2	11
Translation differences	28	9
Uses during the year	(232)	(16)
Closing balance	2,529	2,456

Please note that the Group companies have insurance contracts in place to cover risks deriving from insolvency on trade receivables and have their own structures dedicated to the management of this risk. As a result of these factors, the amount of insolvency relating to transactions carried out in recent years was not significant.
The receivables due within the next financial year, of which approximately 88% (86% in 2021) are from customers within the European Union, following the write-downs applied are substantially aligned with their estimated realisation value.
Receivables for Euro 2 thousand of the Parent Company from the related party Idroelettriche Riunite S.p.A. are due mainly to technical and administrative services provided (unchanged from the previous year).

4.6 Receivables From Unconsolidated Associates And Subsidiaries

The amount of Euro 2,178 thousand (Euro 1,601 thousand in 2021) refers to values recorded in the financial statements of the Parent Company for relations occurred with its subsidiary Ferriera Sider Scal S.r.l. – in liquidation for:

- loans amounting to Euro 2,141 thousand (Euro 1,587 thousand in 2021);
- trade receivables of Euro 37 thousand (Euro 14 thousand in the previous year).

4.7 Receivables From Ultimate Parent Company

The receivables, recognised in the financial statements of the Parent Company from its parent company, all due within the year 2023, refer to administrative services and interest accrued on the above loan for Euro 9 thousand (Euro 26 thousand in 2021).

In the previous year, there were Euro 90 thousand relating to a loan disbursed at normal market conditions. As contractually envisaged, it was repaid during the year under review.

4.8 Tax Receivables

Tax receivables amounted to Euro 18,255 thousand (Euro 7,438 thousand in 2021). The most significant amounts refer to:

- VAT for Euro 14,253 thousand (Euro 4,380 thousand in 2021);
- tax credits recognised to the Parent Company in relation to high consumption of electricity and natural gas, not used at the end of the year for Euro 1,728 thousand (not present in the previous year);
- tax receivables for investments in capital goods recorded in the Parent Company's financial statements for Euro 1,758 thousand (Euro 899 thousand in the previous year). The receivables, which arose in 2020, 2021 and 2022 following the emanation:
  - of Law 160/2019 for Euro 120 thousand in 2020 and Euro 573 thousand in 2021, used in 2022 and 2021 respectively, for Euro 143 thousand and Euro 24 thousand;
  - of Law 178/2020 for Euro 1,142 thousand in 2022 and Euro 230 thousand in 2021, used in 2022 for Euro 233 thousand;
  - of Law 160/2019 and 178/2020 for Euro 93 thousand in 2021.
- VAT credit of Euro 451 thousand (Euro 467 thousand in the previous year) recognised by the Parent Company for insolvency proceedings for which, at the end of the

year, the procedure envisaged by current tax regulations for the recovery in monthly instalments had not been completed with VAT.

In the previous year, tax credits for competitiveness and employment in the amount of Euro 1,611 thousand were included in the balance sheet of the subsidiary LME S.A.

4.9 Deferred Tax Assets

Deferred tax assets, recorded at Euro 12,912 thousand (Euro 12,830 thousand in 2021), derived from temporary differences on taxable income and tax losses. The breakdown is analysed in the following table.

(in thousands of Euro)	Initial amount	2022 Reab-sorptions	Increases 2022	Final balance
Write-down of non-deductible assets and materials	5,764	(1,664)	146	4,246
Valuation of the tax losses of previous years	2,128	---	1,120	3,248
Prepaid taxes on goodwill redemption	1,915	---	---	1,915
Allocations to provisions for risks and charges	1,586	(517)	394	1,463
Adjustment of the book value of the inventory	589	(589)	1,116	1,116
Amortisation/depreciation deductible in subsequent years	272	---	236	508
Membership and other unpaid contri-butions	28	(28)	256	256
Write-down of taxed receivables	86	---	66	152
Unrealised exchange rate adjustment	7	(7)	8	8
Valuation of derivative instruments	330	(330)	---	---
Credit for taxes paid abroad	125	(125)	---	---
Total	12,830	(3,260)	3,342	12,912

Deferred tax assets are accounted for in compliance with the principle of prudence and with the reasonable certainty of sufficient future taxable income that would allow their recovery.

Deferred tax assets, recognised for Euro 1,915 thousand against the redemption of the goodwill generated by the merger of Nuova

Ferrosider S.r.l. into the Parent Company, relate to the cost incurred in 2021 (substitute tax), the benefits of which will be recognised by the company for accounting purposes only in future years through the tax deductibility of residual amortisation of goodwill starting from 2023.

4.10 Other Receivables

Other receivables include the following:

(in thousands of Euro)	2022	2021
Contributions and refunds to be received on energy consumption	32,613	5,442
Advances to suppliers	4,437	171
Insurance reimbursements to be received	1,319	2,325
Receivables from social security and employees	644	796
Others	129	115
Total	39,142	8,849

The grants to be received on electricity consumption, recognised in the financial statements of the subsidiaries LME S.A. and Stahl Gerlafingen AG, are recognised by their respective national authorities.
Advances to suppliers refer for Euro 4,111 thousand to advances paid by the subsidiary Donalam S.r.l..
Insurance reimbursements to be received, recorded for Euro 1,319 thousand, refer to the subsidiary LME for Euro 1,278 thousand.

4.11 Liquid Funds

The amount recognised of Euro 199,428 thousand (Euro 197,844 thousand in 2021) derives mostly from funds in the current accounts and, for the remaining part, from the cash on hand of the companies as at the end of the respective financial years.

The amounts shown can be converted promptly into cash and are not subject to significant risk of changes in value.

The change in available funds is analysed in the cash flow statement reported at the end of this document.

4.12 Prepayments And Accrued Income

The amount recognised of Euro 8,075 thousand (Euro 7,072 thousand in 2021), refers principally to:

- Euro 4,820 thousand (Euro 5,681 thousand in the previous year), which represents the valuation using the criterion of the cost incurred by the Parent Company and its subsidiary LME for the purchase of greenhouse gas emission quotas, available to the companies at the end of the year, freely tradable in the market. The valuation at market prices at the end of the year is significantly higher than the book value;
- Euro 1,595 thousand (Euro 103 thousand in the previous year) for accessory charges incurred against loans obtained by the Parent Company in the years 2022 and 2019, respectively;
- Euro 876 thousand (Euro 677 thousand in 2021) for software licences pertaining to the following year;
- Euro 131 thousand (Euro 196 thousand in 2021) for interest to the Parent Company's customers on advances for payables not due until after the reporting date;

4.13 Shareholders' Equity

The subscribed and paid-in share capital of the Parent Company amounts to Euro 113,190,480 and is represented by 217,674 ordinary shares with a nominal value of Euro 520 each.

Shareholders' equity includes deferred tax reserves for a total of Euro 74,885 thousand (Euro 74,953 thousand in the previous year), mainly deriving from the revaluations present in the shareholders' equity of the Parent Company. If these reserves are distributed, they would be subjected to the payment of an adjustment surplus.

There are no restricted reserves pursuant to Article 2426, paragraph 5) of the Italian Civil Code.

(in thousands of Euro)	Share capital	Surplus share price reserve	Legal reserve	Other reserves	Reserve for cash flow hedging	Group profit (loss)	Consolidated Sharehol-ders' equity	Minority interest	Sharehol-ders' equity as at 31 December
Balance as at December 31, 2020	113,190	4,015	18,219	232,517	(2,157)	(19,060)	346,724	17,190	363,914
Allocation of the profit for the year									
To reserve	---	---	451	(19,511)	---	19,060	---	---	---
Capital increase made by minority interest	---	---	---	---	---	---	---	16,000	16,000
Purchase of minority interest	---	---	---	---	---	---	---	(1,250)	(1,250)
Use of reserves for allocation of derivatives	---	---	---	---	1,112	---	1,112	---	1,112
Distribution of reserves	---	---	---	(4,817)	---	---	(4,817)	---	(4,817)
Reclassifications, translation difference and others	---	---	---	4,487	---	---	4,487	25	4,512
Profit (loss) for the year	---	---	---	---	---	154,306	154,306	6,233	160,539
Balance as at December 31, 2021	113,190	4,015	18,670	212,676	(1,045)	154,306	501,812	38,198	540,010
Allocation of the profit for the year									
To reserve	---	---	3,968	126,337	---	(130,305)	---	---	---
To shareholders	---	---	---	---	---	(24,001)	(24,001)	---	(24,001)
Capital increase made by minority interest	---	---	---	---	---	---	---	1	1
Allocation to minority shareholders of shareholders' equity	---	---	---	(755)	---	---	(755)	755	---
Use of reserves for allocation of derivatives	---	---	---	---	1,045	---	1,045	---	1,045
Distribution of reserves	---	---	---	---	---	---	---	(103)	(103)
Reclassifications, translation difference and others	---	---	---	7,413	---	---	7,413	19	7,432
Profit (loss) for the year	---	---	---	---	---	268,889	268,889	14,500	283,389
Balance as at December 31, 2022	113,190	4,015	22,638	345,671	---	268,889	754,403	53,370	807,773

The changes pertaining to transactions on the capital of Group companies are illustrated in the previous point 'Structure and content of the consolidated financial statements'.

4.14 Deferred Tax Liabilities

Deferred tax liabilities amounted to Euro 18,962 thousand (Euro 11,616 thousand in the previous financial year) and mainly referred to the Parent Company, which made allocations in view of:

- the higher values of Euro 47,446 thousand (unchanged with respect to the previous year) attributed to land at the time of the allocation of deficits in the years 2002 and 2003, not exempt, for Euro 11,387 thousand (unchanged compared to the previous year);
- differences between the values recorded in the financial statements and those relevant for tax purposes of inventories and provisions for employee severance indemnity of the subsidiary Stahl Gerlafingen AG for Euro 6,785 thousand and Euro 629 thousand, respectively;
- instalments of capital gains on fixed assets disposed of for Euro 51 thousand (Euro 229 thousand in the previous financial year).

The breakdown is analysed in the following table.

(in thousands of Euro)	Rate	Previous year	2022 Reabsorptions	2022 Increases	Final balance
Deferred taxes on allocations not paid	24.00%	11,387	---	---	11,387
Deferred taxes on inventory adjustments	---	---	---	6,785	6,785
Deferred taxes on differences relating to the supplementary pension fund	---	---	---	629	629
Capital gains in instalments	27.90%	229	(204)	26	51
Others	---	---	---	110	110
Total		11,616	(204)	7,550	18,962

4.15 Other Provisions

The breakdown of this item is as follows:

(in thousands of Euro)	2021	Allocations	Uses	Trans. Diff.	2022
Provision for environmental charges	6,316	1,513	(2,364)	86	5,551
Provision for risks and future charges	3,987	746	(492)	1	4,242
Provision for adj. of value of equity investments	1,693	107	---	---	1,800
Retirement provision	1,340	516	(111)	---	1,745
Provision for restructuring	702	1,547	(561)	---	1,688
Provision for tax litigation	800	---	---	---	800
Provision for exchange rate risks	---	53	---	---	53
Derivative liabilities	1,375	---	(1,375)	---	---
Total	16,213	4,482	(4,903)	87	15,879

Provision for environmental charges was recorded by the Parent Company and the subsidiaries Stahl Gerlafingen AG and Laminoirs du Ruau S.A. to take into account liabilities the companies may incur. The provision includes the estimated expense for the treatment of processing residues of the Parent Company and the subsidiary Stahl Gerlafingen AG.

Provision for risks and future charges was accounted for due to liabilities that could emerge from the unfavourable evolution of issues currently being reviewed relating to both actual and potential litigation, mainly of labour and trade (bankruptcy claw back, disputes and other).

The provision for the adjustments to the carrying value of equity investments was allocated by the Parent Company during the year 2018 and increased in the previous and current financial year to take into account the emergence of a negative equity value of the subsidiary Ferriera Sider Scal S.r.l. - in liquidation. The negative value of the shareholders' equity mainly derives from the allocation of provisions and costs incurred for the decontamination of the subsidiary's site and the low amount of structural expenses anticipated over the period for these initiatives.

The retirement provision is allocated by the Parent Company:

— for the allowance due to the agents who collaborate with the company, in compliance with the "Accordo Economico Collettivo" (general labour agreement);

— in favour of the members of the Board of Directors.

Provision for restructuring was allocated to take into account the expenses that the subsidiary Laminoirs du Ruau S.A. will have to incur for interventions mainly aimed at the shut-down of the Ruau production site.

The provision for tax litigation was allocated in previous years by the Parent Company to

take into account liabilities that may emerge during a tax audit. Point 4.23 below provides a brief description of the tax position of the Parent Company and of the main consolidated companies.
In the previous year in the financial statements of the Parent Company, Euro 1,375 thousand were recognised under derivative financial instruments to hedge the risk of changes in the fair value of interest rate risk hedging contracts. No amount is recognised with reference to the year in question as the ‘hedges’ of the loans in place at the closing date of these financial statements, disbursed on 28 December 2022, were stipulated starting from February 2023.

4.16 Personnel And Severance Indemnity

The breakdown of the changes in the severance indemnity is detailed as follows:

(in thousands of Euro)	2022	2021
Opening balance	14,667	15,163
Allocations during the year	912	711
Translation differences	122	48
Uses/actualizations during the year	(3,787)	(1,255)
Closing balance	11,914	14,667

The item includes the severance indemnity of the Parent Company and the pension funds of the foreign entities of the Group, updated, if necessary, with actuarial calculations and monetary revaluations in compliance with the appropriate legal requirements.

The provisions for severance indemnity refer mainly for:

- Euro 6.527 thousand to the subsidiary LME S.A. (Euro 8,923 thousand in 2021);
- Euro 4,181 thousand to the Parent Company (Euro 4,553 thousand in 2021);
- Euro 928 thousand to the subsidiary Stahl Gerlafingen A.G. (Euro 1,103 thousand in 2021);

With regard to the subsidiary LME S.A., the most significant amounts refer to the IRUS fund of Euro 1,937 thousand (Euro 4,263 thousand in the previous year) relating to employees as at 31 December 1989, who benefit, upon retirement, from a supplement to the pension paid to other retirees, and a fund for category employee severance indemnity, amounting to Euro 3,264 thousand (Euro 3,357 thousand in the previous financial year).

The numbers of employees of the Group companies at the end of the financial year and at the end of the prior financial year are provided below, along with the average number:

	Factory Staff	Office Staff	Managers
31 December 2021	1,678	542	38
2022 average number	1,895	668	48
31 December 2022	2,107	782	50

The number of employees increased mainly in relation to the acquisition of the Targoviste production site, completed during the year by the subsidiary Donalam S.r.l. (610 employees at the end of the year in question), due to the strengthening of the workforce in most of the production companies and of some company functions, in particular the Parent Company.

4.17 Payables To Banks

Payables to banks totalled Euro 122,500 thousand (Euro 156,067 thousand in 2021) and include the use of the following technical loan forms:

(in thousands of Euro)	2022	2021
Bank overdraft facilities, having effect on the single portfolio and short-term financing account	3,019	3,962
Medium and long-term loans – due within the following financial year	13,005	32,817
Total short-term payables to banks	16,024	36,779
Medium and long-term loans – due beyond the following financial year	106,476	119,288
Total payables to banks	122,500	156,06

Medium and long-term loans, including the short-term part, amounted to Euro 119,481 thousand (Euro 152,105 thousand in 2021).

The Parent Company:

In December 22, 2022, the Company entered into an agreement with the banking sector that involved the repayment of the medium and long-term loans existing at that date and the disbursement of a new loan divided into the following two lines of credit:

— Refinancing Line for a total amount of Euro 116 million; repayment is envisaged in twelve half-yearly instalments on 30 June and 30 December of each year, the first eight instalments of Euro 6 million, the subsequent two instalments of Euro 9 million and the last two instalments of Euro 10 million and Euro 40 million respectively, the latter maturing on 22 December 2028;

— Capex line for a total amount of Euro 104 million to finance its own investments and those of the subsidiaries. The availability period of 30 months from the date of signing and the repayment plan envisaged in seven six-monthly instalments with the first instalment expiring on 31 December 2025.

The new loan agreement provides for compliance with two 'Financial Covenants' calculated on financial statement ratios as at 31 December and 30 June of each year, on a consolidated basis. The contract also provides for a series of 'negative pledges', all fully respected as at 31 December 2022.

The contract also provides for two KPIs relating to ESG sustainability performance measured annually in the Sustainability Report starting from 31 December 2023: upon reaching specific targets defined by the contract, an interest rate reduction.

In line with its risk management policy, the parent company proceeded to stipulate interest rate risk hedging contracts starting from February 2023.

In December 2021 the Company signed a loan agreement with Banca Intesa San Paolo S.p.A. for Euro 5 million, with a 6-year maturity, 2 years of pre-amortisation and 4 years of straight-line amortisation with half-yearly repayments. This contract is aimed at financing the share capital increase resolved by the subsidiary Stahl Gerlafingen A.G. and is today used for Euro 4,444 thousand. The loan benefits from an interest subsidy.

With regard to medium and long-term loans, the following table shows the relation between amounts (determined by applying the amortised cost method) and maturity terms in place in the financial statements under evaluation compared with the previous year.

(in thousands of Euro)	Balance as at 31 December 2022	Balance as at 31 December 2021	Change in cash flows
Initial amount	119,678	171,797	
Interest rate	variable	variable	
Payment of interest	half-year	half-year	
Balance as at 31 December	119,122	145,284	
2019 disbursements	---	116,936	
2020 disbursements	---	19,162	
2021 disbursements	5,000	35,699	
2022 disbursements	114,678		114,678
2020 reimbursements	---	13,114	
2021 reimbursements	---	14,000	
Amortised cost accrued in 2021	---	(601)	
2022 reimbursements	145,840	26,354	(119,678)
2023 reimbursements	12,816	27,091	14,275
2024 reimbursements	12,857	27,275	14,418
2025 reimbursements	12,861	63,453	50,592
2026 reimbursements	12,906	1,111	(11,795)
2027 reimbursements	17,816	---	(17,816)
2028 reimbursements	49,866	---	(49,866)

The above details show values recorded according to the amortised cost criterion.

Subsidiaries

The subsidiary LME recognised a loan in the financial statements for Euro 358 thousand. The loan repayment is expected in the following two years in both cases for Euro 179 thousand.

4.18 Payables To Other Lenders

The amount of Euro 4,499 thousand (Euro 24,604 thousand in 2021) refers for Euro 4,421 thousand to residual payments due to the acquisition of technical fixed assets for Euro 6,066 thousand made by the Stahl Gerlafingen AG subsidiaries through financial leasing agreements and accounted for using the financial method (Euro 4,023 thousand in 2021).

In the previous year, there was a short-term loan disbursed to the Parent Company by Cassa Depositi e Prestiti for Euro 20 million on 27 December 2021, with a duration of 12 months. As contractually envisaged, the loan was repaid in a lump sum on 23 December 2022.

4.19 Advances

The advances recognised in the financial statements of this year for Euro 4,412 thousand (Euro 651 thousand in the previous year) refer to amounts received by the Parent Company for the sale of a rolling plant, classified in these financial statements under assets held for sale for Euro 4,160 thousand and for supplies of products that the company will carry out in the first months of the following year and for which sales prices have been set.

4.20 Trade Payables

Trade payables amounted to Euro 469,284 thousand (Euro 435,767 thousand in 2021), Euro 2,440 thousand due beyond 2023 (Euro 4,880 in the previous year). The largest part is represented by suppliers of raw materials, strongly increased during the year in relation to the increase in unit values.

The amount included payables for Euro 8 thousand (Euro 17 thousand in the previous year) from the investee Consorzio Valbel.

The item included trade payables of Euro 110,172 thousand (Euro 76,227 thousand in 2021) to suppliers not located within the European Union. Most of the amount refers to the trade payables recognised in the financial statements of the subsidiaries Stahl Gerlafingen AG and Donalam S.r.l.

4.21 Payables To Subsidiaries

Payables to subsidiaries recognised for Euro 1 thousand (Euro 35 thousand in the previous year) derive from interest accrued in relation to the Group VAT payment procedure in place with the subsidiary Ferriera Sider Scal S.r.l. - in liquidation. In the previous year, the payable, also in this case to the same company, was almost entirely from the sale of goods, at normal market conditions.

4.22 Payables To Parent Company

The payable of Euro one thousand is recognised against interest accrued on transactions recognised as part of the National Consolidated Tax System.

4.23 Tax Payables And Tax Exposure

The breakdown of this item is as follows:

(in thousands of Euro)	2022	2021
Parent company for IRES payable from tax consolidation	7,517	30,605
Income taxes	3,432	6,376
Value Added Tax (VAT)	2,719	5,881
Withholdings on employees and self-employed contractors	2,227	1,880
Substitute tax	664	3,243
Property taxes	414	414
Tax on salaries	346	119
Other	1,022	938
Total	18,341	49,456

The payable for IRES, recognised by the Parent Company to its parent company for Euro 7,517 thousand (Euro 30,605 thousand in the previous year), refers to the provision made against the final taxable income for the year 2022. The allocation to the item originates from the Parent Company Beltrame Holding S.p.A.'s participation in the National Consolidated Taxation System.

Payables related to income taxes refer to the disbursement expected taking account of tax liabilities related to previous years, prepaid taxes, withholding taxes and effects resulting from the adhesion to the Group tax consolidation scheme.

Additional income taxes refer to:

— Euro 1,156 thousand (Euro 4,838 thousand in the previous year) for IRAP payable by the Parent Company. In the previous year, no payable was recorded as the advances paid were sufficient to entirely cover the final liability;

— Euro 1,629 thousand and Euro 581 thousand in income taxes recognised by the subsidiaries Stahl Gerlafingen AG and LME S.A., respectively.

The VAT payable of Euro 2,719 thousand refers to the subsidiary LME S.A. for Euro 2,262 thousand.

The liability for employee withholding taxes of a total of Euro 2,227 thousand is attributable to the Parent Company in the amount of Euro 1,708 thousand.

The residual substitute tax payable of Euro 664 thousand (Euro 3,244 thousand in the previous year) refers to the revaluation of business assets, already illustrated in point 4.2 above, allocated in the 2021 financial year for

Euro 1,992 thousand by the Parent Company, reduced by Euro 1,328 thousand following the payment of the first two instalments of the three annual instalments due.

As at the date of preparation of these notes to the consolidated financial statements:

— the subsidiary Donalam S.r.l., following an audit started in 2019, received some challenges. Some of the disputes were appealed, while in other cases the tax losses carried forward were adjusted; however, the related tax benefit had not been recorded in the financial statements. The cost incurred to date is not significant;

— the subsidiary LME S.A. received some challenges following a tax audit, currently in the definition phase. The company is currently carrying out in-depth analyses on the issues identified and has not made any allocations to date. It should be recalled that in connection with the objections formulated to the company, the French tax authorities were asked to set up an escrow deposit already highlighted in section 4.3.

As of the date of preparation of this document, the Parent Company's direct and indirect taxes have been finalised up to the 2016 financial year.

For the other main companies, direct taxes are settled as follows:

— Laminés Marchands Européens S.A. up to financial year 2019;

— Stahl Gerlafingen AG up to financial year 2017;

— Donalam S.r.l. up to the financial year 2017.

4.24 Social Security Payables

Social security payables decreased from Euro 6,976 thousand to Euro 7,728 thousand. The amounts reported include receivables that the Group companies hold against the respective Social Security Institutes for advances paid to employees.

4.25 Other Payables

The item Other payables, all falling due within the next financial year, with the exception of the payable deriving from the acquisition of Nuova Ferrosider S.r.l., is composed as follows:

(in thousands of Euro)	2022	2021
Payable deriving from the acquisition of the company Nuova Ferrosider S.r.l. – Discounted value	21,220	27,513
Due to employees, Directors and withholdings for the supplementary severance fund for employees	17,140	13,162
Advances on property leases	820	755
Insurance premium balance	411	295
Others	193	44
Total	39,784	41,769

The debt deriving from the acquisition of Nuova Ferrosider S.r.l., present in the Parent Company's financial statements in the amount of Euro 21,220 thousand (of which Euro 14,833 is due beyond the next financial year), has been recognised according to the amortised cost criterion. The initial nominal amount of Euro 42,193 thousand was reduced:

- in the financial year 2020 for Euro 1,775 thousand and increased in the financial years 2021 and 2022 for Euro 506 thousand and Euro 412 thousand respectively, following the recognition of the values according to the amortised cost method;
- in the year under review and in the previous year, in relation to the repayment of instalments for a total of Euro 6,705 thousand and Euro 13,411 thousand, respectively. The additional 6 annual instalments for a total of Euro 21,220 thousand will be paid by 31 December 2028.

The amount, recorded against payables accrued to employees, is principally related to December wages and to the allocation made for holidays accrued, but not yet taken and compensation tied to the performance of individual companies or of the Group as a whole.

Advances on property sales refer to sites owned by the Parent Company for which preliminary sales agreements were signed and advances collected. In the year under review, the entire amount refers to the Marghera site, while in the previous year there was an amount relating to the sale of land not used by the company.

4.26 Accrued Expenses And Deferred Income

Accrued expenses and deferred income consist of the following:

(in thousands of Euro)	2022	2021
Deferred income on grants for capital expenditure	4,296	3,234
Accrued interest on financing	69	788
Differential accrued on hedging transactions	---	197
Other	147	---
Total	4,512	4,219

Grants on capital expenditure are accounted for and referable by the production subsidiaries.

5. Comments On The Principal Items Of The Income Statement

Comments on the economic environment and Beltrame Group operations as well as comparison between the current financial year figures against the previous one are made in the "Report on Operations". Particularly significant effects are related to higher prices for energy, natural gas and general raw materials mainly due to tensions related to the invasion of Ukraine and more modest than in the previous year due to the Covid-19 health emergency.

5.1 Revenues From Sales And Services

The apportionment of revenues is summarised in the table below:

(in thousands of Euro)	2022	2021
Merchant Bars	1,362,432	1,167,021
Ribbed round bars for construction industries	627,661	426,634
Special steel rods	148,874	80,724
Semi-finished products	29,318	46,155
Wire rod	3,707	3,648
Raw materials	779	2,954
Other	1,273	833
Total	2,174,044	1,727,969

The Report on Operations provides broader disclosure on the reference market.
The change in product sales revenues is due to an approximately 11% decrease in volumes compared to the previous financial year and a 19% increase in unit prices.
The disposals of semi-finished products, carried out by the Parent Company and the subsidiary LME, are mainly done in order to increase the production level of the respective steel production departments.
It should be highlighted that in the 2022 financial year, 77% of revenues were generated from sales in European Union countries (74% in the previous year).

5.2 Changes In Semi-Finished And Finished Goods Inventories

The increase in the value of the inventories during the financial year was equal to Euro 98,835 thousand (increase of Euro 159,741 thousand in 2021). The analysis of the change is illustrated in point 4.4 above.

5.3 Increases In Internally Manufactured Fixed Assets

The recorded amount, equal to Euro 14,407 thousand (Euro 3,500 thousand in 2021), refers to the capitalisation of personnel, materials and ancillary costs incurred to carry out the capital expenditure plans described in point 4.2 above.
The most significant amount of Euro 11,428 thousand refers to activities carried out at the Targoviste production site acquired during the year by the subsidiary Donalam S.r.l..

5.4 Other Revenues And Income

Other revenues and income include:

(in thousands of Euro)	2022	2021
Sale of electricity	22,376	---
Capital gains on assets disposal	6,217	113
Compensation and various reimbursements	3,137	2,542
Current year grants	2,469	2,750
Third parties due to lower processing yields	1,923	2,738
Adjustment of excess provisions	904	---
Grants on investments	589	253
Rent	507	493
Refunds for energy consumption	494	332
Non-recurring income	463	224
Services rendered by employees	57	61
Use of provisions	53	69
Other	209	268
Total	39,398	9,843

Electricity sales refer to the subsidiary LME SA for Euro 21,401 thousand and to the subsidiary Donalam S.r.l. for Euro 975 thousand. In both cases, these are sales carried out during shutdowns of the production plants of the two companies related to purchase contracts that provide for guaranteed consumption components by the latter.
Capital gains on disposals of assets are almost entirely attributable to the Parent Company and the subsidiary Stahl Gerlafingen AG and in both cases refer to the sale of land not used for production activities.
Compensation and sundry reimbursements recorded for a total of Euro 3,137 thousand refer to Euro 2,176 thousand to an amount obtained by the Parent Company for the early termination of an electricity supply contract.
Operating grants amounted to Euro 2,469 thousand (Euro 2,750 thousand in 2021) and refer for Euro 1,852 thousand to a disbursement obtained by the Parent Company from the Energy Transition Fund in the Industrial Sector to offset indirect costs relating to CO2 emissions. In the previous year, Euro 2,252 thousand had been obtained by the subsidiary LME SA in relation to greenhouse gas emissions.

The recasts received from third parties recorded for Euro 1.923 thousand mainly refer to minor returns on processing of semi-finished goods into finished products commissioned by the Parent Company to third parties.
The contributions on investments recognised by the Parent Company for Euro 589 thousand (Euro 253 thousand in the previous year) are mainly recognised against new subsidised capital goods following the enactment of Laws 160/2019 and 178/2020 or for which compliance has been certified with respect to the requirements established by the regulations relating to transformation processes defined by the national Industry 4.0 plan.
Rents receivable are mainly recorded in the financial statements of the subsidiary Stahl Gerlafingen AG and refer to properties not used for its activities. Minor amounts are present in the financial statements of the other production companies of the Group.
Non-recurring income mainly refers to the definition of positions related to supply relationships.
Revenues from the provision of administrative services mainly refer to the charge to the parent company, non-consolidated subsidiaries and associates for professional activities rendered by employees of the Parent Company.

5.5 Costs For Raw, Ancillary And Consumable Materials And Products

The breakdown of these costs can be summarised as follows:

(in thousands of Euro)	2022	2021
Raw materials	927,085	948,360
Semi-finished products	147,579	128,073
Ancillary materials	100,710	77,241
Consumables and maintenance materials	31,521	23,426
Products	2,465	2,791
Packaging	3,817	1,083
Total	1,213,177	1,180,974

The purchase volumes of raw materials decreased by 9% with respect to those recorded in the previous year, while unit prices increased by 7%.
The purchase of semi-finished products is mainly attributable to the subsidiary Donalam S.r.l. which, as it does not have a steel production department, purchases the semi-finished product from third parties.

5.6 Services

Details of the principal items are listed below:

(in thousands of Euro)	2022	2021
Electricity and methane	315,027	158,997
Logistics	67,230	57,158
Maintenance charges	33,467	29,822
Charges for the disposal of production by-products and other environmental costs	13,466	14,442
Processing of semi-finished goods through third parties	11,503	11,865
Legal, administrative, technical and IT charges	7,590	6,620
Directors and Statutory Auditors compensation	5,315	3,755
Insurance	4,404	3,705
Sales and purchase commissions	2,542	2,783
Production outsourcing	2,134	2,836
Employee training costs	2,120	1,717
Bank charges	1,790	1,873
Canteen	1,776	1,076
Security	1,756	1,044
Travel expenses	1,569	982
Advertising	1,010	655
Cleaning expenses	984	648
Warehouse handling services	950	655
Phone and post expenses	645	467
Audit	346	316
Other	10,405	7,698
Total	486,029	309,114

In accordance with the resolution of the Authority for Electricity and Gas, directed at creating a single energy market for the whole of the European Union, the Parent Company was selected, amongst other entities, to finance the planning and development of facilities to strengthen infrastructure to connect the electricity grid with others abroad. In view of the outlay, the Parent Company will be entitled to use the infrastructure, as soon as operational, in proportion to the level of investment made.
During the planning and development phase, the Parent Company was entitled to purchase definitive quantities of electricity from abroad, therefore sourcing energy from both the national grid as well as importing it and thus making considerable savings.
Electricity costs recognised over the year, have significantly increased compared to those reported in the previous year due to increase in the price of the natural gas and petroleum products during the year, partially offset by a decrease in the quantities used.
The increase in energy costs is shown net of government grants received by the Parent

Company as it is included in the energy intensive categories, for a total of Euro 28,786 thousand for electricity and Euro 5,889 thousand for natural gas.

Logistics costs refer mostly to the sale of finished and semi-finished products.
The change recorded in transport costs is primarily linked to tariff increases mainly deriving from the increase in the cost of fuels.
The other logistics costs refer to movements of materials among the various production sites of the Parent Company and other minor sites.
Maintenance activity is derived from planned systematic checks for ensuring the maintenance of efficiency levels of structures, plants and machinery present at the Group's production sites. The activity is generally carried out through preventive maintenance work, based on predetermined schedules.
Charges for the disposal of production by-products are incurred mainly in steel production sites. During the melting process, some waste materials are reusable (only the iron part after a mechanical screening process can be sent for melting once again) and others are moved to authorised landfills. Other environmental costs are mainly connected to activities which allow for the reutilisation of by-products.
Third-party processing refers to the transformation of semi-finished products into finished products commissioned by the company to a leading national steel producer.

5.7 Leases And Rental Costs

Lease and rental costs totalling Euro 6,376 thousand (Euro 5,575 thousand in 2021), refer mostly to the lease of buildings and machinery by the Parent Company and the subsidiaries LME S.A. and Stahl Gerlafingen AG.

5.8 Personnel Costs

Personnel costs in the financial year under review totalled Euro 169,656 thousand (Euro 149,006 thousand in 2021). The increase is mainly attributable to what was recorded in point 4.16 above, to remuneration elements linked to company performance and to the usual remuneration dynamics.

5.9 Amortisation, Depreciation And Write-Downs

Amortisation of intangible fixed assets.
The amount allocated in the financial year came to Euro 5,383 thousand (Euro 5,414 thousand in 2021). The increase in values refers to Euro 4,253 thousand:

- the amortisation of Euro 2,993 thousand of the goodwill paid by the Parent Company at the time of the acquisition of the total equity investment in Nuova Ferrosider S.r.l. (incorporated during the year in question) for Euro 14,965 thousand;
- the amortisation of Euro 1,260 thousand of the customer portfolio acquired by the Parent Company from Feralpi Profilati Nave S.r.l. for Euro 6,300 thousand.

Depreciation of tangible fixed assets.
The amount was equal to Euro 59,699 thousand (Euro 52,191 thousand in 2021). The increase is mainly due to:

- higher depreciation and amortisation accrued during the year following the revaluation carried out on the plant and machinery of the production sites of the foreign subsidiaries and on those of San Didero (To) and San Giovanni Valdarno (Ar);
- the increase in investments made during the year.

Other write-downs of fixed assets.
In the financial year under examination, following the verification of the recoverability of the value of fixed assets, the Parent Company applied write-downs amounting to Euro 980 thousand (Euro 833 thousand in the previous year), primarily referable to assets that are no longer used for production.

Write-down of current trade receivables.
Write-downs of receivables included in current assets amounted to Euro 275 thousand (no amount in the previous year). The modest incidence of losses on receivables is linked to the credit risk management policy of which information is provided in point 4.5 above.

5.10 Changes In Raw Materials, Ancillary And Consumable Materials Inventories

The decrease in the value of inventories during the financial year was equal to Euro 17,525 thousand (an increase of Euro 23,919 thousand in 2021). The analysis of the change is illustrated in point 4.4 above.

5.11 Allocations for risks

Provisions for risks are recognised in the financial statements of RUAU and its parent company LME SA for Euro 985 thousand and Euro 667 thousand.

5.12 Other Provisions

The amount recorded in the Parent Company's financial statements under other provisions in the amount of Euro 184 thousand (Euro 776 thousand in the previous year) is entirely attributable to write-downs of assets, mainly plant and machinery no longer in use, held for sale (Euro 705 thousand in the previous year).

5.13 Other Operating Expenses

The item "other operating expenses" consists of the following:

(in thousands of Euro)	2022	2021
Use of greenhouse gas emission quotas	4,720	707
Territorial economic contribution	1,669	1,246
Property tax	1,596	1,903
Various taxes calculated on personnel costs	1,585	1,419
Non-recurring loss on operating activities	805	286
Other taxes	579	357
Association fees	247	231
Capital loss derived from fixed assets disposal	193	1,395
Other	458	323
Total	11,852	7,867

The use of CO_2 quotas, valued at Euro 4,720 thousand, derives from the final calculation of the emissions for the year that were higher than the free allocations received.
Property tax and the Territorial economic contribution refer mainly to the Parent Company, Laminés Marchands Européens S.A. and Donalam S.r.l.
The other taxes calculated on personnel costs refer to the company Laminés Marchands Européens S.A.

5.14 Financial Income

No income from equity investments was recognised in the year under review. In the previous year, the amount of Euro 28 thousand referred to the capital gain realised by the Parent Company on the liquidation of the affiliated company Immobiliare Siderurgica S.r.l.

(in thousands of Euro)	2022	2021
Proceeds from the settlement of interest rate risk hedging contracts	5,402	---
Bank interest	156	20
Interest on loans granted to related parties	104	73
Interest on loans granted to subsidiaries, unconsolidated companies and ultimate parent company	58	46
Other	10	16
Total	5,730	155

Regarding income from termination of interest rate risk hedging contracts, please refer to the previous point 4.17 with reference to the early repayment of the loans present in the previous year.
The interest charged to the subsidiaries refers to interest-bearing loans at normal market conditions, disbursed:

— to the Subsidiary Ferriera Sider Scal S.r.l. in liquidation, for Euro 52 thousand (Euro 38 thousand in 2021).

— to the associate Consorzio Valbel for Euro 5 thousand (Euro 3 thousand in the previous year);

— to the parent company Beltrame Holding S.p.A. for Euro 1 thousand (Euro 5 thousand in the previous year).

5.15 Interest And Other Financial Charges

Interest and other financial charges are classified as follows:

(in thousands of Euro)	2022	2021
Interest charges on medium and long-term loans	4,496	2,645
Interest to customers for advance payments	3,724	2,667
Interest on receivables transferred without recourse	1,760	784
Charges on interest rate		
hedging instruments	536	811
Amortised cost on purchase of equity investment	413	506
Financial charges on short-term bank loans	12	280
Interest on loans from parent company and subsidiary	3	---
Other financial charges	268	228
Total	11,212	7,921

As reported in section 4.17 above, on 22 December 2022, the Parent Company entered into an agreement with the banks, which entailed the repayment of the medium- and long-term loans existing at that date and the disbursement of a new loan. Interest on medium- and long-term loans increased in 2022 mainly due to the effect of the recognition in the income statement of the difference between the amount repaid and the residual debt recognised in the previous year by applying the amortised cost method.
The recognition of the payable, recognised by the Parent Company using the amortised cost method, deriving from the acquisition of the company Nuova Ferrosider S.r.l., payable by 2028, entailed the recognition of financial expenses of Euro 413 thousand (Euro 506 thousand in the previous year).

5.16 Gains And Losses On Exchange Rates

Gains and losses on exchange rates amounted to Euro 4,986 thousand and Euro 4,059 thousand, respectively (Euro 4,338 thousand and Euro 4,311 thousand in 2021).

5.17 Adjustments To Financial Assets

The value recorded under adjustments to financial assets of Euro 108 thousand refers to the equity investment held by the Parent Company in the subsidiary Ferriera Sider Scal S.r.l. - in liquidation (Euro 1,133 thousand in the previous year). Given the full zeroing of the book value carried out in previous years, the above amounts were recognised as an increase of an allocation already made among the Provisions for Risks and Charges of Euro 559 thousand.

In the previous year, the Parent Company's financial statements also included:

- Euro 2,185 thousand relating to the equity investment held in Metal Interconnector S.c.p.A.
- Euro 355 thousand and Euro 381 thousand for write-downs and revaluations of derivative instruments.

As regards the reasons that led to the recognition of the write-downs, please refer to the previous note 4.3.

5.18 Income Taxes

Current taxes, debited to the income statement, amounted to Euro 58,712 thousand (Euro 42,292 thousand in 2021) and refer mainly to IRES and IRAP accounted for in the financial statements of the Parent Company respectively at Euro 40,229 thousand and Euro 6,800 thousand (Euro 31,454 thousand and Euro 5,632 thousand in 2021) and to income taxes allocated by the subsidiaries LME for Euro 10,359 thousand (Euro 5,227 thousand in the previous year) and Stahl Gerlafingen AG for Euro 1,597 thousand. Total taxes of Euro 58,712 thousand are recognised net of the tax effect of Euro 348 thousand allocated for commercial transactions carried out between consolidated companies.

Deferred taxes debited for Euro 7,196 thousand (credited for Euro 272 thousand in the previous year), refer almost entirely to the subsidiary Stahl Gerlafingen AG. The nature of the allocations and of the uses for deferred taxes is described in detail in the table shown in point 4.14 above.

Deferred tax assets accredited for Euro 63 thousand (accredited for Euro 340 thousand in the previous year), derive mainly from

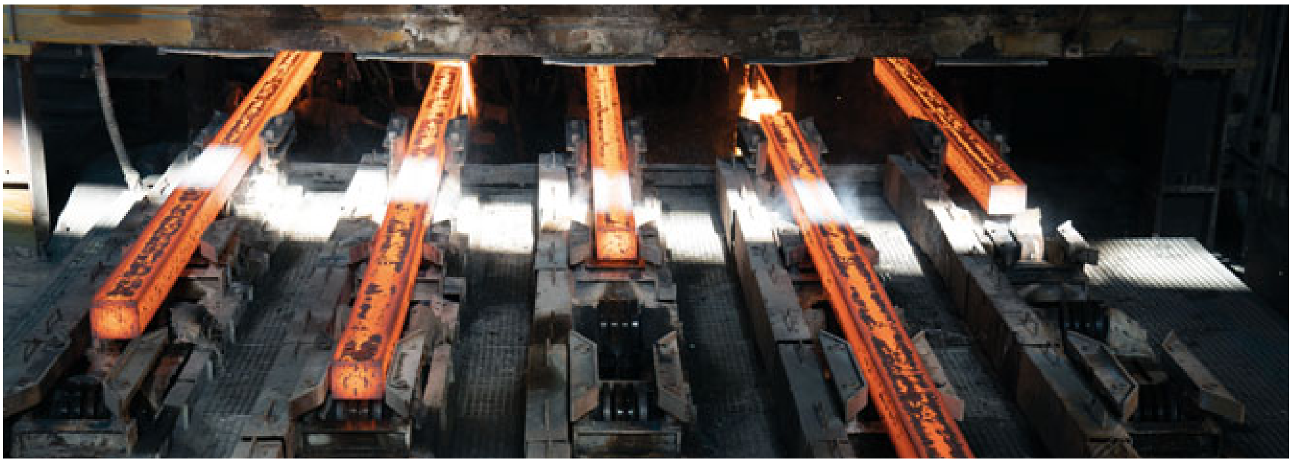
utilisations, recognised by the Parent Company, mainly referable to taxed funds.
The nature of the allocations and of the uses for deferred tax assets is described in detail in the table shown in point 4.9 above.

5.19 Directors And Statutory Auditors Compensation

The amounts debited to the consolidated income statement for the remuneration due to the Directors and Statutory Auditors of the Parent Company for carrying out their responsibilities, as well as in the companies included within the area of consolidation, are detailed below:

(in thousands of Euro)	2022	2021
Directors	4,801	3,543
Statutory Auditors	87	87
Auditing company for services provided to the Parent Company	122	132
Auditing company for the services provided to other companies within the scope of consolidation	150	102
Total	5,160	3,864

In this financial year, as in the previous one, no additional compensation has been assigned to Directors on the destination of the annual result. Expenses related to activities carried out by external auditors different from the ones used by the Parent Company are not included here.



5.20 Commitments Not Reported In The Balance Sheet

For the acquisition of the company Nuova Ferrosider S.r.l., in relation to the deferred payment envisaged in the contract, the Parent Company issued a pledge in favour of the transferor on all the product inventories in the warehouse at Ospitaletto (BS) up to the value of Euro 17,077 thousand (Euro 18,783 thousand in the previous year).
While subscribing shares, in years 2016, 2017, 2020 and 2021, the Parent Company signed, with the minority shareholder of the subsidiary Donalam S.r.l., a put and call options agreement to acquire the minority interest. The exercise price of the option is connected to the market value of the equity investment at the same date; the agreement provides an indication of the cap and floor values. The minimum valuation at year end of the presumed value of the contractual commitment is equal to Euro 7.455 thousand, of which:

- Euro 2,500 thousand maturing on 31 July 2024 (capital contribution year 2016);
- Euro 2,500 thousand maturing on 30 June 2024 (capital contribution year 2017);
- Euro 1,228 thousand maturing on 31 October 2027 (capital contribution year 2020);
- Euro 1,227 thousand maturing on 11 November 2028 (capital contribution year 2021).

At the time of signing the share capital increase of the subsidiary Stahl Gerlafingen AG, paid in by SIMEST S.p.A., the Parent Company entered into agreements with the same that envisage the commitment of the parties for the purchase and sale of the equity investment held by the latter through put and call options. The exercise price of the option is connected to the market value of the equity investment at the same date; the agreement provides an indication of the cap and floor values. The minimum valuation at year end of the presumed value of the contractual commitment is equal to Euro 15,3 million.

Moreover, we highlight the amount of Euro 7,121 thousand (Euro 6,204 thousand in 2021) of third-party goods, mainly comprising various types of equipment used by Group companies.

5.21 Transactions With Associates, Affiliates, The Parent Company And Companies Controlled By Them

Transactions with the parent company and the subsidiaries, carried out at arm's length conditions, are referable to the receivables described in points 4.6, 4.7, 4.21, 4.22, 4.23 and 5.4, 5.14 and 5.15.

Related-party transactions, identified in compliance with the IAS 24 international accounting standard, are essentially related to the rendering of services, exchanging of goods and providing disbursement or reimbursement of loans within subsidiaries and affiliates. All of these transactions are within the normal business activities and are carried out at arm's length.

All transactions are carried out in the best interest of the companies.

In accordance with art. 2427 of the Italian Civil Code, we specify that there are no receivables or payables with a duration exceeding five years, except as specified in points 4.17 and 4.25.

Further information on Group operations and significant post balance sheet events has been provided in the Report on Operations.

5.22 Transparency Of Public Funding

With reference to the provision pursuant to Article 1, paragraph 125 and 125-bis, of Law no. 124 of 4 August 2017 - in the continuing uncertainty of interpretation and application of the aforementioned regulatory provision, in particular following the recent extension, by Article 22-bis paragraph 1 of Law Decree no. 198 of 20/12/2022 (so-called Milleproroghe Decree Law), as at 1 January 2024 of the provisions contained in paragraph 125-ter below on the sanction regime - the following table shows the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in nature, not of a general nature and without remuneration, remuneration or compensation nature, actually disbursed (cash principle) to the Company by public administrations in the year 2022, part of which already indicated in the National Aid Register (so-called NAR).

Year	Grantor	Type of subsidy	Amount
2022	CSEA	Energy-intensive 2022 tax credits used in 2022	27,303,737
2022	CSEA	Energy-intensive gasivorous 2022 tax credits used in 2022	5,642,918
2022	Vicenza Chamber of Commerce	MASTER CUOA - CORPORATE CULTURE 2022	3,750,00
2022	AVEPA	Research and development projects, developed by the regional innovative networks	22,054,20
2022	Acquirente Unico Spa	Aid to companies in certain sectors to offset the increase in electricity prices deriving from the integration of the costs of greenhouse gas emissions in application of the EU ETS	1,852,424,43
2022	SIMEST	Interest subsidy against a loan for the acquisition of non-resident companies	31,947,99

5.23 Significant Events After The Reporting Date

The projections of the Euroystem experts released in December indicate a slowdown in GDP in 2023 (0.5 per cent, from 3.4 in 2022), followed by an acceleration in the two-year period 2024-25 (1.9 and 1.8 per cent, respectively, in the two years).

According to projections, inflation in the area would fall from 8.4% on average in 2022 to 6.3% in the current year and to 3.4% in 2024; in 2025 the price trend would be 2.3%.

The continuation of the conflict in Ukraine determines high factors of uncertainty related to the geopolitical situation in Europe, in addition to the persistence of high levels of inflation, with particular reference to the prices of raw materials and energy resources, and the possible protracted weakness of the activities in China.

Leading international experts predict that the negative trend in the activity of steel-user sectors will continue at least until the second quarter of 2023, due to the continuing impact of the war, high inflation and energy prices, as well as the deteriorating global outlook.

The output of the user sectors is expected to decline in 2023 (-0.6%), to then reach moderate growth in 2024 (+1.8%) thanks to the improvement in consumer confidence and the general recovery of the industrial cycle.

However, the overall evolution of steel demand remains subject to very high uncertainty, which is likely to continue to undermine the demand of the user sectors throughout 2023.

Economic activity in the construction sector, after growing by 4.4% in 2022, is expected to contract by 1.6 % in 2023 and then return to growth of 1.6% in 2024.

The negative trend recorded in the construction sector in the second part of 2022 is expected to continue at least in the first part of 2023, due to the lasting impact of rising prices and the growing shortage of construction materials and workers.

The mechanical engineering sector, after the significant rebound in 2022 (increase of 6.5%) should show a slight recession trend in 2023 (reduction of 0.2%) and then return to growth in 2024 (increase of 3.1%).

The persistent negative factors affecting the industrial outlook, in particular the unprecedented increase in energy prices and production costs, are expected to weigh on the production of the mechanical engineering sector during the first half of 2023. The sector should return to positive territory in the second half of 2023 where the outlook, albeit moderately positive overall, is expected to remain subject to significant factors of uncertainty.

The growth recorded in the automotive sector in 2022 is expected to continue, albeit more moderately, also in 2023 (+1.1 per cent). However, production levels will remain rather low in historical terms and the sector will continue to be exposed to external factors with an albeit modest decline in production, expected for 2024 (-0.6%).

The full recovery of global trade and external demand in major markets such as the United States, China and Turkey will remain a key factor for EU car exporters in a short and medium-term context of high uncertainty linked to war, global supply chains and very high energy and fuel prices. In the long term, the political commitment at EU level towards the full adoption of electric vehicles by 2035 should prove to be somewhat favourable, despite the uncertainties over the implementation of electric vehicles, delays


24
23
22
21
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in the launch of new models and the lack of facilities (recharging points etc.) proved to be unfavourable to consumer demand and also delayed the investment decisions of car manufacturers.

User Sectors	Share of con-sumption	Q1 23	Q2 23	Q3 23	Q4 23	Year 2023	Year 2024
Construction	35.0%	-3.3%	-2.5%	0.2%	-0.8%	-1.6%	1.6%
Automotive	18.0%	3.9%	0.6%	-0.2%	0.2%	1.1%	-0.6%
Mechanical engineering	14.0%	-0.3%	-1.0%	0.0	0.4%	-0.2%	3.1%
Metal articles	14.0%	-7.0%	-5.9%	-0.3%	1.5%	-3.1%	1.9%
Oil & Gas	13.0%	-2.9%	-5.5%	1.1%	0.5%	-1.9%	1.5%
Appliances	3.0%	-1.2%	1.0	2.3%	2.2%	1.0%	2.6%
Other transports	2.0%	-1.1%	-4.1%	-1.6%	1.3%	-1.4%	2.0%
Other	2.0%	-1.9%	-6.5%	1.8%	2.0%	-1.2%	0.9%
Total	**100.0%**	**-1.4%**	**-2.2%**	**0.0%**	**1.2%**	**-0.6%**	**1.8%**

Source: Eurofer February 2023

In the first quarter of 2023, the Beltrame Group maintained a level of activity in line with the previous year and, despite the significant hight level in energy costs as a major cost item, good profitability, albeit lower than in 2022.

The Board of Directors of the Parent Company, while pointing out that the Group's profitability is closely tied to the market's performance, whose future developments are uncertain, deems achievable, for 2023, positive profitability and cash flow generation targets.

Vicenza, March 30, 2023

The Chairman of the Board of Directors
Antonio Beltrame

04

Independent Auditors' Report

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
AFV Acciaierie Beltrame S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of AFV Acciaierie Beltrame Group (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of AFV Acciaierie Beltrame S.p.A. are responsible for the preparation of the report on operations of AFV Acciaierie Beltrame Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of AFV Acciaierie Beltrame Group as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of AFV Acciaierie Beltrame Group as at December 31, 2022 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
April 14, 2023

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

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