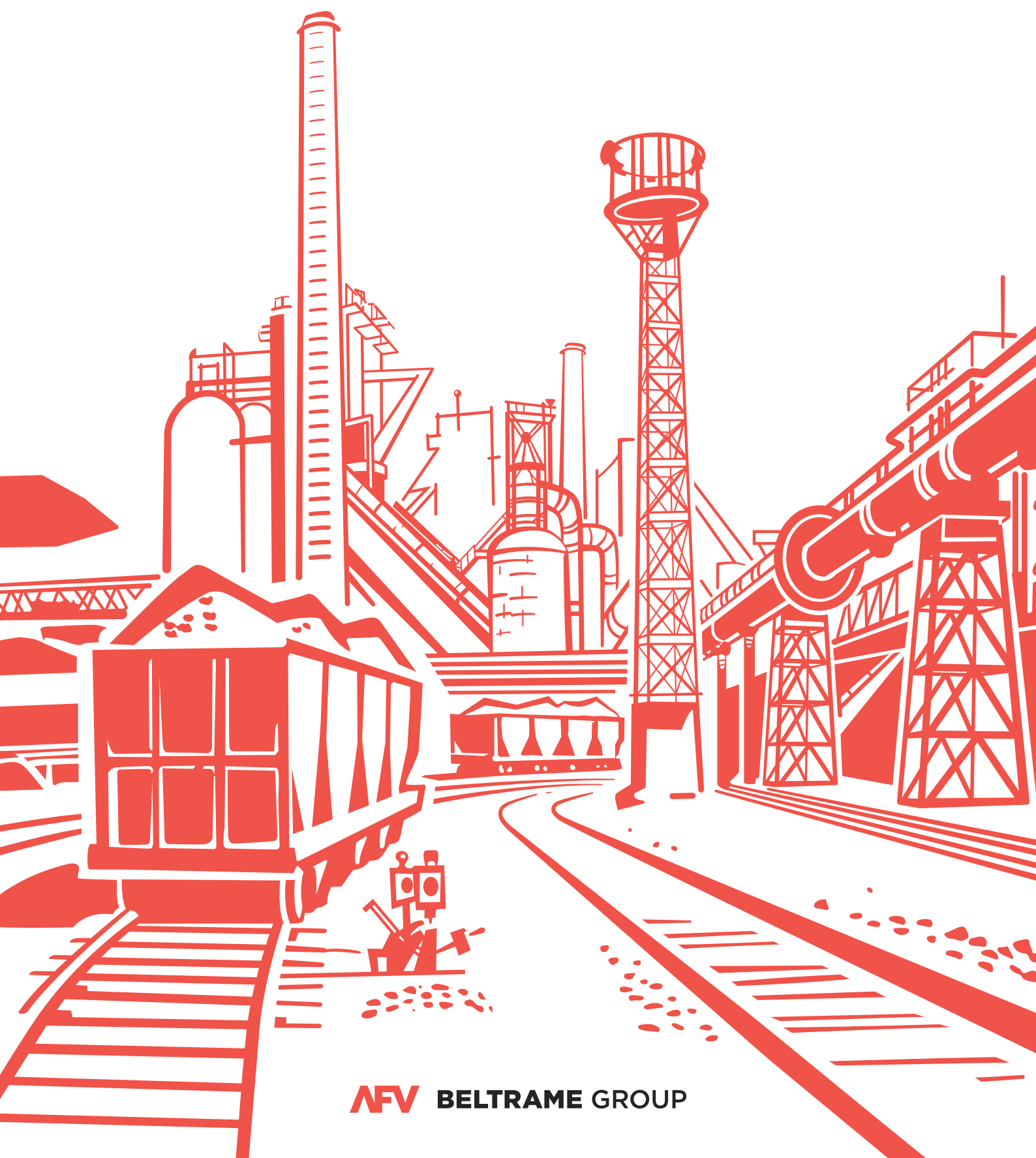


Consolidated financial statements  
**OF BELTRAME GROUP 2024**



**AFV Acciaierie Beltrame S.p.A. and subsidiaries**

Viale della Scienza 81, 36100 Vicenza - (Italy)

Share capital EUR 113,190,480.00 fully paid in

Tax identification number and Vicenza Company's Register No.: 13017310155

Registered office and Headquarters:

Viale della Scienza, 81

36100 Vicenza (Italy)

# **CONSOLIDATED FINANCIAL STATEMENTS 2024**

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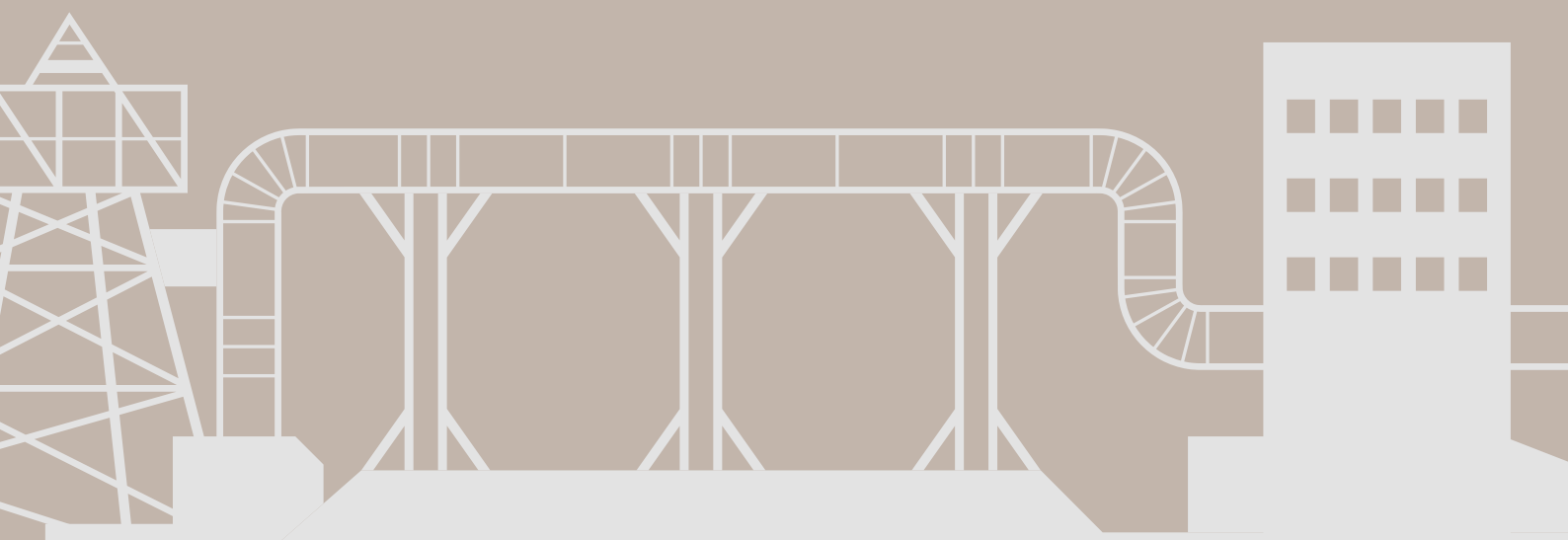
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# 01

## 2024 REPORT ON OPERATIONS



## A. Highlights

	2024	2023	2022
Revenues from sales	1,613,667	1,747,890	2,213,442
VALUE ADDED	186,589	232,094	591,725
%	11.56%	13.28%	26.73%
EBITDA	5,973	52,656	422,068
EBITDA (adjusted)	14,854	51,786	418,435
%	0.92%	2.96%	18.90%
OPERATING PROFIT (LOSS)	(98,247)	(60,760)	353,896
NET PROFIT (LOSS)	(129,633)	(86,884)	283,389
Number of employees as at 31 December	2,533	2,883	2,939
Fixed assets	779,183	752,082	624,102
Net working capital	(103,141)	(59,741)	155,855
Shareholders' equity	558,273	695,666	807,773
Net financial position	74,646	(47,998)	(74,570)
Operating cash flow	3,483	176,333	242,054
Cash flow for technological investments	(98,072)	(151,549)	(153,132)

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

It is highlighted that, to better represent the operating performance of the Group and to provide 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 2024:

- the company Stahl Gerlafingen AG., following the decision to definitively stop the production of the rolling line intended for the production of merchant bars and beams, formalised in May 2024, incurred non-recurring charges, recorded under the operating components of the account income statement, for a total of EUR 4,402 thousand;
- the company Donalam S.r.l. incurred non-recurring expenses related to the activities carried out for the management of non-operating production departments, recorded by nature under the operating components of the income statement, for a total of EUR 2,825 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, adjusted EBITDA and the net financial position, which could therefore not be directly comparable to the indicators used by the other operators of the same industry.

Plant of Vicenza, Italy



## B. Corporate bodies

### BOARD OF DIRECTORS



**Antonio Beltrame**  
Chairman and  
Managing Director



**Patrizia Beltrame**  
Deputy Chairman  
and Chief Executive Officer



**Barbara Beltrame Giacomello**  
Deputy Chairman  
and Chief Executive Officer



**Alain Cretur**  
Managing Director



**Raffaele Ruella**  
Managing Director



**Carlo Beltrame**  
Director



**Carlo Carraro**  
Director

### BOARD OF STATUTORY AUDITORS

**Andrea Valmarana**  
Chairman

**Dario Semenzato**  
Standing Auditor

**Primo Ceppellini**  
Standing Auditor

### INDEPENDENT AUDITORS

Deloitte & Touche S.p.A.

## C. Management and coordination

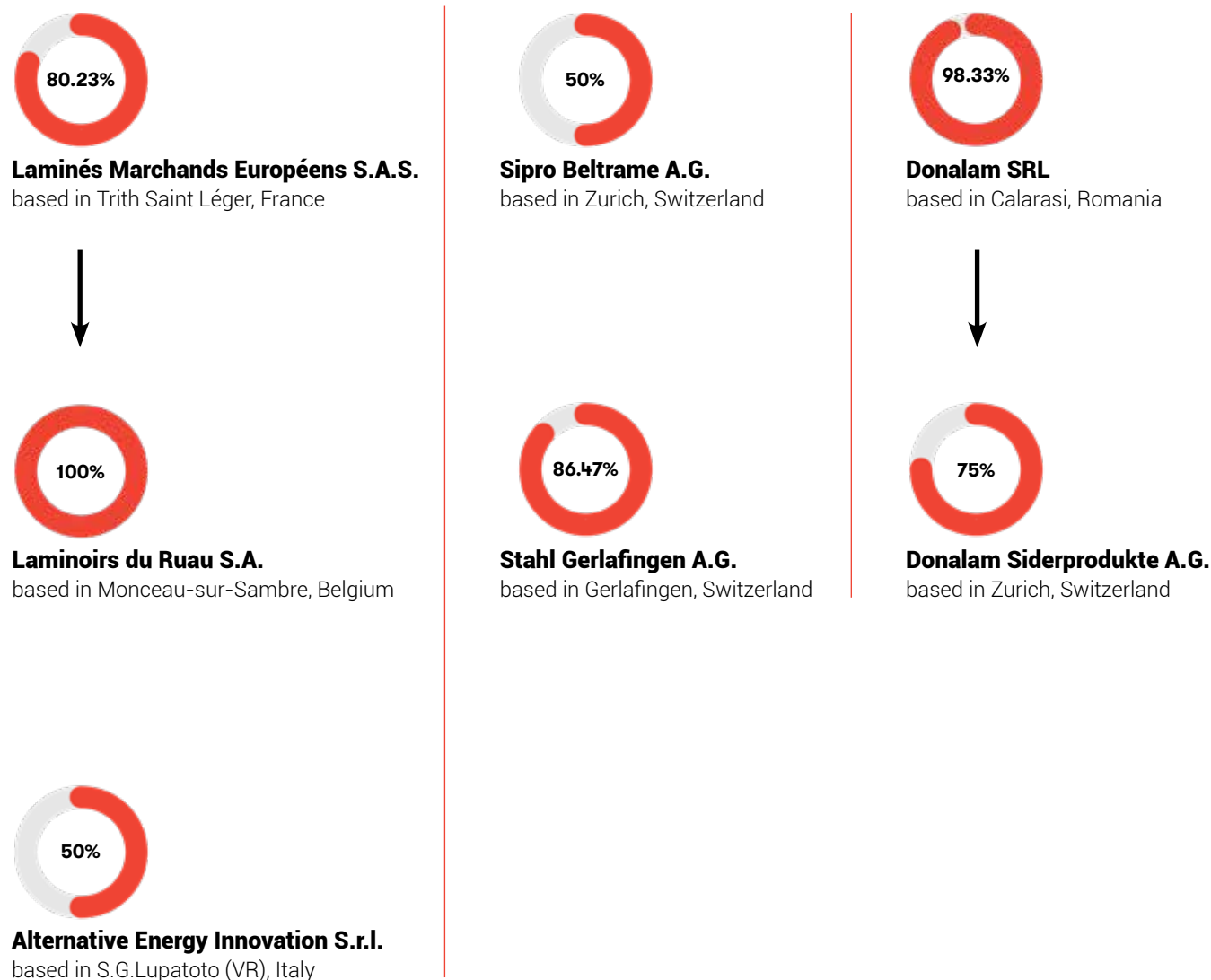
AFV Acciaierie Beltrame S.p.A. is not subject to management and coordination activities by the majority shareholder Beltrame Holding S.p.A., inasmuch as the parent company does not have an adequate structure to manage the subsidiary and to set up a system of synergies among the different companies of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



## D. Group Structure

### HOLDING COMPANY: AFV Acciaierie Beltrame S.p.A.

with headquarters and plant in Vicenza, Italy



Compared to the previous year, it should be noted that the Parent Company, with regard to the subsidiary Donalam S.r.l., on 2 August 2024 defined corporate transactions with the minority shareholder, which resulted in a change in the percentage held from 94.49 per cent to 98.33 per cent.

## E. Economic Scenario

### International macroeconomic trends

In 2024, global GDP performance showed moderate growth, influenced by heterogeneous dynamics between the main economies. The United States stood out for its sustained growth, driven mainly by private consumer spending, which continued to support economic expansion despite signs of cooling in the labour market. In the first half year, US GDP recorded higher than expected growth, while in the following months there was a slight slowdown.

In China, economic growth remained fragile due to the persistent crisis in the real estate sector and low consumers' confidence, although exports and investments in strategic sectors have partially supported the business. The stimulus policy implemented by the Chinese government had limited effects in rebalancing domestic demand, leaving the country exposed to structural slowdown risks.

According to OECD forecasts, global GDP for 2024 stood at 3.2 per cent growth, a value similar to the previous year. However, geopolitical uncertainty and US trade policies have introduced significant risks for 2025, with a potentially negative impact on investments and global trade.

The performance in international trade underwent several fluctuations during 2024, with growth of 3.2 per cent over the year. After a slow first quarter, the second quarter showed a recovery thanks to the increase in imports to the United States and the resilience of demand for intermediate goods. From the second half of the year, however, signs of a new slowdown were recorded, due to the uncertainty over US trade policies and geopolitical strains.

A key factor was the increase in transport costs linked to tensions in the Red Sea, where attacks on merchant ships have prompted many companies to divert routes, lengthening delivery times and increasing costs. Difficulties in global supply chains increased due to the above problems, although a partial normalisation took place towards the end of the year.

The deterioration of trade relations between China and the United States represented a further element of instability, with restrictions on technological exports and an increase in protectionism. In addition, the US management's announcement of new duties could result in a temporary acceleration in trade in the short term, followed by a possible contraction in the second half year of 2025.

Global inflation followed a downward path in 2024, albeit with different dynamics among advanced economies. In the United States, after an increase in the first few months of the year due to rising energy prices, inflation began to fall again in the spring, closing the year at around 2.9 per cent. China experienced low inflation throughout 2024, with risks of deflation linked to weakness in domestic demand and the real estate crisis.

The performance in energy prices played a fundamental role: Brent oil recorded a moderate increase, standing at around 80 dollars per barrel at the end of the year, while the price of natural gas in Europe showed strong volatility, affected by seasonal and geopolitical factors.

Major central banks maintained a cautious approach in 2024, balancing the need to consolidate the decline in inflation with the need to avoid excessive economic slowdown.

The Federal Reserve, after keeping rates at a standstill for most of the year, initiated the first cuts in September and then in December, bringing them to 4.25-4.50 per cent. The decision was driven by the moderation of inflation and the cooling of the labour market.

The People's Bank of China has adopted an expansionary policy to tackle the economic slowdown, with interest rate cuts and credit support measures. However, the impact was limited by the persistent crisis in the real estate sector and weak domestic demand.

In 2025, monetary policy expectations indicate further easing in the United States; China will probably continue on a path of stimulus policies, although the effectiveness of these interventions remains uncertain.



## Euro Area

The GDP performance in the Eurozone showed signs of moderate expansion, although the cycle remains stagnant overall in many countries. The contribution of household consumption and net foreign demand partially offset the weakness of fixed investments and the change in inventory.

Overall, according to OECD estimates, GDP grew by 0.8 per cent, with a more sustained recovery prospect in the medium term, in a context in which seasonal dynamics played a moderating rather than a guiding role in overall economic development.

While GDP continues to record modest increases - supported by some service sectors and by positive net foreign demand - the manufacturing and construction segments remain particularly exposed to credit restraints and tighter market conditions.

The analysis by sector showed a marked heterogeneity. The manufacturing segment continued to show weak signs, with industrial production indices and SMEs that remained below the expansionary threshold, confirming the persistent stiffness of the sector. Construction, while benefiting in some cases from tax incentives and favourable seasonal effects, suffered from restrictive credit conditions, with investments that - in many countries - recorded stagnation or even contraction. On the contrary, the services sector stood out for its greater resilience: activities related to tourism, information and communication recorded recovery trends, contributing significantly to the overall activity.

The disinflation process characterised the entire year, with a gradual reduction in consumer prices and core components. In particular, the decline in the prices of non-energy industrial goods and, to a lesser extent, those of food products, led to a reduction in the general index, albeit with a less marked trend in services, where some items continue to adjust with a certain delay. Bank of Italy estimates show that, in 2024, overall euro area inflation recorded an increase of 2.4 per cent on an annual basis.

With regard to monetary policy, the European Central Bank adopted a data-driven approach, keeping official interest rates unchanged in the first part of the year and, subsequently, making gradual cuts, bringing them to 3.0 per cent, in response to the evolution of inflation data and the persistence of restrictive loan conditions. The decisions were aimed at ensuring that rates remain high enough to help the return of inflation to the target threshold, without however compromising the already fragile economic recovery. At the same time, a gradual reorganisation of the Eurosystem portfolio was undergone: the asset purchase programme and the pandemic emergency asset reinvestment programme were reduced at measured pace, reflecting a continued focus on monetary policy normalisation. These measures, together with the transmission of the effects of previous rate increases, contributed to strengthening the cost of credit for both businesses and households, also directly affecting the credit trends observed in various countries in the area.

## Trend in oil and natural gas prices

During 2024, the energy commodity market highlighted complex and differentiated dynamics, influenced by a number of both economic and geopolitical factors. The analysis of the prices reveals distinct trends for the main energy commodities, with particular reference to oil and natural gas.

As regards the oil market, the Brent price recorded significant volatility during the year. In the first few months, prices increased compared to the beginning of the year, exceeding the threshold of 90 dollars per barrel. This appreciation was determined by a combination of factors, including mainly a higher than expected demand, the decision of the OPEC+ countries to extend the production cuts and the growing geopolitical tensions in the Middle East.

During the summer, however, a decline in prices was reported, mainly due to the weakening of global demand, with particular reference to the Chinese market.

The second half of September marked a new bullish phase, with the price of Brent crude oil approaching 80 dollars per barrel in early October, in response to greater tensions between Iran and Israel and the potential repercussions on oil infrastructure and on crude oil transport routes.

In the natural gas market, the European reference price (Title Transfer Facility, TTF) showed a bear trend in the first part of the year, falling below the levels recorded in the summer of 2021, the period prior to the interruptions in flows from Russia. This downward trend was favoured by winter temperatures above the seasonal average, the weakness of industrial activity and the high level of European stocks, which reduced the pressure on procurement.

Subsequently, prices reversed the trend, exceeding EUR 30 per megawatt-hour. This rally was fuelled by the recovery of global economic activity, particularly in Asia, and by various technical factors, including the extension of maintenance activities in Norwegian gas pipelines and the operational disruption of some liquefied natural gas plants in Asia. A further element of pressure came from the increase in energy demand for the air conditioning of buildings, in response to forecasts of heat waves in Europe and Asia.

Starting from October 2024, the TTF price recorded a further appreciation, reaching EUR 47 per megawatt-hour, mainly due to the interruption of Russian gas flows to Eastern Europe through Ukraine, as a result of the non-renewal of the agreement of transit between the two countries.

## Excess of chinese production capacity

China's excess production capacity represents a complex and multi-dimensional challenge for global economy. This phenomenon is not simply a problem of overproduction, but is intrinsically linked to structural imbalances in the Chinese economy, to government stimulus policies and to competition in the green technology sector.

Traditionally, China has maintained a high share of fixed investments in GDP, significantly higher than that of advanced economies and other fast-growing emerging countries such as Brazil and India. At the same time, the share of domestic consumption in GDP remains among the lowest at international level. This combination of robust investments and relatively weak domestic demand generates a large commercial surplus, which has reached high levels, compared to global GDP.

In response to the contraction in domestic demand, the government has intensified its financial support to the manufacturing sector, in particular to the technologically advanced one, with the aim of expanding exports. This strategy has been instrumental in creating an oversupply in strategic sectors and has led to growing trade tensions with the main importing countries, including the United States and the European Union.

The Chinese overproduction capacity translates into an offer of products at lower prices than those of international competitors, putting a strain on companies in other countries. This prompted both the United States and the European Union to announce duties increase on imports of Chinese products linked to energy transition.

However, these protectionist measures entail risks. On the one hand, they aim to counteract the distorting effects of subsidies and reduce European dependence on foreign supplies in strategic sectors. On the other hand, the fragmentation of world trade and energy transition-related costs could increase.

## The weakness of manufacturing in Germany

The contraction in the German manufacturing sector had negative effects on the entire Eurozone. Since the energy crisis of 2021, manufacturing production in the Eurozone has declined, and at the end of 2024 it was below pre-pandemic levels. Germany, which makes a significant contribution to manufacturing production in the Eurozone, suffered an even more marked decline, with negative consequences also for other countries.

There are three main reasons for this performance:

- increase in energy costs, which had a heavy impact on German production due to the dependence of various industrial sectors on natural gas;
- weakness in global demand connected to the fragmentation of trade and increasing competition from Chinese manufacturers, which penalised German manufacturing companies the most, given their greater propensity to export;
- fragility of the automotive sector due to falling demand, regulatory uncertainties related to the transition to electric vehicles and Chinese competition.

The weakness of the German manufacturing sector had a significant impact on the entire Eurozone, with particular relevance for Italy.



## National macroeconomic trend

During 2024, an economic path characterised by distinct phases was observed. Although presenting sectoral dynamics, it contributed to defining the evolution of national GDP.

The integrated analysis of the data relating to the whole of 2024 shows an Italian economic path characterised by moderate growth, strongly influenced by sectoral dynamics and seasonal effects. GDP showed limited increases, with signs of recovery especially in services and construction, in contrast to the persistent weakness of manufacturing.

In the first quarter, GDP recorded a modest increase, mainly supported by the recovery of household consumption and a positive contribution from foreign trade. However, weak fixed investment – exacerbated by persistently high financing costs – and significant destocking limited growth. In the second quarter, the trend consolidated to a limited extent: although consumption continued to recover, the investment sector reported a contraction in plant and machinery, while the construction one benefited from a boost due to a work acceleration due to the expected reduction in tax incentives. During the third quarter, GDP showed a moderate expansion, partly thanks to an improvement in trade – with increasing exports and decreasing imports. This trend occurred in spite of a new negative pressure deriving from reduced stocks and weak industrial production. Lastly, in the fourth quarter, GDP stagnated, due to a persistent contraction in manufacturing and further declines in fixed investments, albeit partly offset by a recovery in consumption.

Overall, according to Bank of Italy estimates, Italian GDP grew by 0.6 per cent in 2024.

Seasonal trends played a decisive role during the year. In the first quarter, the negative change in inventory subtracted significant contributions from GDP growth, while in some phases the recovery of weather conditions favoured the construction segment to a limited extent. In the second quarter, seasonal effects were evident in a stronger push in construction investment, which increased ahead of the expiry of tax incentives. During the third quarter, the destocking continued to slow down growth, while in the fourth quarter these effects intensified, contributing to a complex picture of economic stagnation.

The evolution of the sector showed significant differences during the year. In the first quarter of 2024, industrial production, particularly in the energy-intensive sectors, recorded declines, while services began to make a positive contribution. In the second quarter, there was a material increase in investments in construction, driven by the need to complete the works previously started and the prospect of a reduction in incentives. The third quarter showed a moderate expansion in services – which continued to support GDP – in conjunction with further negative pressures on the manufacturing segment. In the fourth quarter, the weakness of industrial production became more severe. While the services segment ensured a partial stabilisation, fixed investments continued to decrease.

Inflationary pressures, initially fuelled by high energy costs, have gradually given way to a process of disinflation, although challenges linked to the prices of production factors remain.

As regards prices, in the first quarter, inflation showed upward pressure, largely driven by high energy costs and certain components of industrial goods prices, although disinflationary processes were underway. In the second quarter, the phenomenon began to moderate, also thanks to the effects of price containment policies and a slight reduction in energy components. During the third quarter, inflationary pressures eased further, although the services segment continued to show price adjustments with a delay compared to the general index. In the fourth quarter, a more marked disinflation was reported, albeit the persistence of critical issues related to energy costs and international dynamics. These elements continued to affect the national economy.

In December 2024, according to Bank of Italy estimates, inflation in Italy stood at 1.4 per cent on an annual basis.

(var. and percentage points)	2024	forecast 2025
<b>GDP</b>		
<b>World</b>	<b>3.2</b>	<b>3.3</b>
<b>Advanced countries</b>	<b>1.7</b>	<b>1.9</b>
of which: Eurozone	0.8	1.0
Japan	(0.2)	1.1
U.K.	0.9	1.6
U.S.A.	2.8	2.7
<b>Emerging countries</b>	<b>4.2</b>	<b>4.2</b>
of which: Brazil	3.7	2.2
China	4.8	4.6
India	6.5	6.5
Russia	3.8	1.4
<b>Italy</b>	<b>0.6</b>	<b>0.7</b>

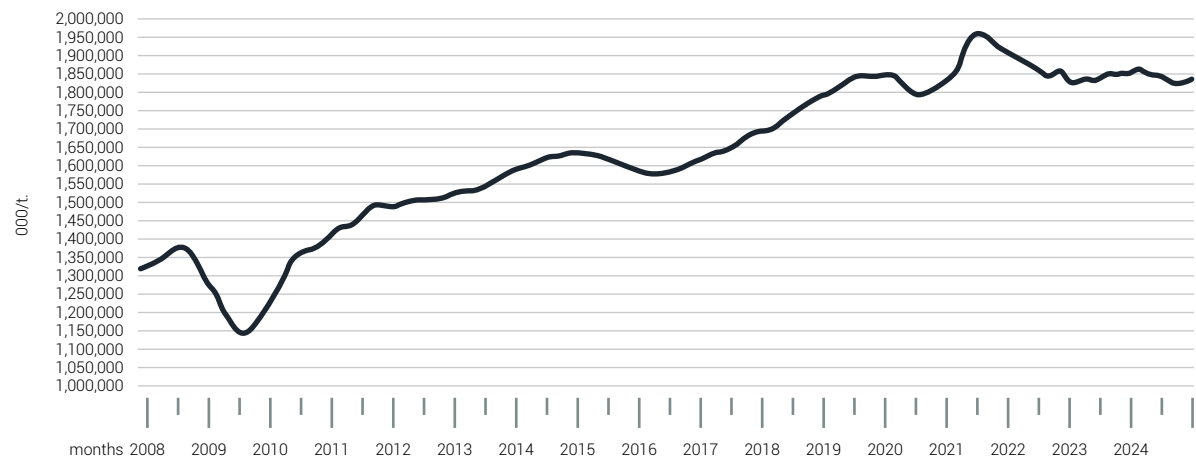
Source: International Monetary Fund – January 2025

F. Performance of the steelmaking sector

In 2024, worldwide steel production, according to the most recent indications published by the World Steel Association, amounted to 1,883 million tonnes, down by 0.8 per cent compared to the previous year.

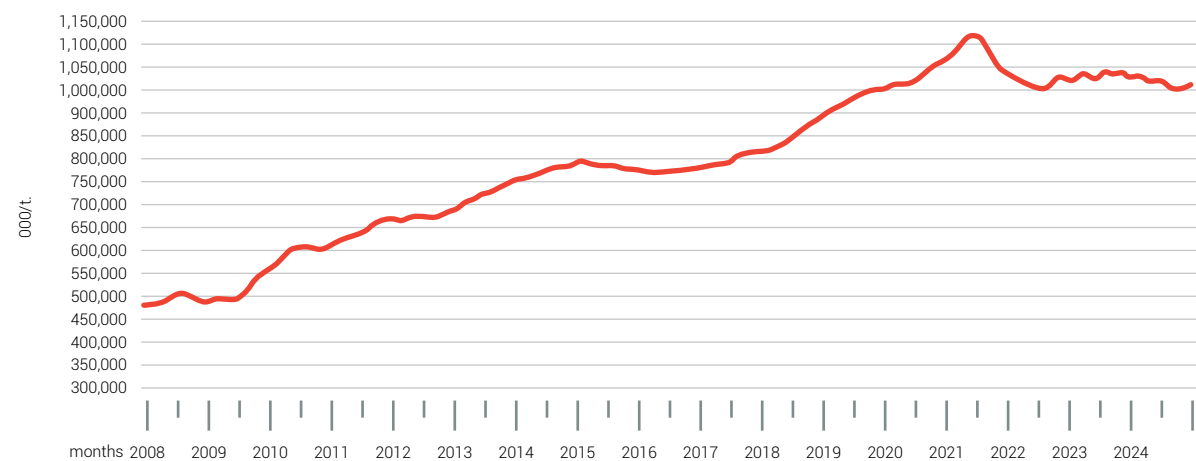
China confirmed its position as the world's leading producer, with a total output of 1,005 million tonnes, a 1.7 per cent decrease compared to the previous year.

World Steel Production



Source: World Steel Association

Steel Production in China



Source: World Steel Association

(millions of tons)	2024	2023	variat.
<b>Steel production</b>			
<b>World</b>	<b>1,882.6</b>	<b>1,897.9</b>	<b>-0.8%</b>
<b>Asia and Oceania</b>	<b>1,357.8</b>	<b>1,371.4</b>	<b>-1.0%</b>
of which: China	1,005.1	1,022.5	-1.7%
India	149.6	140.8	6.2%
<b>Europe</b>	<b>257.5</b>	<b>256.2</b>	<b>0.5%</b>
of which: EU (27)	129.5	126.1	2.7%
CIS	84.8	88.4	-4.1%
<b>North America</b>	<b>105.9</b>	<b>110.5</b>	<b>-4.2%</b>
of which: U.S.A.	79.5	81.4	-2.3%
<b>South America</b>	<b>41.9</b>	<b>41.6</b>	<b>0.6%</b>
<b>Africa</b>	<b>22.3</b>	<b>22.1</b>	<b>1.0%</b>
<b>Middle East</b>	<b>54.1</b>	<b>53.8</b>	<b>0.5%</b>

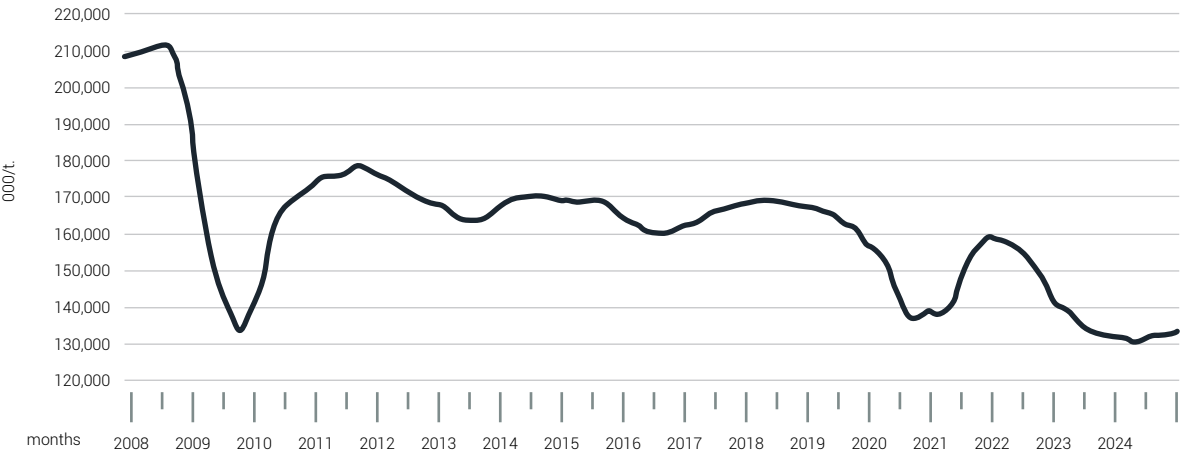
Source: World Steel Association

(millions of tons)	2024	2023	variat.
<b>Steel production</b>			
<b>EU (27)</b>	<b>129.5</b>	<b>126.1</b>	<b>2.7%</b>
of which: Germany	37.2	35.4	5.0%
Italy	20.0	21.1	-5.2%
Spain	11.8	11.4	3.5%
France	10.8	10.0	8.0%
Austria	7.1	7.1	0.0%
Poland	7.1	6.4	10.4%
Belgium	7.1	5.9	20.3%
Holland	6.4	4.7	37.0%
<b>UK</b>	<b>4.0</b>	<b>5.6</b>	<b>-28.7%</b>

Source: World Steel Association

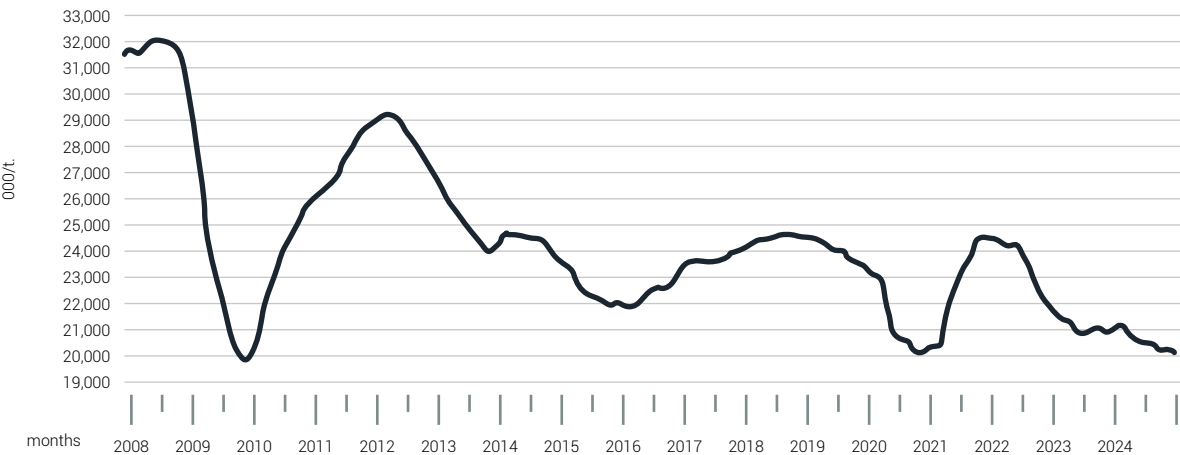
The European Union (EU27) reported an overall production of 129.5 million tonnes, up by 2.6 per cent compared to the previous year. Germany and Italy were confirmed as the main European producers, with 37.2 million tonnes (+5.2 per cent compared to 2023) and 20.0 million tonnes (-5 per cent compared to 2023), respectively.

**Steel production in the EU (including UK)**



Source: World Steel Association

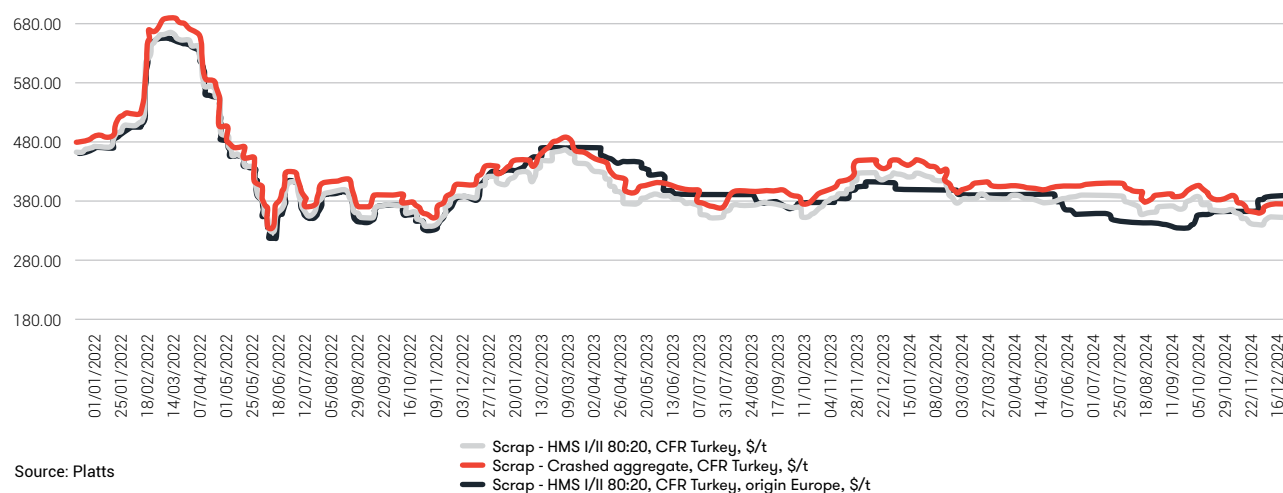
**Steel production in Italy**



Source: World Steel Association

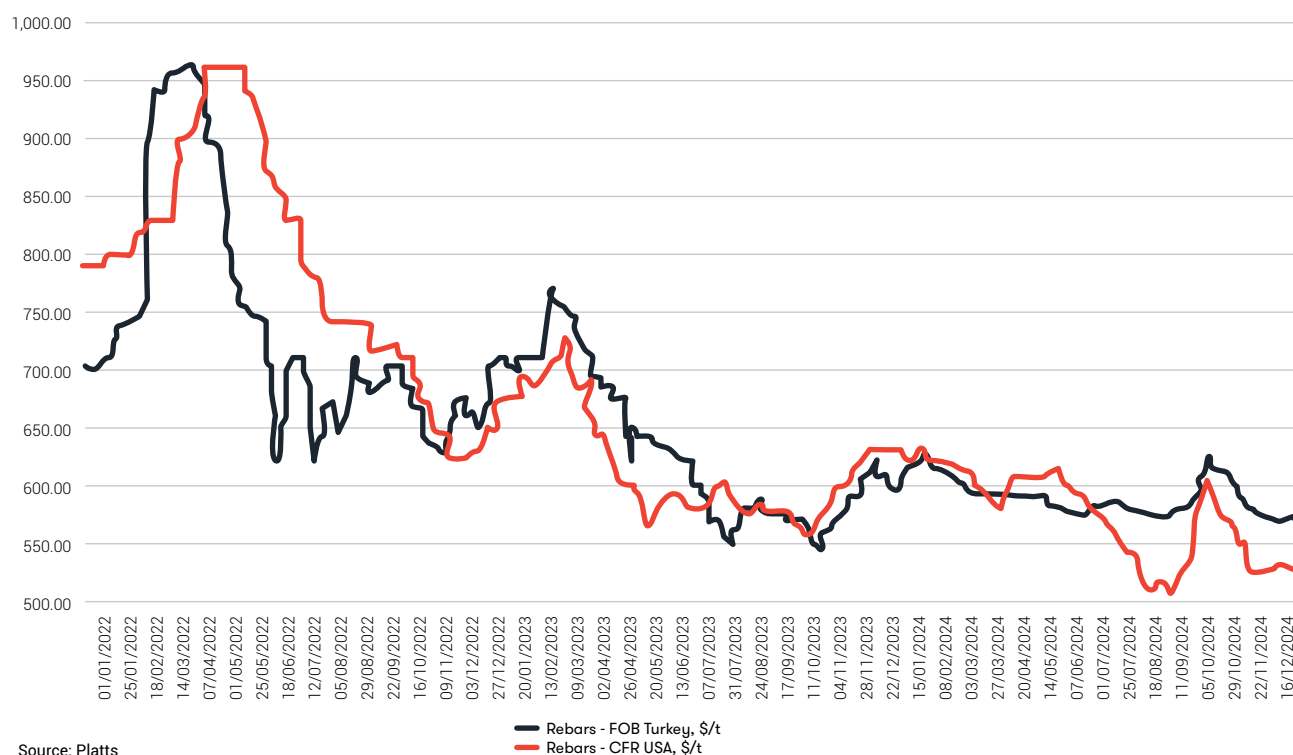
During 2024, the prices of ferrous scrap remained substantially unchanged. After an increase at the beginning of the year, prices decreased slightly, returning to levels substantially in line with those of the end of 2023.

## Scrap prices



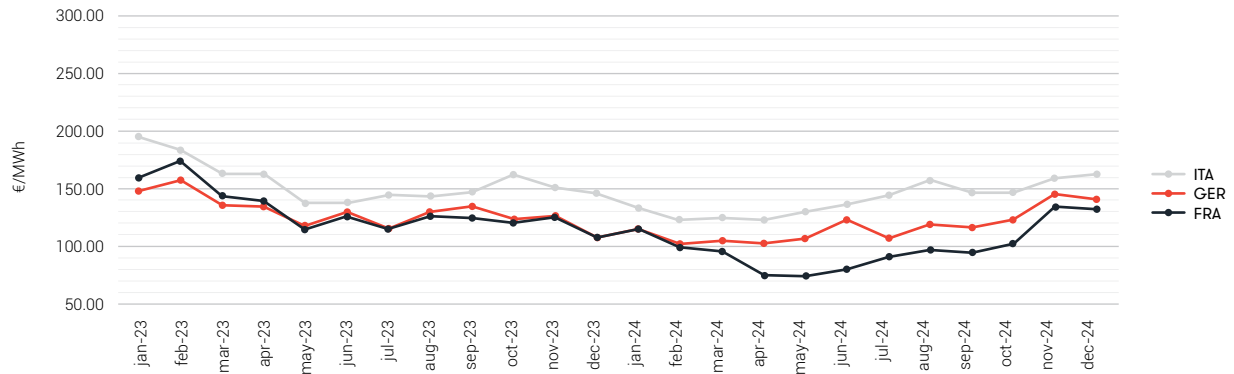
The sale prices of finished products increased slightly compared to the prices at the end of 2023. Also with regard to the prices of finished products, after an increase at the beginning of the year, prices decreased slightly, within a context characterised by a sharp decline in apparent consumption for the main user sectors.

## Prices of rebars



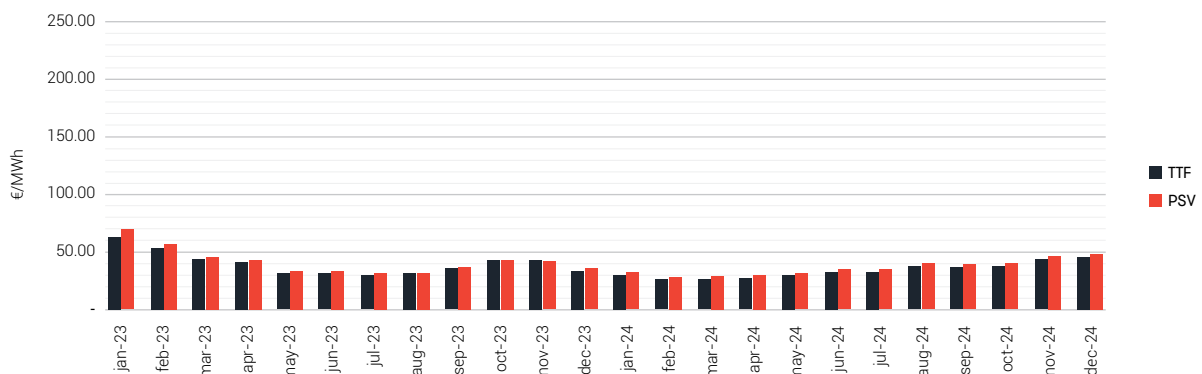
During 2024, energy and gas prices maintained historically high prices and remained at slightly higher levels than in the period prior to the outbreak of the geopolitical tensions that led to the invasion of Ukraine by Russia.

#### EE ITA GER FRA 2023-2024



Source: Eikon database

#### GAS TTF PSV 2023-2024



Source: Eikon database

During 2024, the steel sector showed a complex trend, characterised by persistent weakness in demand and a series of factors of uncertainty that affected both apparent and real steel consumption.

The overall performance in apparent consumption showed a prolonged contraction, with seasonal fluctuations that, in some quarters, partially concealed the downward trend. The data indicate that, although slight recoveries were recorded in periods in which the comparison with particularly low volumes of the previous year favoured marginal percentage increases, the overall level of steel volumes destined for the domestic market remained well below the pre-pandemic levels. This situation was partly determined by a persistent destocking process along the distribution chain, which led to a more marked reduction in real consumption, confirming the reluctance of end users to increase procurement in a context of global economic uncertainty, high energy costs and still restrictive interest rates.

According to Eurofer's estimates, apparent steel consumption decreased by 1.8 per cent overall, with a total volume of 127 million tonnes, lower than in 2020.

Domestic deliveries reflected the general market performance, recording a significant contraction in several periods of 2024. This performance shows that domestic demand continued to suffer, despite some temporary signs of recovery, due in part to favourable comparisons with periods of particular weakness.



At the same time, imports - which also include semi-finished products - recorded a reduction in 2024 (Eurofer estimates 7 per cent reduction in the first seven months). However, it is essential to note that the recent declines in imports are mainly a reflection of weak demand. Therefore, in 2024 the share of imports on apparent consumption remained considerably high in historical terms (28 per cent), showing that the European market continued to credit facility on foreign flows in a context of depressing domestic demand. The main countries of origin of finished imports were India, Turkey, South Korea, Vietnam, Taiwan and China.

Exports, for their part, have undergone fluctuations that reflect the changing conditions of the global market, contributing to making the prospect of balance between supply and demand even more uncertain; the main destinations were the United Kingdom, the United States, Turkey, Switzerland, China and Egypt.

Overall, the steel sector had to face several challenges during 2024, including weak demand, geopolitical tensions and economic uncertainty. The sectoral dynamics have significantly influenced both the apparent and the real consumption of steel, leading to a contraction in overall volumes and contributing to destocking along the supply chain.

As a result of this uneven trend, the economic activity of the European user sectors recorded 3.3 per cent decrease on an annual basis.

User sectors	Share of consumption	Q1 24	Q2 24	Q3 24	Q4 24	Year 2024
Construction	37.0%	-2.6%	-1.2%	-2.2%	-2.0%	-2.0%
Automotive	20.0%	-2.4%	-7.8%	-12.1%	-10.0%	-8.4%
Mechanical engineer	12.0%	-4.6%	-6.2%	-4.1%	-3.0%	-4.7%
Metal articles	16.0%	-3.3%	-4.0%	-4.0%	-4.0%	-3.9%
Oil & Gas	8.0%	-4.4%	-3.4%	-3.3%	-1.0%	-3.0%
Appliances	3.0%	-6.3%	-2.5%	-2.4%	-6.0%	-5.0%
Other transports	2.0%	1.3%	11.9%	1.2%	3.0%	4.6%
Others	2.0%	1.0%	0.8%	-3.4%	-4.0%	-2.2%
<b>Total</b>	<b>100.0%</b>	<b>-2.4%</b>	<b>-3.0%</b>	<b>-4.0%</b>	<b>-3.5%</b>	<b>-3.3%</b>

Source: Eurofer annual data February 2025 - quarterly data internal rev

The construction sector, which represents the material share of total steel consumption in the European Union, continued to show a negative performance in 2024, with a decrease of 2.6 per cent in the first quarter, confirming a trend towards the recession that began in the third quarter of 2022. In the second half of the year, the recession continued with a contraction of 1.2 per cent in the second quarter and 2.2 per cent in the third quarter.

The difficulties in the construction segment worsened due to the decrease in investments and restrictions on access to credit, further exacerbated by high inflation and high interest rates. This economic situation led to a marked contraction in demand for steel, both in terms of volumes destined for new constructions and those linked to the maintenance and renovation of existing facilities. The persistent economic uncertainty rendered the sector extremely sensitive to changes in the financial climate and medium-term growth prospects.

Overall, during 2024, the construction sector recorded a reduction in economic activity of 2.0 per cent. A slight growth of 1.1 per cent is expected for 2025.

The mechanical engineering sector suffered a sharper slowdown than construction, having to deal with rising energy costs and a general reduction in industrial investments. In this sector, the production of machinery, fittings and components slowed down, causing companies to focus more on both production efficiency and process optimisation. Although the difficulties arising from the uncertainty about future investments have limited the ability to absorb additional volumes of steel, the segment proved to have a certain flexibility with the attempt to offset losses through reorganisation strategies and technological innovation.

This sector, which benefited from a strong post-COVID rebounding in 2022 and 2023, began to be affected in 2024 by a series of adverse factors that held back its growth. In detail, in the first quarter of 2024, the segment recorded a 4.6 per cent decline, marking the end of a ten-quarter period of growth, which was then confirmed in the second and third quarters with decreases of 6.2 per cent and 4.1 per cent, respectively.

The economic activity of the sector remained exposed to several downside risks, including the prolonged impact of the Russian invasion of Ukraine, the increase in global geopolitical tensions and the continuous deterioration of the economic and industrial prospects. These factors contributed to a climate of uncertainty that weighed on demand and investments in the sector.

Overall, the mechanical engineering sector recorded a 4.7 per cent reduction in economic activity in 2024. A slight growth of 0.3 per cent is expected for 2025.

In the first quarter of 2024, the automotive sector decreased by 2.4 per cent, after seven quarters of growth, followed by a 7.8 per cent decline in the second and a further 12.1 per cent decline in the third quarter. The positive cycle reported from the second quarter of 2022 to the fourth quarter of 2023 was interrupted due to uncertainties over the supply of electric vehicles and demand-related challenges, such as falling real household income and high inflation.

Several factors contributed to this negative performance, including: uncertainties on the production standards of electric vehicles and on the necessary infrastructures, challenges on the demand side, such as declining household spending power and high inflation, weakness in the manufacturing sector, low consumer confidence, supply chain issues causing order delays, and war-related disruptions.

Overall, during 2024, the automotive sector recorded a reduction in economic activity of 8.4 per cent. A modest recovery is expected in the future (2.1 per cent in 2025), the intensity of which will depend on several factors, including the recovery of global trade, external demand from important markets such as the United States and China, and commitment policy at EU level towards the full adoption of electric vehicles by 2035. However, challenges are still present, especially with regard to the export volumes of Chinese electric vehicles to EU markets and the domestic production of electric vehicles in the United States, incentivised by the Inflation Reduction Act (IRA).



Plant of Gerlafingen, Switzerland

## G. Regulatory developments

The European regulatory framework has represented a turning point for the ecological and industrial transition; a complex system of regulations that aims to radically redesign the continent's production and environmental paradigms.

The genesis of this complex regulatory framework is rooted in the growing global climate alarm and in the awareness that the European Union must be at the forefront in the fight against climate change.

The regulatory evolution of the European Union on environmental sustainability has undergone a significant acceleration in recent years, influenced by initiatives such as the European Green Deal and related legislative packages.

### Steel as strategic material for transition

Steel is a strategic element in the ecological transition as it is an essential component of technologies used for decarbonisation in many sectors:

- renewable energies: wind turbines require considerable quantities of steel for the construction of towers and support structures, while solar panels use steel for the frames and assembly structures;
- sustainable mobility and rail transport: steel plays a fundamental role in the production of electric vehicles, in particular for the construction of light frames and for batteries;
- green construction and infrastructure: bridges, buildings, constructions and public transport systems will have to be increasingly energy efficient and will have to rely on high strength steels and low carbon footprint, to contribute to reducing the overall environmental impact;
- energy transport and storage;
- mechanical engineering, technological fittings and industrial automation;
- water collection and transport systems.

At the same time, the steel industry needs profound innovations to minimise its environmental impact and to achieve the goal of climate neutrality by 2050. Investing in the research and development of green technologies for steel production is therefore an environmental necessity, but also an economic opportunity to build a more sustainable future.

To support this path, it is essential that European and national institutions implement a coherent industrial strategy, introduce adequate incentives to allow companies to maintain their competitiveness and encourage the necessary investments.

Energy: it is necessary to implement a structured regulatory framework that encourages investments in clean technologies to guarantee access to renewable and decarbonised energy at competitive conditions, through:

- incentives for renewable energies;
- development of network infrastructures;
- promotion of green hydrogen;
- support for energy-intensive sectors by implementing tools that balance competitiveness and sustainability (Carbon Border Adjustment Mechanism - subsidised tariffs on renewable energy - development of long-term supply agreements);
- simplification of authorisation procedures and cutting red tape (digitisation of processes - fixed deadlines for authorisations - centralisation of skills through the establishment of one-stop shops to facilitate interaction between project promoters and competent authorities);
- coordination at EU level (convergence of regulatory frameworks to promote common rules for state aid and green taxation - cross-border cooperation to promote common energy infrastructure projects, such as hydrogen networks and offshore hubs).

International trade: it is necessary to extend the Carbon Border Adjustment Mechanism to products downstream of the supply chain to avert carbon leakage and to prevent higher-emission products from third countries without restrictions and carbon costs from undermining the European steel industry's decarbonisation efforts, leading to market share losses.

Market: it is necessary to develop and implement tools to incentivise the demand for low-emission or carbon-neutral steel (Minimum Environmental Criteria (MEC) for products - Green Procurement and green labelling systems).

Scrap raw material: ferrous scrap must be recognised as a strategic priority material for the circular economy and the decarbonisation process. It is necessary to adopt measures that incentivise their availability and improve their quality, while limiting exports to countries that do not meet EU environmental and social standards.

Incentivised loans: it is necessary to allocate adequate resources to the decarbonisation of high emission-intensity sectors (hard to abate) to support investments in the transition phase towards climate neutrality.

Research: it is necessary to provide support for research and innovation, aimed at the development and large-scale experimentation of decarbonisation solutions applicable to steel processes.



## Safeguard measures

Safeguard measures represent an extremely sophisticated legal instrument for trade defence. These are not simply protective barriers, but mechanisms that allow European industries to gradually adapt to global competitive challenges in response to sudden increases in imports that threaten to upset the economic balance of entire production sectors.

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 extended until 30 June 2024 with Regulation 2021/1029 and subsequently until 30 June 2026 with Regulation 2024/1782.

## FIT FOR 55

The "Fit for 55" package presented by the European Commission on 14 July 2021 aims to translate the ambitions of the Green Deal into legislation and consists of a series of proposals to revise climate legislation. This package has been the subject of several negotiations, with provisional agreements that have not yet been finally approved.

The main aim of "Fit for 55" is to accelerate the decarbonisation of European companies, with a 2030 target of 55 per cent, or even 62 per cent, reduction in emissions compared to 1990 levels. The main changes in the "Fit for 55" package include the revision of the EU-ETS emission trading mechanism and the impact of the CBAM (Carbon Border Adjustment Mechanism).

## EU-ETS

The Emission Trading System represents the most innovative element of the new regulatory framework as it introduces an economic approach to the environmental issue, effectively creating an emissions market.

The EU-ETS mechanism, currently in its fourth phase (2021-2030), is one of the most important policies for reducing EU greenhouse gas emissions. The ETS works according to the 'Cap & Trade' principle, with a cap on emissions for the actors involved and the possibility of trading between the actors involved.

Gradual reduction of the cap determines a need to reduce own emissions and define a route to decarbonisation for all European companies, beyond the annual compliance needs that can be met by accessing the CO<sub>2</sub> emission allowances market (EUA). Furthermore, the reduction of the 'cap' translates into the reduction of free allocations, which are indexed by a benchmark mechanism at the performance of the ten best European companies.

## CBAM (Carbon Border Adjustment Mechanism)

CBAM is a border carbon price adjustment mechanism that clearly addresses the risk of business relocation and carbon emissions (carbon leakage) resulting from the EU's increased climate ambition level.

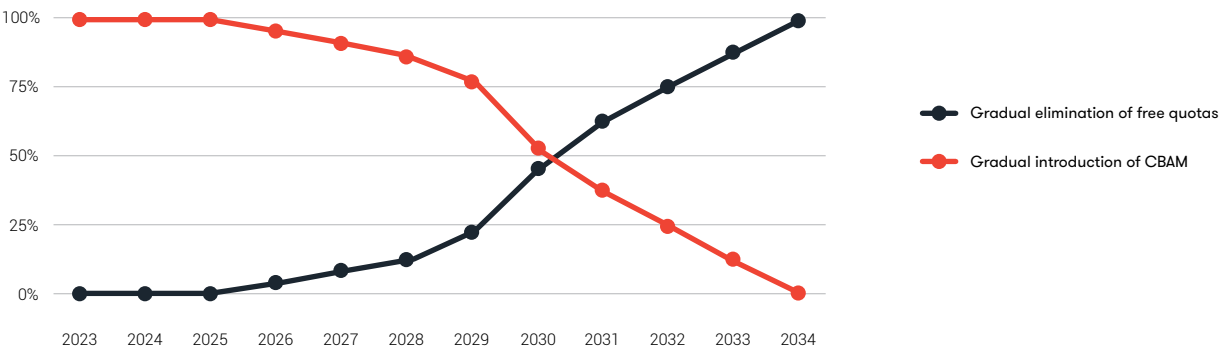
The purpose of this mechanism is to prevent EU emission reduction efforts from being offset by increased emissions outside the EU, through the relocation of production or increased imports of products with a lesser climatic cost at source.

The CBAM will be operational from 2026, alongside the gradual reduction in the percentage of free ETS allowances (phase out of free allowances).

As far as the steel sector is concerned, all materials under the heading 'pig iron, iron and steel' in Annex I of Regulation (EU) 2023/1773 are subject to the CBAM, with the exception of scrap and certain ferroalloys. Among the latter, only ferrochromium, ferromanganese and ferronickel are considered.

Furthermore, once fully implemented, the regulation envisages only counting direct emissions (thus excluding indirect emissions associated with electricity consumption) incorporated in the imported product.

**EU-Trilogue agreement on phase-out of free carbon allowances**  
with concurrent phase-in of CBAM



Source: European Parliament, Grafico: Britta Weppner/Table.Media

The CBAM requires importers to declare the emissions incorporated in products imported from non-EU third-party countries, using default values (in a first phase) or specific calculations for each product. These emissions will have to be offset through the purchase of CBAM certificates, the price of which will reflect that of the European ETS allowances.

Its implementation follows a precise roadmap, divided into several phases, each with specific obligations for declarants and involved parties:

- transition period (1 October 2023 - 31 December 2025): declarants must provide quarterly reports on the emissions incorporated in the imported goods, without the need to purchase CBAM certificates. The reports include the quantities of goods imported, the direct emissions incorporated in the goods (using actual data or default values) and the price of carbon paid in the country of origin (if applicable and available);
- final entry into force (1 January 2026): declarants must submit an annual declaration by 31 May of the year following the year of imports, showing the quantities of goods imported, the emissions incorporated and CBAM certificates purchased and used to offset these emissions. The price of the certificates will be related to that of the units in the European ETS (Emission Trading System).

As from the report for the third quarter of 2024 the use of default data is no longer permitted (except for 20 per cent of emissions), it is now necessary to use real data, coming directly from the manufacturer, which include direct emissions, deriving from asset manufacturing, and indirect emissions, related to the energy used to produce the asset. Importers or producers are required to provide this data through systems for monitoring actual emissions throughout the supply chain. The obligation to report actual data will remain in force until the end of the transitional period. From 7 January 2026, the reports will be annual, but for the purchase of certificates, operators will be able to refer to the default data again.

In the first year of transition, over 70,000 reports were received from around 10,000 declarants. Germany, Poland and Italy were the countries with the highest number of declarants, while China was the main country of origin of CBAM goods.

Number of CBAM Reports Submitted Quarterly	
Quarter	Number of reports submitted
Q4 2023	19,052
Q1 2024	19,033
Q2 2024	18,259
Q3 2024	15,361

CBAM declarations focused on iron and steel (69 per cent of declarations), fertilisers (77 per cent), cement (9 per cent) and aluminium (5 per cent).

Most of the declarations (95 per cent in the first three quarters) were based on predefined values to calculate emissions, with an increasing adoption of actual data in the third quarter of 2024 (around 50 per cent).

Quarter	Declarations with Default Values	Declarations with Actual Data
Q4 2023	18,099	953
Q1 2024	18,081	952
Q2 2024	17,346	913
Q3 2024	7,681	7,680

Below are a couple of example tables that illustrate, on the basis of the specific factors of the different countries, the cost associated with the embedded emissions in goods imported from non-EU countries.

CASE A) CN 72142000: Iron or non-alloy steel; bars and rods

Country	Direct [tCO <sub>2</sub> /t]	Indirect [tCO <sub>2</sub> /t]	Total [tCO <sub>2</sub> /t]	Cost* [€/t]
China	1.84	0.34	2.18	+174
India	4.9	0.73	5.63	+450
Turkey	1.83	0.14	1.97	+158
Ukraine	2.16	0.29	2.45	+196

CASE B) CN 72249000: Semi-finished products of alloy steel

Country	Direct [tCO <sub>2</sub> /t]	Indirect [tCO <sub>2</sub> /t]	Total [tCO <sub>2</sub> /t]	Cost* [€/t]
China	1.71	0.54	2.25	+180
India	2.72	0.57	3.29	+263
Turkey	1.87	0.27	2.14	+171
Ukraine	1.45	0.94	2.39	+191

\*Source: JCR 2023 - it is assumed that producing countries have not adopted a carbon tax mechanism.  
CO<sub>2</sub> price: €80/t



## Sustainable finance

The regulatory process on sustainable finance implemented by the European institutions aims to ensure common rules and an organic approach to counteract greenwashing and create dedicated financing channels for companies that can truly prove to be sustainable.

The 2018 Action Plan for Sustainable Growth set out ten actions to be implemented at European level based on the three pillars of sustainable finance:

- the creation of a science-based classification system of sustainable activities (known as the Taxonomy);
- the introduction of a mandatory disclosure regime for both financial and non-financial companies concerning their impact on the environment and society, as well as the sustainability-related operational and financial risks they face;
- the provision of a set of tools designed to support companies, financial market participants and intermediaries in aligning their investment strategies with the Union's environmental objectives.

### Taxonomy

EU Regulation 2020/852 introduced taxonomy of eco-friendly economic activities into the European regulatory system; a classification of activities that can be considered to be sustainable based on their alignment with the European Union's environmental objectives and compliance with certain social clauses.

To be eco-sustainable, an activity must meet the following criteria:

- 1) make a "substantial contribution" to at least one of the six environmental objectives:
  - climate change mitigation;
  - climate change adaptation;
  - sustainable use and protection of water and marine resources;
  - transition to a circular economy;
  - pollution prevention and control;
  - protection and restoration of biodiversity and ecosystems.
- 2) "Do No Significant Harm" (DNSH) to any of the environmental objectives;
- 3) Be carried out in compliance with minimum social guarantees (for example, those envisaged by OECD guidelines and United Nations documents);
- 4) Comply with the technical screening criteria set by the European Commission.

## CSRD

On 10 September 2024, Legislative Decree No. 125 of 6 September 2024 transposing Directive 2022/2464/EU, better known as the Corporate Sustainability Reporting Directive (CSRD), was published in the Official Gazette.

The CSRD focuses on the reporting of corporate sustainability report, with the aim of modernising and strengthening the regulations on social and environmental information as well as governance that companies are required to disclose to facilitate a transition to a sustainable and inclusive economic, productive and financial system. This regulation is one of the cornerstones of the European Green Deal and the Sustainable finance Agenda.

For large companies that meet two of the following requirements:

- turnover exceeding EUR 40 million;
- shareholders' equity exceeding EUR 20 million;
- over 250 employees.

It will result in the obligation to submit their reports on issues related to sustainability performance (initially starting from 2026, with reference to 2025, now postponed to 2028), except for what will be said later in terms of the likely evolution of the applicable legislation.

The aim of CSRD is to broaden the scope of subjects obliged to provide sustainability information to stakeholders, particularly financial stakeholders, by providing:

- all the information on how developments in the field of sustainability influence and affect the company (e.g., the effects of climate change on the business model) from a financial materiality perspective;
- all the information on the effects that the company itself has on the surrounding environment (e.g., the effect of emissions from production processes on the air quality of local residents) in terms of impact materiality.

These two perspectives generate the concept of "double materiality", which refers to both the impacts that the company's activities have on society and the environment, and to the impact of sustainability factors on the company's economic performance and financial position.

In April 2025, EU Directive 2025/794 was published, which amends the aforementioned CSRD and EU Directive 2024/1760, on due diligence (known as Corporate Sustainability Due Diligence Directive - CSDDD or CS3D), introducing significant deferrals in the dates of application of the obligations envisaged.



This new directive, identified with the terminology "Stop the Clock", proposes a temporary postponement of the deadlines for the application of sustainability reporting and due diligence obligations, granting unlisted companies (those belonging to the so-called "second and third wave"), more time to adapt to new regulations, favouring a smoother transition to rigorous sustainability standards.

In particular, the due date for application of the CSRD was postponed by two years, i.e. to 1 January 2027 or 2028, depending on the following cases:

- other large companies (those of the second wave, to which the Group belongs) that at the reporting date had exceeded, in the first year of activity or subsequently for two consecutive years, two of the following limits: more than 250 employees, EUR 25 million in the asset-based sheet and EUR 50 million in revenues, the obligation is postponed for years starting from 1 January 2027 or later (instead of the original 2025);
- the obligation for small and medium-sized enterprises (SME) is now postponed in relation to financial years starting from 1 January 2028 or later (instead of the original 2026).

As regards the CSDDD Directive, the extension of one year is envisaged as follows:

- companies with over 3,000 employees and net turnover of more than EUR 900 million: obligation applicable as from 26 July 2028;
- companies established in third-party countries with net turnover exceeding EUR 900 million in the EU: obligation as from 26 July 2028;
- all other companies subject to the directive: obligation from 26 July 2029.

Based on the simplification proposals defined in the so-called "Omnibus packages", the European Commission also intends to present a review of the current set of ESRS standards, with the support of EFRAG (European Financial Reporting Advisory Group), which was tasked with providing a technical opinion by 31 October 2025. Recently, the Technical Committee of the Body presented a work plan with the planned activities (including advisory) and the deadlines to meet this deadline.

The work that will be carried out is mainly aimed at reducing the number of mandatory data points to be reported, ensuring greater comparability and interoperability with existing international standards, strengthening the application of the materiality principle and focusing communication efforts on information that is actually relevant for certifying the sustainability of activities.

Despite the postponements and the expected simplification of the European ESRS reporting standards, the Group confirms the commitments undertaken to ensure that sustainability, decarbonisation and transparent disclosure are increasingly integrated into its business and represent a key element in the definition of its industrial strategies, with a pragmatic and proactive approach.

## Green Claims Directive

In recent years, companies have tried to improve their behaviour and awareness of environmental issues, also in order to meet the expectations of customers and stakeholders. However, the absence of clear and common rules on how to communicate the actual green footprint of products exposes companies to potential accusations of greenwashing.

The data on the accuracy and reliability of "green claims" in Europe are anything but comforting: "about 53 per cent of green claims provide vague, misleading or groundless information", according to a study by the European Commission in 2020. Furthermore, "40 per cent of claims have no supporting evidence, and half of these offer little or no possibility of being verified".

On 22 March 2023, the European Commission took a step towards better consumers protection in the EU, proposing a new directive to overcome the proliferation of false green claims.

The Green Claims Directive aims to make green claims reliable, comparable and verifiable across the EU and to protect consumers from greenwashing, establishing what companies must do to demonstrate and communicate their green credentials, as well as defining the rules for the validation of voluntary green claims, while regulating their use.

The Commission proposal envisages a ban on the use of any product classification system that is not based on common EU rules; it also establishes minimum transparency requirements for sustainability labels, which must be verified by an independent third party, and it sets up a register of reliable eco-labels.

Companies will be required to provide evidence to support their environmental performance claims, and market surveillance authorities will have to carry out regular controls and apply severe sanctions in the event of infringement.

The Directive mainly regulates "Explicit Environmental Claims" (EEC), defining mandatory evidence requirements, also for "Environmental Labelling Schemes" (ELS).

## EPBD IV Directive

The EPBD IV Directive (2024/7275/EU) is a crucial update of the European legislation on the energy performance of buildings, as it lays down the foundations for a radical transformation of European real estate assets, with an emphasis on decarbonisation and energy efficiency as essential tools to achieve carbon neutrality by 2050.

The core of the directive is the objective of ensuring that, by 2050, all buildings in Europe become zero-emission buildings (ZEB), i.e. structures with very low energy requirements, powered exclusively by renewable sources and free from direct carbon emissions.

This ambitious goal translates into a series of intermediate goals that mark the stages of the transition:

- for new public buildings, the zero emission requirement comes into force as early as 2028;
- for existing buildings, a gradual Adjustments process is envisaged, with a reduction in average primary energy consumption by 16 per cent by 2030 and by 20-22 per cent by 2035, compared to 2020 levels.

The directive recognises that the construction sector accounts for a significant share of overall energy consumption and greenhouse gas emissions in Europe and that improving energy performance will not only reduce the environmental impact, but will also have positive economic and social impacts, improving the quality of life of citizens and decreasing energy costs, especially for vulnerable households.

The adoption of the EPBD IV Directive represents a major challenge, requiring substantial updating of the regulatory framework and strategic planning at national level. The deadline for the endorsement is set for May 2025, while Member States must establish a national phasing-in path for gradual refurbishment by May 2026.

The carbon footprint of construction products represents a key element in the regulatory evolution introduced by the EPBD IV Directive (2024/1275/EU) as it considers the entire life cycle of buildings, including production, transport, installation and end-of-life management of construction materials.

To achieve the zero emission buildings (ZEB) target, it is not enough to limit operational energy consumption but it is also necessary to address embedded emissions, i.e. those related to construction materials and processes. This implies a detailed assessment of the life cycle of construction products, introducing specific criteria to measure and reduce the associated carbon footprint.

The directive therefore promotes the use of materials with a low environmental impact, such as those with a high recycled content.

Attention to the carbon footprint represents a great opportunity for the development and dissemination of innovative and sustainable construction products, such as those derivatives from recovery or recycling processes, such as steel produced by electric furnace (EAF), with high content of recycled, recovered and by-product material, which can benefit from a growing demand incentivised by legislation, as well as positioning themselves as key elements for achieving the EU's climate objectives.

## Critical Raw Material Act

The European Regulation on Critical Raw Materials (CRMA), in force since 23 May 2024, represents a milestone in the European Union's commitment to ensure safe, resilient and sustainable supplies of critical raw materials.

It is important to emphasise that the European Union is highly dependent on imports for these strategic raw materials. For example, China supplies around 98 per cent of the rare earths to the EU, Turkey 98 per cent of borate and South Africa 71 per cent of platinum. This concentration of supply sources represents a significant risk to the economic and industrial security of Europe.

The CRMA identifies 34 critical raw materials, of which 17 are defined as "strategic" due to their relevance in key sectors and the risks linked to their availability. Among the main objectives set for 2030, the regulation requires the EU to extract at least 10 per cent of its annual needs, process 40 per cent and recycle 25 per cent. In addition, it is fundamental to reduce the dependence on a single third country to less than 65 per cent for each strategic material. These goals, although ambitious, are necessary to mitigate the risks of excessive geopolitical dependence, as shown by the current strong exposure of the EU to China, the main supplier of materials such as gallium and germanium.

The CRMA is part of broader European efforts to strengthen industrial resilience. Among the proposals that emerged, the Draghi Report suggests the creation of an EU platform to coordinate the entire value chain of critical materials and strengthen resource diplomacy. The Letta Report, on the other hand, underlines the importance of a joint approach to create strategic reserves and stimulate the demand for high-quality recycled materials.

On the operational front, significant steps have already been taken. The EU received 170 applications for strategic projects and started collaborations with international partners, signing 14 agreements with resource-rich countries by 2024. In addition, a fund of EUR 100 million was established in collaboration with the European Bank for Reconstruction and Development to support the exploration of critical materials.

## Ecodesign for sustainable products regulation (ESPR)

The ESPR (Ecodesign for Sustainable Products Regulation), which entered into force in 2024, extends and deepens the regulatory framework of eco-design, previously limited to energy-consuming products, involving a much wider range of goods and establishing stringent requirements to reduce the environmental impact along the entire life cycle.

The regulation expands the eco-design approach to include all non-food products placed on the European market, with some exceptions (e.g. medicines, vehicles).

The most relevant innovations include the following:

- requirements for the product life cycle: every phase of the life cycle - from the extraction of raw materials to production, distribution, use and end of life - is regulated to maximise resource efficiency and minimise environmental impact. This includes the mandatory use of recycled materials, the reduction of hazardous substances and the design for repairability and recycling;
- durability obligations: products must guarantee an extended life span, through stricter quality standards and the availability of spare parts for defined periods;
- modular design: assets must be designed to facilitate maintenance and recycling. For example, electronic devices with easily replaceable batteries or furniture built to be disassembled and reused;
- Monitoring and transparency: the digitalisation of environmental data through the Digital Product Passport (DPP) allows complete traceability along the value chain.

Among the priority products, steel occupies a central position as it represents the first middle product to be regulated through a specific nominee act, expected by 2026. This act will define both information and performance requirements for steel products, with a focus on environmental aspects such as durability, recyclability, energy and water efficiency, and overall environmental impacts, including the carbon footprint.

To support the development of the nominee act, the European Commission commissioned the Joint Research Centre (JRC) to draw up a preparatory study, which aims to provide a detailed analysis of the technical-economic and environmental aspects of steel products. This study, currently under development, will include in-depth assessments based on the LCA (Life Cycle Assessment) and LCC (Life Cycle Costing) methodology to identify the best environmental improvement options.

Specific requirements for the steel production process are also defined in the ESPR, such as:

- decarbonisation of production processes, through the priority use of low-emission technologies, such as the use of green hydrogen in direct iron reduction processes;
- optimisation of the energy efficiency of plants to reduce consumption during melting, rolling and heat treatment;

- use of recycled materials and promotion of steel coming from the secondary cycle (electric furnace), which involves the use of recycled scrap, characterised by a carbon footprint up to 70 per cent lower than primary production, made from iron ore and coke;
- development of steel components that facilitate maintenance, replacement and recycling, through modular design.

The ESPR therefore represents a genuine transformative strategy for the European economy. By integrating the entire product life cycle, tools such as the DPP and stringent requirements for key sectors, such as steel, promote a holistic approach to sustainability.

## Minimum environmental criteria (MEC)

The enforcement of the Minimum Environmental Criteria (MEC) at national level, mandatory for public tenders and increasingly in demand also in the private sphere, represents a significant change in the construction sector and aims to promote the use of more sustainable materials, enhancing the characteristics of steel produced with circular processes, such as those based on the electric arc furnace (EAF).

The Public Procurement Code obliges contracting authorities and granting bodies to include design and technical criteria based on MECs in tenders, with the aim of reducing the environmental impact of the materials used.

This is reflected in some key provisions, such as:

- technical specifications for construction products: the materials must include a minimum percentage of recycled materials, recovered or by-products, calculated on the total weight. For steel, the recycled content must be demonstrated through environmental product declarations (EPD), compliant with ISO 14025 and EN 15804 standards;
- special tender specifications: the MEC specifications must be embedded into the executive project and contain clear requirements for materials and test methods to be provided to the project manager;
- environmental reward: a reward score is assigned to economic operators who use materials produced in plants subject to the EU ETS system or equivalent, thus guaranteeing a reduction in greenhouse gas emissions;
- calculation of recycled content: the calculation method, based on physical flows of matter, must follow recognised standards such as UNI/PdR 88:2020 and ISO 14021, with a distinction between "pre-consumer" and "post-consumer" materials.

The production of steel products through an electric arc furnace (EAF) is a technology that maximises the use of recycled materials, using ferrous scrap as raw material and producing steel with a low ecological footprint and industrial aggregates from smelting slag, usable in the construction and infrastructural sectors as a substitute of natural resources.

## H. Group performance

During 2024, the Group recorded an increase in sales volumes compared to the previous year, equal to a total of 1.7 per cent, in a context characterised by persistent weakness in demand and a series of uncertainty factors that had an impact on both apparent and real consumption of European steel.

The prices of ferrous scrap remained substantially stable. After an increase at the beginning of the year, prices decreased slightly, returning to levels substantially in line with those of the end of 2023.

Also with regard to the prices of finished products, after an increase at the beginning of the year, prices decreased slightly, within a context characterised by a sharp decline in apparent consumption for the main user sectors.

The margin on the cost of scrap therefore remained at particularly low average levels with consequent significant impacts on the results achieved during the year.

Energy and gas prices maintained historically high prices and remained at slightly higher levels than in the period prior to the outbreak of geopolitical tensions that led to Russia's invasion of Ukraine.

The countries where the Group's production activities are located have reacted differently to the general manufacturing activity contraction, both in terms of the overall stability of the economy, and especially of the construction sector, and in terms of industrial policy, with particular reference to support for energy-intensive companies heavily affected by the rise in energy prices.

Italy and France supported energy-intensive companies with suitable tools to reduce the impact of the energy component, while Switzerland and Romania did not follow this policy, leading to significant effects on our plants' production costs.

The cost of energy in Switzerland throughout 2024 remained at a slightly higher level than that recorded for the Group's activities in Italy and France.

Sales of merchant bars, produced in Italian and French plants, increased by 4.3 per cent year-on-year compared to the previous year (in the previous year an increase of 6.1 per cent year-on-year compared to 2022), maintaining the leadership in the merchant bars 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.

Overall, the business in those countries achieved an adjusted EBITDA of EUR 65 million.

Sales of steel for construction produced at the Gerlafingen plant (rebar and its derivatives) showed an increase of 1.5 per cent compared to the previous year, when volumes decreased by 6.4 per cent compared to 2022.

With regard to Switzerland, there are two additional specific elements that negatively influenced Stahl Gerlafingen's results: the appreciation of the Swiss franc against the euro, with a consequent increase in the weight of the fixed costs component denominated in the local currency and, therefore, in the competition of producers located in the Eurozone, and the sharp reduction in exports of profiles to the EU, due to the restrictions imposed by the Safeguard Measures which, for some important product categories, were quickly exhausted in each quarter.

In view of the prolonged reduction in sales volumes of profiles and beams produced in the Profile rolling line, resulting from export restrictions imposed by the Safeguard Measures, production at this rolling mill was definitively halted in May 2024. The reduction in production volumes, added to the increase in energy costs and the revaluation of the Swiss franc, made it necessary to limit the losses that this product line generated and would continue to generate in the future.

Stahl Gerlafingen recorded a negative adjusted EBITDA in 2024.

Sales of special large steel rebars (SBQ) produced at the Calarasi plant decreased by 4.3 per cent compared to the previous year, which in turn showed a decrease of 22.0 per cent compared to 2022.

The Targoviste plant, acquired in 2022, completed the preliminary phase of inspection and certification of finished products and started the production of rebar rolling lines for reinforced concrete and special steel rebars during 2023 and increased the sales volumes to 109 thousand tonnes in 2024.

Despite the reduction in the traditional flows of procurement of semi-finished steel products 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 during the year.

Donalam recorded a negative adjusted EBITDA in 2024.

For more information on the performance of the Group companies, please refer to section I "Economic and financial data and indicators" below.

The economic performance achieved by the Group in 2024 can be summarised as follows:

- net revenues decreased from EUR 1,748 million in 2023 to EUR 1,614 million in 2024, with a decrease of 7.7 per cent; sales volumes rose from 2,110 thousand tonnes in 2023 to 2,145 thousand tonnes in 2024;
- Adjusted EBITDA amounted to EUR 14.9 million (EUR 51.8 million in 2023), a decrease compared to the previous year in all business lines, significantly influenced by the performance in the margin on the cost of scrap and by specific related circumstances, in particular to the Swiss subsidiary;
- depreciation, amortisation, provisions, and write-downs totalled EUR 104.2 million (EUR 113.4 million in 2023);
- the operating result was negative for EUR 98.2 million (negative for EUR 60.8 million in 2023);
- financial charges amounted to EUR 28.6 million (EUR 17.1 million in 2023);
- the net result was negative for EUR 129.6 million (negative for EUR 86.9 million in 2023).

The net financial position was a negative EUR 74.6 million as at 31 December 2024 (positive for EUR 48 million as at 31 December 2023).

During the year, the net cash flow shows a negative cash generation totalling EUR 122.6 million (negative for EUR 26.6 million in 2023). More specifically, this result was achieved by a positive operating cash flow of EUR 3.5 million (EUR 176.3 million in 2023) absorbed by outlays for net investments in property, plant and equipment and intangible assets of EUR 100.8 million (EUR 152.7 million in 2023), dividends of EUR zero (EUR 30.1 million in 2023) and the payment for the acquisition of financial fixed assets of EUR 20.5 million (EUR 19.7 million in 2023).

With regard to financial covenants, due to the poor profitability recorded by the Group in 2024, the covenant relating to the NFP/EBITDA ratio was not respected. At the date of preparation of these financial statements, the waiver relating to the failure to comply with the aforementioned commitment was obtained from the banking sector. Investments in property, plant and equipment paid in 2024 amounted to a total of EUR 98.1 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.

The value of property, plant and equipment and intangible assets was subject to an impairment test. The recoverable amount of each facility was determined based on the value in use obtained by discounting the expected cash flows for the period from 2025 to 2029 as set out in the Economic and Financial Plan (hereinafter also referred to as the 'Business Plan' or 'Plan') approved by the Board of Directors on 21 February 2025. The audit carried out showed the need for write-downs for a total of EUR 24.1 million, mainly attributable to the plants of the subsidiary Stahl Gerlafingen. For more information on the impairment tests carried out, please refer to the notes to the explanatory notes.

## I. Economic and financial data and indicators

### 1 The Group

Income Statement (in thousands of EUR)	2024	2023
Revenues from sales (A.1 + A.5)	1,613,667	1,747,890
Value of operating production (A.1 + A.2 + A.3 + A.4)	1,526,498	1,598,728
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	1,377,876	1,410,143
VALUE ADDED	186,589	232,094
%	11.56%	13.28%
- Personnel costs (B.9)	180,616	179,438
EBITDA	5,973	52,656
Adjusted EBITDA	14,854	51,786
%	0.92%	2.96%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	104,220	113,416
OPERATING PROFIT (LOSS)	(98,247)	(60,760)
+/- Profit (loss) from the financial area (C + D)	(28,638)	(17,117)
GROSS PROFIT (LOSS)	(126,885)	(77,877)
- Income taxes	(2,748)	(9,007)
NET PROFIT (LOSS)	(129,633)	(86,884)

Statement of Financial Position (in thousands of EUR)	2024	2023
Property, plant and equipment and intangible fixed assets	756,528	728,995
Financial fixed assets	22,655	23,087
Trade receivables	48,349	46,667
Trade payables	493,425	500,777
Closing balances of warehouse facility	394,109	449,462
Other current assets and liabilities	(52,174)	(55,093)
<b>Net working capital</b>	<b>(103,141)</b>	<b>(59,741)</b>
Provisions for risks and charges and severance indemnity	43,123	44,673
<b>Capital resources, net</b>	<b>632,919</b>	<b>647,668</b>
Shareholders' equity	558,273	695,666
<b>Net financial position</b>	<b>74,646</b>	<b>(47,998)</b>

Indicators	2024	2023
Operating cash flow (in thousands of EUR)	3,483	176,333
Cash flow for technological investments (in thousands of EUR)	(98,072)	(151,549)
Equity/fixed assets ratio (E/Fa)	0.72	0.92
Equity plus consolidated liabilities/fixed assets ratio [(E + Conl)/Fa]	1.04	1.16
Debt to equity ratio [(Conl + Cl)/E]	1.58	1.21
Debt (long-term interest bearing) to equity ratio (Nfp/E)	0.13	(0.07)
Current assets/current liabilities ratio (Ca/Cl)	1.06	1.18
Deferred liquidity + immediate liquidity/Current liabilities ratio	0.43	0.50
Adjusted Ebitda/net revenues	0.92%	2.96%
Financial charges, net/net revenues	(1.50%)	(0.95%)
Labour cost/net revenues	0.11	0.10
Nfp/Adjusted EBITDA	5.03	(0.93)

**Key:**

E: Equity  
Fa: Fixed assets

Conl: Consolidated liabilities  
Cl: Current liabilities

Nfp: Net financial position  
Ca: Current assets



Plant of Vicenza, Italy

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

### Income Statement (in thousands of EUR)

	2024	2023
Revenues from sales (A.1 + A.5)	805,628	864,758
Value of operating production (A.1 + A.2 + A.3 + A.4)	743,395	797,453
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	653,156	660,384
VALUE ADDED	113,741	152,395
%	14.12%	17.62%
- Personnel costs (B.9)	63,582	60,016
EBITDA	50,159	92,379
Adjusted EBITDA	51,783	92,379
%	6.43%	10.68%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	44,848	34,274
OPERATING PROFIT (LOSS)	5,311	58,105
+/- Profit (loss) from the financial area (C + D)	(134,899)	(17,653)
GROSS PROFIT (LOSS)	(129,588)	40,452
- Income taxes	(1,014)	(10,991)
NET PROFIT (LOSS)	(130,602)	29,461

### Statement of Financial Position (in thousands of EUR)

	2024	2023
Property, plant and equipment and intangible fixed assets	407,181	366,662
Financial fixed assets	223,643	264,114
Trade receivables	58,836	43,587
Trade payables	243,601	247,052
Closing balances of warehouse facility	179,988	218,580
Other current assets and liabilities	(50,200)	(63,704)
<b>Net working capital</b>	<b>(54,977)</b>	<b>(48,589)</b>
Provisions for risks and charges and severance indemnity	38,747	33,073
<b>Capital resources, net</b>	<b>537,100</b>	<b>549,114</b>
Shareholders' equity	480,579	610,998
<b>Net financial position</b>	<b>56,521</b>	<b>(61,884)</b>



Indicators	2024	2023
Operating cash flow (in thousands of EUR)	34,319	140,664
Cash flow for technological investments (in thousands of EUR)	(47,580)	(51,131)
Equity/fixed assets ratio (E/Fa)	0.76	0.84
Equity plus consolidated liabilities/fixed assets ratio [(E + Conl)/Fa]	1.16	1.08
Debt to equity ratio [(Conl + Cl)/E]	1.30	0.91
Debt (long-term interest bearing) to equity ratio (Nfp/E)	0.12	(0.10)
Current assets/current liabilities ratio (Ca/Cl)	1.27	1.16
Deferred liquidity + immediate liquidity/Current liabilities ratio	0.79	0.58
Adjusted Ebitda/net revenues	6.43%	10.68%
Financial charges, net/net revenues	(1.03%)	(0.69%)
Labour cost/net revenues	0.08	0.07
Nfp/Adjusted EBITDA	1.09	(0.67)

**Key:**

E: Equity

Fa: Fixed assets

Conl: Consolidated liabilities

Cl: Current liabilities

Nfp: Net financial position

Ca: Current assets

Revenues from sales, totalling EUR 805,628 thousand, showed a decrease compared to the previous year (6.8 per cent compared to 2023) primarily as a result of the significant drop in the prices of steel products. The shipment volumes of finished products stood at 898 thousand tonnes (914 thousand tonnes in 2023).

The performance in sales prices, together with the performance in the price of ferrous scrap, which remains at high levels, therefore led to a significant worsening of EBITDA and the operating result.

In this context, the Italian plants have nevertheless 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 negative result of the financial area was significantly affected by the devaluation of equity investments held with the subsidiaries Stahl Gerlafingen and Donalam.

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 sections/small beams;
- rolling plant composed of a continuous rolling mill for small products with 21 stands for small sections.

**San Didero (Turin):**

- rolling mill comprising continuous mill for mid-size products with 19 stands for sections/small beams;
- rolling mill comprising continuous mill for small products with 24 stands for small sections, rebar for reinforced concrete.

**San Giovanni Valdarno (Arezzo):**

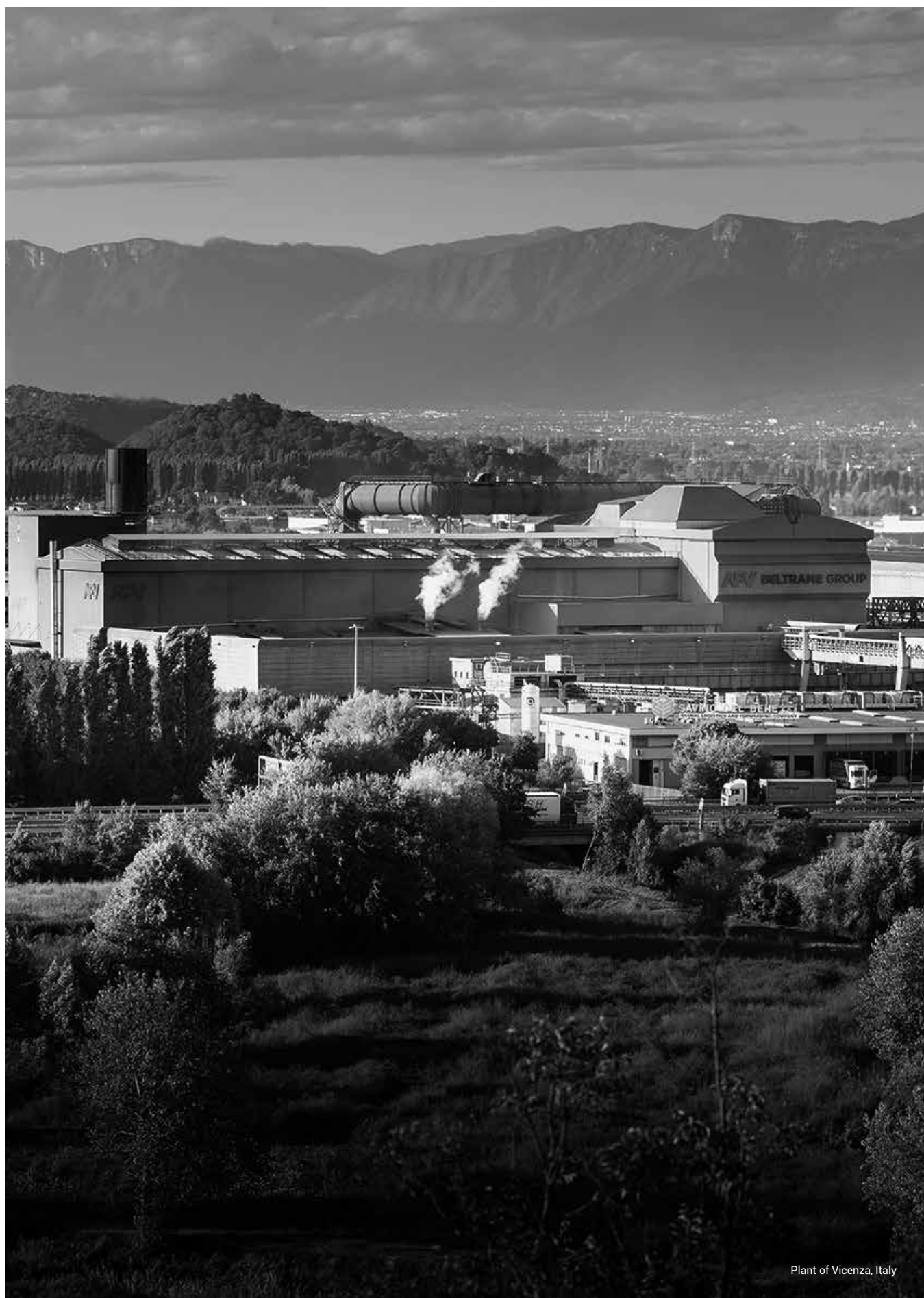
rolling mill comprising continuous mill with 18 stands for small sections.

**Energy production plants through hydroelectric plants**

- located in Piedmont, namely the Montecrestese, Ceretti, Cipata, Pontetto and Agrasina sites, located in the municipality of Montecrestese in the province of Verbania, with a total average annual production of approximately 84 GWh;
- located in Veneto, i.e. in the sites of Valstagna S. Gaetano and Collicello, located in the municipality of Valbrenta (VI), Debba in the municipality of Vicenza, Colzè in the municipality of Longare and Carturo in the municipality of S. Giorgio in Bosco (PD) with a total average annual production of approximately 60 GWh.

The main strategies envisaged by the Business Plan for AFV concern (i) the consolidation of the market leadership position, (ii) the diversification of production and (iii) the maintenance of a balanced warehouse level from the point of view of the supply of market and capital absorption.

Based on the forecasts of the Business Plan, AFV maintains good results, with EBITDA growing in the coming years and an improving net financial position. In particular, revenue growth and a return to a positive result for the year are expected in 2025



Plant of Vicenza, Italy

### 3 The subsidiary Laminés Marchands Européens S.A.S.

As reported above in point D. "Group Structure", the Parent Company owns 80.23 per cent 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.

<b>Income Statement (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Revenues from sales (A.1 + A.5)	374,235	379,923
Value of operating production (A.1 + A.2 + A.3 + A.4)	362,548	344,921
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	314,942	300,158
VALUE ADDED	53,066	73,841
%	14.18%	19.44%
- Personnel costs (B.9)	39,562	40,305
EBITDA	13,504	33,536
Adjusted EBITDA	13,533	30,101
%	3.62%	7.92%
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	14,341	15,476
OPERATING PROFIT (LOSS)	(837)	18,060
+/- Profit (loss) from the financial area (C + D)	(1,309)	(1,467)
GROSS PROFIT (LOSS)	(2,146)	16,593
- Income taxes	250	(4,361)
NET PROFIT (LOSS)	(1,896)	12,232

<b>Statement of Financial Position (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Property, plant and equipment and intangible fixed assets	115,798	116,316
Financial fixed assets	2,401	2,289
Trade receivables	6,193	4,403
Trade payables	92,637	92,636
Closing balances of warehouse facility	73,974	75,807
Other current assets and liabilities	(19)	4,965
<b>Net working capital</b>	<b>(12,489)</b>	<b>(7,461)</b>
Provisions for risks and charges and severance indemnity	12,202	14,431
<b>Capital resources, net</b>	<b>93,508</b>	<b>96,713</b>
Shareholders' equity	162,241	164,137
<b>Net financial position</b>	<b>(68,733)</b>	<b>(67,424)</b>

Indicators	2024	2023
Operating cash flow (in thousands of EUR)	15,288	81,108
Cash flow for technological investments (in thousands of EUR)	(13,868)	(36,734)
Equity/fixed assets ratio (E/Fa)	1.37	1.38
Equity plus consolidated liabilities/fixed assets ratio [(E + Conl)/Fa]	1.38	1.38
Debt to equity ratio [(Conl + Cl)/E]	0.74	0.74
Debt (long-term interest bearing) to equity ratio (Nfp/E)	(0.42)	(0.41)
Current assets/current liabilities ratio (Ca/Cl)	1.39	1.38
Deferred liquidity + immediate liquidity/Current liabilities ratio	0.77	0.75
Adjusted Ebitda/net revenues	3.62%	7.92%
Financial charges, net/net revenues	(0.35%)	(0.39%)
Labour cost/net revenues	0.11	0.11
Nfp/Adjusted EBITDA	(5.08)	(2.24)

**Key:**

E: Equity  
Fa: Fixed assets

Conl: Consolidated liabilities  
Cl: Current liabilities

Nfp: Net financial position  
Ca: Current assets

Revenues from sales, totalling EUR 374,235 thousand, showed a decrease compared to the previous year (1.5 per cent compared to 2023) as a result of the drop in the prices of steel products. The shipment volumes stood at 499 thousand tonnes (426 thousand tonnes in 2023).

Also in the case of the French subsidiary, the performance in sales prices together with the performance in the price of ferrous scrap, which remains at high levels, led to a significant worsening of EBITDA and the operating result.

In this context, the French plant has nevertheless 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 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 TGP continuous mill with 21 stands for sections/beams;
- rolling mill comprising TPP continuous mill with 20 stands for small sections.

The main strategies envisaged by the Business Plan for LME concern (i) the increase in production and sales volumes, thanks to the expansion of the range to products with higher added value, and (ii) the reduction in the incidence of labour costs by product unit, thanks to the rationalisation of the production structure and the growth in volumes produced, also as a result of the investments made.

Based on the forecasts of the Business Plan, LME maintains good results, with EBITDA growing in the coming years and an improving net financial position. In particular, revenue growth and a return to a positive result for the year are expected in 2025.

## The subsidiary Stahl Gerlafingen A.G.

As reported above in point D. 'Group Structure' above, the Parent Company owns 86.47 per cent 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.

<b>Income Statement (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Revenues from sales (A.1 + A.5)	384,742	422,067
Value of operating production (A.1 + A.2 + A.3 + A.4)	362,179	363,965
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	353,389	363,770
VALUE ADDED	15,330	1,906
%	3.98%	0.45%
- Personnel costs (B.9)	59,524	59,311
EBITDA	(44,194)	(57,405)
Adjusted EBITDA	(39,793)	(57,405)
%	(10.34%)	(13.60%)
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	41,121	58,201
OPERATING PROFIT (LOSS)	(85,315)	(115,606)
+/- Profit (loss) from the financial area (C + D)	(6,997)	(786)
GROSS PROFIT (LOSS)	(92,312)	(116,392)
- Income taxes	-	7,637
NET PROFIT (LOSS)	(92,312)	(108,755)

<b>Statement of Financial Position (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Property, plant and equipment and intangible fixed assets	104,535	127,248
Financial fixed assets	1,733	540
Trade receivables	1,984	12,287
Trade payables	80,623	98,873
Closing balances of warehouse facility	64,779	84,865
Other current assets and liabilities	33	2,729
<b>Net working capital</b>	<b>(13,827)</b>	<b>1,008</b>
Provisions for risks and charges and severance indemnity	2,595	2,224
<b>Capital resources, net</b>	<b>89,846</b>	<b>126,572</b>
Shareholders' equity	37,979	93,029
<b>Net financial position</b>	<b>51,867</b>	<b>33,543</b>

Indicators	2024	2023
Operating cash flow (in thousands of EUR)	(35,491)	(40,080)
Cash flow for technological investments (in thousands of EUR)	(20,502)	(31,751)
Equity/fixed assets ratio (E/Fa)	0.36	0.73
Equity plus consolidated liabilities/fixed assets ratio [(E + Conl)/Fa]	0.86	1.06
Debt to equity ratio [(Conl + Cl)/E]	3.76	1.77
Debt (long-term interest bearing) to equity ratio (Nfp/E)	1.37	0.36
Current assets/current liabilities ratio (Ca/Cl)	0.83	1.06
Deferred liquidity + immediate liquidity/Current liabilities ratio	0.11	0.37
Adjusted Ebitda/net revenues	(10.34%)	(13.60%)
Financial charges, net/net revenues	(1.82%)	(0.19%)
Labour cost/net revenues	0.15	0.14
Nfp/Adjusted EBITDA	(1.30)	(0.58)

**Key:**

E: Equity

Fa: Fixed assets

Conl: Consolidated liabilities

Cl: Current liabilities

Nfp: Net financial position

Ca: Current assets

Revenues from sales, equal to EUR 384,742 thousand, decrease compared to the previous year (8.8 per cent compared to 2023) due to the significant decrease in the prices of steel products and the reduction in sales volumes of profiles and beams following the decision to permanently stop the Profile rolling line. The volumes of steel shipments for construction stood at 532 thousand tonnes (524 thousand tonnes in 2023).

Also in the case of the Swiss subsidiary, the performance in sales prices together with the performance in the price of ferrous scrap, which remains at high levels, led to a significant worsening of EBITDA and the operating result.

In this context, the Swiss plant has nevertheless stabilised its leadership in the segment of rebars in the domestic market and has continued the process of continuous improvement of efficiency and industrial performance.

Introduced in the EU to limit imports of steel products into Europe, the Safeguard Measures have led to a sharp reduction in the production and sales of plates, wide plates, profiles and beams.

The absence of support measures for energy-intensive companies in Switzerland, in contrast to what has taken place in the main European economies, as well as the revaluation of the Swiss franc against the Euro, resulting in an increase in the weight of fixed costs denominated in local currency, have led to a gradual loss of competitiveness for the Swiss steel sector.

These elements had significant effects on the company's production costs and profitability during 2023 and 2024.

In view of the prolonged reduction in sales volumes of profiles and beams produced in the Profile rolling line, resulting from export restrictions imposed by the Safeguard Measures, production at this rolling mill was definitively halted in May 2024. The reduction in production volumes, added to the increase in energy costs and the revaluation of the Swiss franc, made it necessary to limit the losses that this product line generated and would continue to generate in the future.

The value of property, plant and equipment and intangible assets was subject to an impairment test. The recoverable amount of each facility was determined based on the value in use obtained by discounting expected cash flows for the period from 2025 to 2029. The audit carried out showed the need for write-downs for a total of EUR 24.1 million, mainly attributable to the plants.



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 bars, rebars and wire rods;
- 1 continuous rolling mill for flat bars, universal flats, sections, and beams;
- 1 plant for the production of meshes;
- 6 rewinding plants.

The main strategies envisaged in the Business Plan for Stahl Gerlafingen concern (i) a strong focus on reducing operating expenses, also through the reorganisation of shiftwork and the reduction of the workforce, (ii) an adjustment of the production mix, focusing on products with higher added value and (iii) the increase in productivity as a result of recent investments.

With regard to the reduction in operating expenses, starting from January 2025, a significant reduction in personnel costs was implemented, both by reducing the units and through the use of the temporary lay-off scheme.

With regard to the cost of energy sources, the effects of reducing network costs envisaged by the legislation approved in December 2024 to support the Swiss energy-intensive sectors were considered.

Based on the forecasts of the Business Plan, also thanks to the actions described above, Stahl Gerlafingen shows a significant improvement in EBITDA during 2025 and a gradual return to positive EBITDA over a three-year period.



Plant of Gerlafingen, Switzerland

## 5 The subsidiary Donalam S.r.l.

As reported above in point D. 'Group Structure' above, the Parent Company owns 98.33 per cent 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.

<b>Income Statement (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Revenues from sales (A.1 + A.5)	167,225	174,648
Value of operating production (A.1 + A.2 + A.3 + A.4)	170,064	178,257
- External operating costs (B.6 + B.7 + B.8 + B.11 + B.14)	174,286	184,579
VALUE ADDED	4,414	(2,349)
%	2.64%	(1.34%)
- Personnel costs (B.9)	17,942	18,838
EBITDA	(13,528)	(21,187)
Adjusted EBITDA	(10,702)	(18,543)
%	(6.40%)	(10.62%)
- Amortisation, depreciation and allocations to provisions (B.10 + B.12 + B.13)	11,454	8,534
OPERATING PROFIT (LOSS)	(24,982)	(29,721)
+/- Profit (loss) from the financial area (C + D)	(7,274)	(8,329)
GROSS PROFIT (LOSS)	(32,256)	(38,050)
- Income taxes	(1,830)	(79)
NET PROFIT (LOSS)	(34,086)	(38,129)

<b>Statement of Financial Position (in thousands of EUR)</b>	<b>2024</b>	<b>2023</b>
Property, plant and equipment and intangible fixed assets	128,354	117,851
Financial fixed assets	64	32
Trade receivables	12,551	8,932
Trade payables	99,425	79,046
Closing balances of warehouse facility	75,368	70,513
Other current assets and liabilities	(2,439)	97
<b>Net working capital</b>	<b>(13,945)</b>	<b>496</b>
Provisions for risks and charges and severance indemnity	195	193
<b>Capital resources, net</b>	<b>114,278</b>	<b>118,186</b>
Shareholders' equity	69,146	63,421
<b>Net financial position</b>	<b>45,132</b>	<b>54,765</b>

Indicatori	2024	2023
Operating cash flow (in thousands of EUR)	(11,063)	(12,957)
Cash flow for technological investments (in thousands of EUR)	(19,303)	(32,936)
Equity/fixed assets ratio (E/Fa)	0.54	0.54
Equity plus consolidated liabilities/fixed assets ratio [(E + Conl)/Fa]	0.54	0.54
Debt to equity ratio [(Conl + Cl)/E]	2.25	2.26
Debt (long-term interest bearing) to equity ratio (Nfp/E)	0.65	0.86
Current assets/current liabilities ratio (Ca/Cl)	0.62	0.62
Deferred liquidity + immediate liquidity/Current liabilities ratio	0.13	0.13
Adjusted Ebitda/net revenues	(6.40%)	(10.62%)
Financial charges, net/net revenues	(4.35%)	(4.77%)
Labour cost/net revenues	0.11	0.11
Nfp/Adjusted EBITDA	(4.22)	(2.95)

**Key:**

E: Equity  
Fa: Fixed assets

Conl: Consolidated liabilities  
Cl: Current liabilities

Nfp: Net financial position  
Ca: Current assets

Revenues from sales, totalling EUR 167,225 thousand, showed a decrease compared to the previous year (4.2 per cent over 2023) as a result of the significant drop in the prices of steel products. Finished products shipment volumes amounted to 196 thousand tonnes (188 thousand tonnes in 2023); the sales volumes of the Targoviste plant amounted to 109 thousand tonnes.

On 11 March 2022 the company acquired the assets of a steel plant in Targoviste (Romania), formerly COS Targoviste S.A., covering 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 2022 following a preliminary phase of testing and certification of the finished products. Investments and further interventions are still underway in order to allow the full restart of the steel plant and to improve the equipment efficiency.

Also in the case of the Romanian subsidiary, the performance in sales prices together with the performance in the price of ferrous scrap, which remains at high levels, led to a significant worsening of EBITDA and the operating result.

The most significant information about production units is provided below:

**CALARASI:**

rolling plant with continuous 4-stand rolling mill for large sections and bars.

**TARGOVISTE:**

- electric steel plant comprising electric furnace, with 80 tonnes 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.

The main strategies envisaged by the Business Plan for Donalam concern (i) a strong focus on reducing operating expenses, also through the reduction of the workforce (ii) as regards the Targoviste site, the enhancement of investments relating to the rolling mill to increase the share of reinforced concrete rebar market in Eastern Europe and the restart of the steel plant (iii) with regard to the Calarasi site, the switch of the portfolio towards the range with greater added value, also through the development of strategic partnerships with leading operators and suppliers of European semi-finished products.

Based on the forecasts of the Plan, also thanks to the actions described above, Donalam shows a significant improvement in EBITDA during 2025 and a gradual return to a positive EBITDA over a three-year period.

## 6 The smaller companies

### Sipro Beltrame Ag (Zurich - Switzerland)

(in thousands of EUR)	2024	2023
Current assets	9,930	8,412
Total assets	9,930	8,412
Liabilities	8,700	7,249
Shareholders' equity	1,230	1,163
Revenues	44,689	49,372
Net profit (loss)	84	426

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.S..

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

(in thousands of EUR)	2024	2023
Current assets	329	271
Total assets	581	524
Liabilities	5,443	5,365
Shareholders' equity	(4,862)	(4,841)
Net profit (loss)	(22)	(795)

The Company, wholly owned by the subsidiary LME S.A.S., 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.



**Ferriera Sider Scal S.r.l. in liquidation** (offices in Vicenza and site in Villadossola - Verbania Cusio-Ossola)

(in thousands of EUR)	2024	2023
Current assets	2,215	2,119
Total assets	2,215	2,119
Liabilities	5,488	4,368
Shareholders' equity	(3,273)	(2,249)
Net profit (loss)	(1,024)	(449)

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 three environmental issues.

The first issue is the presence of polluting materials within the production site for which, in March 2023, the approval of the additions made to the operational reclamation project was obtained.

In the first few months of 2024, reclamation activities were started as per the approved project and the completion of the works is expected in the second quarter of 2025.

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. The plan for the characterisation and investigation of the soils is in progress, with delays accumulated due to the foreclosure of access to areas of third parties, recently resolved with a court ruling; at the end of the analytical investigations, the health-environmental risk analysis will be prepared, the results of which are expected by the end of 2025.

The third environmental issue concerns the contamination by PCBs found in the owned area called "Substation Ovesca", which was subject to mitigation actions through operational safety measures carried out in 2010/2011, which is still enforceable.

Within the industrial production site, the planned demolition works of most of the buildings were completed and field surveys were planned to proceed with the cadastral management of the areas.

A second demolition phase is being assessed relating to some buildings still present on the area (scrap yard, collapsed warehouses), aimed at a possible development of the area by the Parent Company.

The negative result for 2024 takes into account provisions recognised in the income statement for the year in question against overheads expected up to the 2026 financial year.

**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 per cent 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/made operational by the investee companies:

- **Interconnector Italia S.c.p.A.** - The company holds 100 per cent 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 26 July 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 Italia S.c.p.A.** - The company holds 92.64 per cent of the shares of RESIA Interconnector S.r.l., which has built a 150 MW direct current interconnection on the Austrian border. The work was built and entered into operation in December 2023.

The 2023 financial statements of Metal Interconnector S.c.p.A. were approved by the Shareholders' Meeting on 10 December 2024 and show a negative result of EUR 7,221 thousand. The negative result for the year 2023 results from the recognition of a write-down of EUR 6,892 thousand to adjust the book value of the 68.60 per cent investment in Interconnector Energy Italia S.c.p.A. to its recoverable value. This write-down is related to the value of the equity of Monita Interconnector S.r.l., a company wholly owned by Interconnector Energy Italia S.c.p.A..

It should be noted that the consolidated financial statements as at 31 December 2023 of Metal Interconnector S.c.p.A. show a group profit of EUR 9,321 thousand.

### **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. In 2022, the purchase of land and the authorisations 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)**

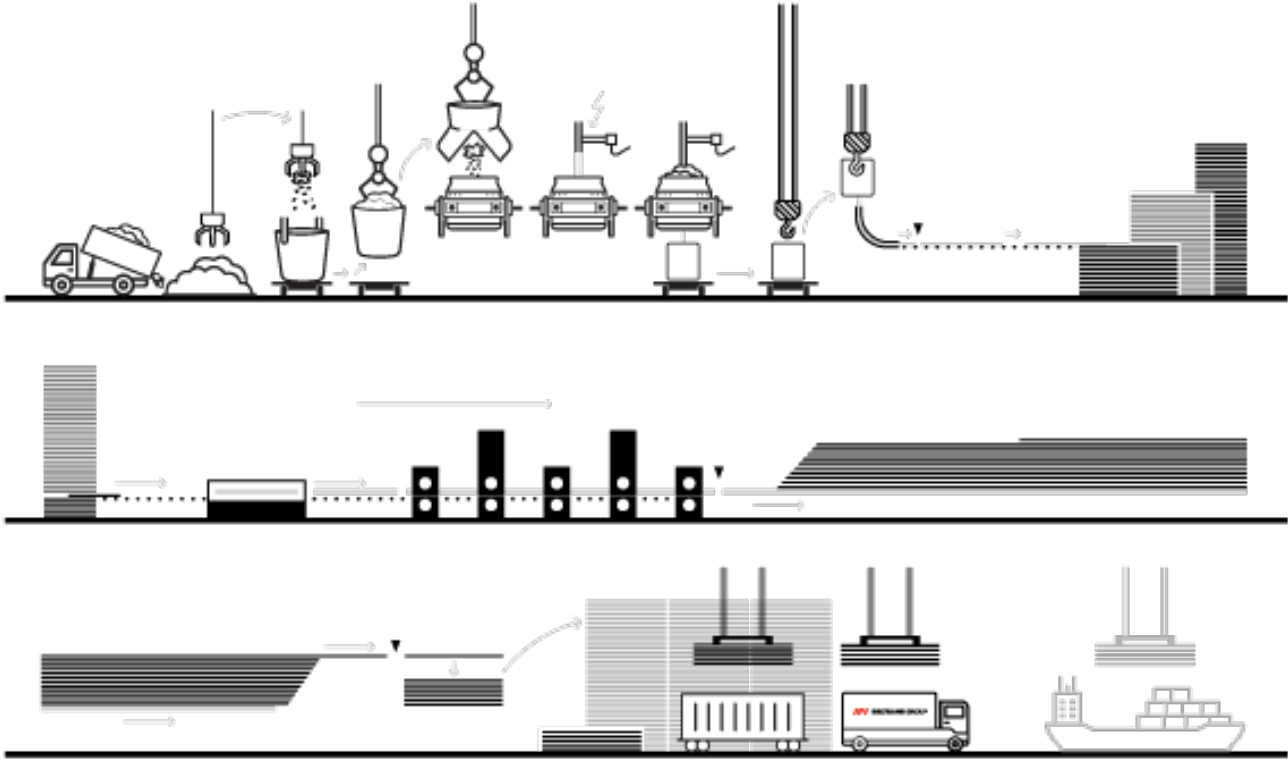
The corporate purpose of the company is to aggregate the electricity consumption of the consortium members through supply contracts from owned or third-party renewable production plants. Transactions also include purchases on the wholesale spot markets or with future delivery.





## J. 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 for the semi-product billet (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.

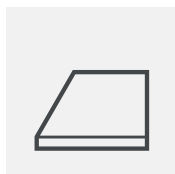
## 2 Products

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

### Merchant bars



Flat bars



Universal flats



Equal angles



Unequal angles



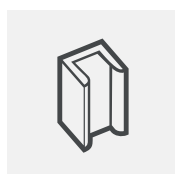
Sharp edged  
equal angles



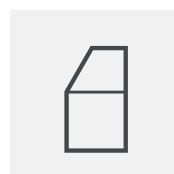
Sharp edged  
unequal angles



T bars



Small  
U-channels



Squares



Rounds

### Beams



Rolled beams  
UPN



Rolled beams  
UPE/UAP



Rolled beams  
IPE

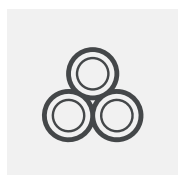


Rolled beams  
IPN



Rolled beams  
HE

### Special steel SBQ

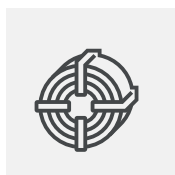


Special bar  
quality SBQ

### Reinforcing steel



Reinforcing bars  
topar-S 500C



Reinforcing  
bars topar-Rc in  
compact rings



Wire rod



Stock meshes,  
connecting  
systems,  
distance cones

## **K. EHS system management - Environment, Health and Safety**

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### **Group Environmental, Health and Safety management: principles, strategies and results**

The Group considers sustainable development and continuous improvement to be vital elements for the protection of the environment and human health, contributing to the protection of the rights of future generations. This approach is reflected in the integration of environmental, health and safety (EHS) principles into business management, in accordance with the values expressed in the Code of Ethics.

#### **Governance of Environmental Management and Health and Safety**

The Vicenza headquarters plays a key role in the definition, harmonisation and coordination of EHS strategies, monitoring the implementation of policies in the Group's various plants. Within each production site, qualified resources are dedicated to the management of environmental, safety and sustainability activities, ensuring the application of the highest standards.

The Group undertakes to:

- integrate environmental, health and safety issues into the company management system, promoting a systemic and structured approach;
- carry out a preventive risk analysis for each work activity, implementing proactive measures to avert accidents and occupational diseases and minimising the severity and likelihood of such events;
- ensure compliance with current regulations and voluntary commitments, through constant updates and a system for verifying compliance with regulatory obligations;
- strengthening dialogue with all stakeholders (employees, customers, suppliers, public bodies and local communities) and promoting training and sensitisation on environmental and safety issues, raising the level of awareness and responsibility;
- monitor and continuously improve environmental performance and residual health and safety risks, through advanced control tools and monitoring systems;
- periodically assess the Group's performance through pre-set indicators, shown in the "sustainability dashboard", consistent with the issues relevant to sustainable business development (sustainability pillars).

#### **Strategic objectives and improvement programs**

Based on these principles, the Group has developed programs aimed at continuously improving the effectiveness and efficiency of its processes. The main objectives include:

- reducing the risks of accidents and occupational diseases, with particular attention to the safety of workers and special emphasis on the development of a safety culture;
- minimising significant environmental impacts through the reduction of atmospheric emissions, the containment of waste production and the optimisation of water consumption;
- streamlining the production cycle through the adoption of energy-saving measures and the use of secondary materials, thus reducing the consumption of natural resources.

The Group constantly monitors technological innovations and invests significantly both in advanced systems and in the development of human skills, promoting a sustainability-oriented corporate culture.

## Certifications and reference standards

In 2024, the Group consolidated its approach to quality, health, safety, environmental and energy management, adopting recognised international standards such as ISO 9001, ISO 14001 and ISO 45001, ISO 50001. Particular emphasis was placed on the analysis of the company context and on the involvement of internal and external stakeholders, to ensure continuous improvement of management systems, aligning with best practices in the environmental, energy and safety fields.

## Analysis of the context and management of risks and opportunities

As part of the systemic approach to corporate management, the Group periodically carries out an in-depth analysis of the operating context, assessing both internal and external factors that may influence the achievement of the set objectives. The following were considered, among others:

- the impacts, current or potential, positive or negative, that the activities carried out by the Group, along its value chain, may generate externally from an inside-out perspective;
- market performance and the local and global economic context;
- the influence of geopolitical, financial and macroeconomic factors;
- the role of corporate reputation and the perception of stakeholders.

The risk analysis conducted in this way leads to the implementation and updating of targeted strategies to mitigate threats and enhance opportunities, through specific projects that optimise the resilience of the company management system.

## Results obtained in 2024

During 2024, the Group achieved significant results in the areas of environment, health and safety, including:

- strengthening of prevention and protection policies in the workplace, with a view to cultural and behavioural development;
- a waste management process increasingly focused on its recovery and enhancement, with a view to circular economy and consequent reduction in the consumption of natural resources;
- a gradual optimisation of the management of water resources, through the development of projects aimed at reducing consumption and recovery secondary water flows;
- effective implementation of energy efficiency strategies, in favour of a constant control of electricity consumption and other energy carriers;
- the development of activities relating to technological and plant engineering innovation.

These results confirm the Group's commitment towards sustainability and environmental responsibility, by consolidating a management model that integrates operational excellence and environmental protection, ensuring continuity and growth in compliance with the principles of sustainable development.

## 1 Environmental management

The steel industry represents a fundamental pillar for economic development, but it is also one of the industrial activities with the greatest environmental impact. The intensive consumption of natural resources, high levels of atmospheric emissions and the generation of large quantities of waste require targeted strategies to mitigate their impact. To meet these challenges, the Group has embarked on a path of transition towards sustainable production models, implementing advanced technological solutions and adopting circular economy principles.

This chapter focuses on the main environmental issues subject to attention by the Group: management of water resources, energy efficiency, waste management, reduction of atmospheric emissions and management of radiometry.

### 1.1 Water resource sustainable management

Water plays a crucial role in steelmaking processes, being used for plant cooling, waste management and dust control. To reduce water consumption and minimise waste, the Group has developed a series of strategies aimed at improving the efficiency of water circuits and encouraging the reuse of secondary flows.

In the Vicenza plant, a series of projects were implemented to promote the recirculation of process water, reduce water losses throughout the plant and optimise the process water circuits. In addition, an air cooler plant was installed, which made it possible to significantly reduce water requirements in the cooling process, partially replacing the use of water with an air-cooling system. This approach has contributed to significant savings of water resources, while optimising the overall efficiency of the plant.

At the Trith-Saint-Léger production site, the decision was made to reduce consumption by switching to softened water for the cooling towers. This solution has increased the flow rate of water recirculation, with a positive impact on the management of water resources and on the sustainability of the plant. The site of the steel mill was also equipped with a rainwater accumulation and sedimentation tank, equipped with a treatment and oil separation plant, which is being put into operation, aimed at a possible recovery of this water.

In Gerlafingen, the study for the optimisation of the entire water cycle is still underway, aiming at the separation of circuits that involve different types of water (industrial use, non-industrial use, rainwater). Developed on a multi-annual basis, this project represents a further step towards the efficient and sustainable management of water resources.



Hydroelectric Power Station of Pontetto, Montecrestese, Italy





Photovoltaic plant Renewability, Abruzzo, Italy

## 1.2 Energy efficiency and use of renewable energies

With regard to energy consumption, in 2024 as well the Group confirmed actions in line with the policies aimed at reducing specific consumption through efficiency projects and consolidation of best practices in production processes.

All plants are equipped with a widespread monitoring system that makes it possible to assess the performance of production plants in real time. 2024 was a satisfactory year in terms of energy performance indicators, with several plants recording significant improvements in their performance. It is however important to underline that, within the Group, the sensitisation of operators regarding these issues continues in a constant and productive manner in line with the ISO 50001 standard recently introduced in the Italian plants.

In addition to the management procedures that the Group continues to implement, in 2024 and upon full operation of the heating furnaces of LME, Stahl Gerlafingen and Calarasi, significant interventions were carried out to streamline consumption, including the installation of new burners for heating and drying the ladles at the steel mill in Stahl Gerlafingen. The new machines are equipped with heat recovery units or burners powered by a mixture of natural gas and oxygen. This improvement has made it possible to reduce by about 30 per cent, in this production process, the consumption of natural gas, the main cause of direct CO<sub>2</sub> emissions.

Significant investments were also made last year in order to increase the portion of "green" energy supply to be used for self-consumption, also through the acquisition and development of proprietary plants.

More specifically, 2024 saw the completion of construction works and the consequent entry into service of the following photovoltaic systems:

- PV plant of San Giovanni Valdarno: became operational in January 2024, with a capacity of 1.6 MWp. It provides full service to the factory with the same name;
- Renewability consortium: 9 photovoltaic plants with a total capacity of 9 MWp for AFV Acciaierie Beltrame SpA, which entered into service between the end of 2023 and mid-2024;
- Stahl Gerlafingen PV plants: 2 photovoltaic plants with a total power of 5 MWp, which became operational between May and November 2024. They provide full service to the plant with the same name.

Another significant step for the Group was the purchase and subsequent merger effectiveness 31 December 2023 with Idroelettriche Riunite SpA (I.R.), a company with over a century of experience in the production of 100 per cent renewable energy. The objective of this acquisition is to ensure an ever-increasing supply of clean energy to meet the Group's energy needs.

Thanks to this transaction, the Group now manages 12 hydroelectric plants spread over 10 sites between Piedmont and Veneto. During 2024, the plants, divided into reservoir and flow plants, maintained high levels of efficiency and availability, thanks to optimal planning of routine and scheduled maintenance. In addition, the year 2024 was characterised by an exceptional amount of rainfall in Northern Italy, which led to one of the highest hydroelectric production ever.

The incorporation of Idroelettriche Riunite marks a significant advance in the reduction of Scope 2 emissions. To maximise the benefits of this transaction, the company has started a collaboration with its energy supplier for the development of an innovative contract, which, starting from January 2024, it has made it possible to share the energy produced by hydroelectric and photovoltaic plants with its own consumption units located in Italy.



### 1.3 Waste management and valorisation of by-products

Optimal management of waste produced by steelmaking processes is a fundamental pillar of environmental sustainability strategies. The plants adopted advanced practices to reduce the amount of waste destined for landfills and to increase the rate of recovery and valorisation of waste materials.

At the Vicenza plant, the BELTRECO project has been consolidated. This initiative aims to transform EAF slag into industrial aggregates, which in 2024 were well received by the market and were used in large quantities and with great success in industrial construction and road infrastructure projects. This solution has made it possible to minimise contribution to landfills and reduce the consumption of materials extracted from natural quarries. The management of refining slag (LF ladle) has been addressed through the installation of an internal recovery plant, currently being commissioned, which will eliminate most of the waste sent off-site. Also with a view to recovery, an internal process was also developed that allows the strip and pre-treatment upstream of the different types of refractory materials used in the furnaces. This permits to streamline the flows of secondary material produced and an easier recovery in external plants, ensuring, once again, a reduction in the use of raw materials.

At Trith-Saint-Léger, experimental projects were launched to improve the strip and treatment of waste generated by the cleaning of steel mill pits. The adoption of new technologies has made it possible to increase the percentage of materials reused, significantly reducing disposal costs. In addition, collaboration with the European SLAG2BUILD project will enable experimentation aimed at transforming ladle furnace slag into materials suitable for Portland cement production, thus promoting a circular economy based on the reuse of secondary raw materials.

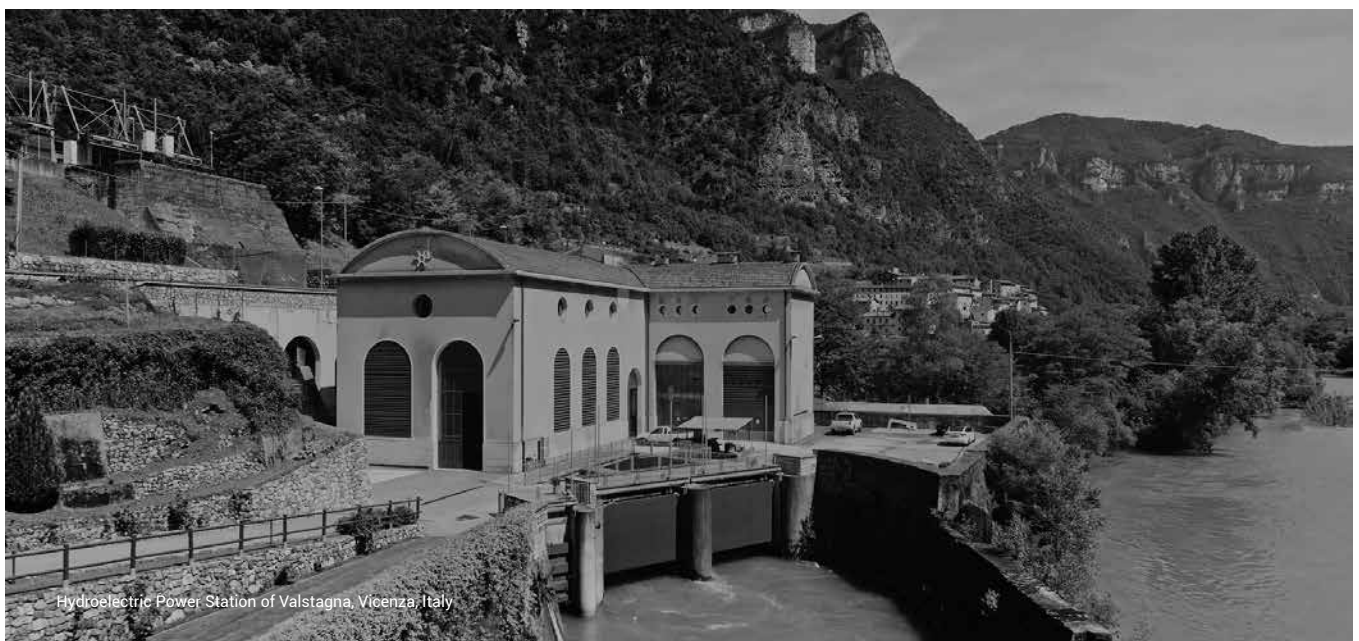
The Gerlafingen plant focused on the optimised management of metal waste, thanks to the introduction of advanced material strip and recovery systems. The implementation of a regeneration plant for contaminated packaging has significantly contributed to the reduction of hazardous waste destined for landfills.

Overall, the Group achieved its 2024 target of allocating at least 92.3 per cent of waste sent to external plants or recycled internally to recovery and valorisation operations, consolidating an industrial model focused on sustainability and reducing its ecological footprint.

### 1.4 Reduction of atmospheric emissions

The Group's commitment to reducing atmospheric emissions is translated into the adoption of the most advanced technologies available to limit the impact of pollutants. All production plants are subject to rigorous monitoring, with special attention to electric arc furnaces (EAF), where innovative systems are implemented to reduce emissions.

Among the solutions adopted, the metering systems of absorbent materials in the fumes stand out, which make it possible to keep emissions well below the European regulatory limits. In 2024, the checks carried out confirmed compliance with the required environmental standards, certifying the effectiveness of the strategies implemented.



## 1.5 Management of radiometric aspects: strategies, monitoring and future developments

The control and management of radioactivity in metal scrap represent a fundamental aspect for guaranteeing environmental safety and compliance with current regulations. The Group has adopted a structured and articulated approach to radioactivity monitoring, implementing a multi-level control system. This system is aimed at preventing the risk of radiological contamination, ensuring compliance with international radiation protection standards.

### Phases of radiometric monitoring of scrap

The current monitoring strategy is developed through five main phases, which make it possible to detect any radiometric anomalies at different points of the scrap management process:

#### **1. Upstream radiometric check at suppliers**

Suppliers are required by law to verify the radioactivity of cargoes leaving their deposits. They must certify the negative outcome of the check, reporting it on transport documents. The Group carries out random checks on suppliers to ensure that the procedure is being correctly applied.

#### **2. Monitoring at plant entrances**

Once the scrap metal arrives at the Group's facilities, it undergoes further inspection using radiometric portals. During 2024, the monitoring capacity was implemented at the steel mills through an increase in the number of detectors installed.

#### **3. Monitoring internal transfers**

Radiometric control is not limited to incoming materials, but also extends to internal transfers between plants and deposits managed on behalf of the Group.

#### **4. Monitoring during unloading in scrap yards**

An additional level of control takes place near the scrap unloading bays, where staff use portable instruments to perform direct measurements. This makes it possible to identify any anomalies with respect to the natural background and, in the event of suspicious findings, to intervene immediately with qualified personnel.

#### **5. Pre-loading monitoring in the furnace**

A technical-economic and feasibility analysis was carried out to introduce an additional level of control before loading into the furnace. The most favourable option was the installation of additional detectors near the loading baskets, at the point where the baskets pass through, which will be completed during the first half of 2025.

### Radiometric anomaly management and operational updates

In addition to instrumental monitoring, the Group has adopted specific measures for the management of radiometric anomalies and the updating of operating procedures. Current activities include:

- review of anomaly management procedures in collaboration with radiation protection experts;
- planning of training courses for personnel, with a specific update on the management of anomalies, the use of equipment and intervention protocols;
- dialogue with suppliers to strengthen monitoring in the scrap loading area.

The radiometric issue management system adopted by the Group stands out for its multi-level approach, which guarantees monitoring at various critical points in the process. The adoption of advanced technologies and continuous updating of procedures allow the risk of radiological contamination to be minimised, ensuring compliance with current regulations and protecting the health of workers and the environment. The next steps include further technological optimisation and greater integration between detection systems to improve the sensitivity and effectiveness of controls.

## 1.6 Sustainability dashboards

To fully integrate sustainability into strategic decisions and operating activities, the Group has established a dedicated organisation structured across two decision-making and operational levels:

Group Sustainability Steering Committee, a strategic committee responsible for developing the corporate sustainability strategy, defining priority areas and supporting improvement projects and initiatives.

Country Sustainability Operational Committee, present in each country, coordinated by Country Sustainability Managers with the support of the Country Manager, aimed at:

- ensuring the integration of the sustainability strategy into operating processes;
- monitor the progress of KPIs;
- assessing the performance of the projects;
- identifying new opportunities and initiatives;
- supervising the search for grants and loans.

As part of its sustainability-oriented corporate strategy, the Group, through the structure described, has identified five key areas (pillars) on which to focus its efforts to ensure an increasingly responsible and environmentally friendly production model. These pillars represent the founding elements of the Group's sustainability policy and set measurable targets for reducing environmental impact and improving safety and operational efficiency.

The five pillars of sustainability identified are:

- decrease in the index of accidents at work and days lost;
- reduction of electricity and natural gas consumption and greater use of energy from renewable or non-fossil sources;
- reduction of industrial water consumption;
- reduction of the organisation's carbon footprint (on scopes 1 and 2);
- optimal waste management, favouring waste recycling and recovery.



**FIVE PILLARS OF SUSTAINABILITY**

## **1. Workplace safety - Reduction in the accident rate with lost working days**

The Group adopts a proactive approach to protect the health and safety of workers, through concrete initiatives aimed at reducing accidents and occupational diseases. The SHARP ("Safety, Health and Risk Prevention") program promotes a corporate culture based on prevention and awareness, increasing training, communication and discussion between the different organisational levels. The goal is to ensure a safe working environment, with increasingly high standards in terms of employee protection and well-being.

## **2. Energy Efficiency - Use of renewable or non-fossil sources**

Energy efficiency is a strategic pillar for the Group, which has constantly invested in advanced technologies to optimise consumption and reduce production costs. The main initiatives undertaken include:

- modernisation of gas heating furnaces to enhance energy performance;
- implementation of heat recovery systems to reduce thermal waste and maximise process efficiency;
- adoption of digital control systems for real time monitoring of energy consumption and optimisation of industrial operations.

## **3. Water resource sustainable management and reduction of consumption**

Reducing the use of water in production processes is a priority for the Group, which has implemented advanced solutions to improve water efficiency, including:

- optimisation of cooling systems to minimise industrial water consumption;
- improvement of rainwater collection and treatment systems for their reuse within the production cycle;
- adoption of innovative technologies for the treatment and recycling of water, reducing the withdrawal from natural sources.

## **4. Reduction of CO<sub>2</sub> emissions**

The Group has adopted an ambitious decarbonisation plan with a 2030 horizon, aiming to reduce Scope 1 and Scope 2 CO<sub>2</sub> emissions by 40 per cent compared to 2015 levels. Key actions to achieve this goal include:

- optimisation of production processes to reduce energy consumption and improve efficiency;
- development of sustainable energy supply strategies, with an increase in the use of renewable sources;
- introduction of innovative technologies to reduce direct and indirect emissions.

## **5. Circular Economy and Waste Management**

The Group promotes a circular approach to the management of waste materials, with the aim of maximising the recovery and reuse of resources within the production process. In particular, the focus is on:

- improving the quality of scrap and secondary raw materials to increase the recycling rate;
- implementing strategies for the reuse of production waste, reducing the need for disposal;
- achieving a waste recovery rate of more than 92 per cent, as already achieved in 2024.

The sustainability indicators are monitored monthly in all Group plants and aggregated in a "Sustainability Dashboard", which allows dynamic management of activities and related projects. This dashboard is regularly presented and discussed in management meetings and operational committees, fostering greater awareness of management on sustainable efforts and ensuring the involvement of both managers and operational staff in achieving common goals.

Thanks to this structure, the Group can constantly monitor progress with respect to the sustainability strategy, assessing positive and negative impacts through defined KPIs. The approach adopted is bottom-up: the Country Sustainability Managers monitor the KPIs at local level and report to the respective Country Sustainability Committees. These, in turn, transmit the information at Group level through the Group Sustainability Manager or the Group Decarbonisation Manager. Lastly, the Sustainability Steering Committee receives and analyses these data during periodic meetings, then reporting them to the highest corporate governance body.

Some of these indicators are also analysed by credit institutions, as a contribution to the definition of the conditions of access to credit of the Group.

## 1.7 Environmental authorisations

The Group remains strongly committed to environmental sustainability and complies with the latest European regulations. In particular, the plants operate in line with Directive (EU) 2024/1785, which amended the previous Directive 2010/75/EU on industrial emissions (IED). This new directive aims to strengthen the integrated prevention and reduction of pollution from industrial activities, extending its scope and introducing more stringent requirements to ensure a high level of protection of human health and the environment.

In Switzerland, environmental permits are issued by Amt für Umwelt (AFU), the responsible body at national level. The plants located in Italy, France and Romania also operate within the framework of the IED Directive and are subject to regular checks by the relevant bodies.

During 2024, inspections conducted by these agencies confirmed compliance with current regulations.

Directive (EU) 2024/1785, which entered into force on 4 August 2024, makes significant changes to the previous Directive 2010/75/EU on industrial emissions (IED), with particular attention to the application of Best Available Techniques (BAT) in the ferrous metalworking and iron and steel production sectors.

The updated directive reinforces the importance of adopting Best Available Techniques (BAT) to improve the environmental performance of plants. In particular, for ferrous metal processing plants and iron and steel production plants, the directive emphasises the implementation of advanced techniques to reduce emissions and optimise resource efficiency. This includes the adoption of innovative and sustainable technologies that contribute to decarbonisation and the circular economy.

According to Directive (EU) 2024/1785, integrated environmental permits (IPPC) must be periodically reviewed to ensure alignment with the most recent BAT conclusions, as outlined in the reference documents (BREF). In particular, the directive establishes that competent authorities must update the authorisation conditions within four years from the publication of new conclusions on the relevant BATs. This process ensures that plants operate in accordance with the most advanced techniques available, promoting a continuous reduction in environmental impact.

In compliance with these provisions, the Group has initiated a process to assess and adapt its facilities, to verify that all operations are in line with the new BAT and the requirements of Directive (EU) 2024/1785.

With reference to the BAT for rolling plants, as part of the document concerning the ferrous metal processing industry (FMP - Ferrous Metal Processing BREF), the assessment of the compliance of the Group's facilities with these BATs led to the confirmation of the adequacy of the techniques used. This process, which will be completed within the current year, underlines the Group's constant commitment to aligning itself with the most advanced environmental practices.

The Calarasi and Targoviste plants have already obtained the renewal of the IPPC authorisation (which was due to expire) in compliance with this BREF.

## 1.8 Allocation of CO<sub>2</sub> quotas

The balance of the CO<sub>2</sub> quotas allocated, returned or purchased on the market, concerning the European ETS - Emission Trading System, relating to the Group's Italian, French and Romanian facilities is shown in the following table.

	2022			2023			2024 <sup>(#)</sup>		
	AFV	LME	DON	AFV	LME	DON	AFV	LME	DON*
Allocations	87,056	58,159	15,345	95,886	58,159	12,796	97,350	59,022	12,796
Purchase of quotas	15,000	15,000	0	0	0	0	0	0	0
Sale of quotas	0	0	0	0	0	0	122,000	50,000	0
Emissions	119,614	74,592	13,576	116,824	72,416	16,553	125,490 <sup>(#)</sup>	66,836	11,754

### Notes:

<sup>(#)</sup> The value of the 2024 allowances and emissions relating to the Italian plants will be updated following the ETS audit.

<sup>(\*)</sup> The value does not consider the contribution of the Targoviste plant.

It is noted that pursuant to the MiFID2 directive, the CO<sub>2</sub> 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 CO<sub>2</sub> emissions". Estimated emissions in 2024 amounted to 82,377 tonnes. In 2024, sales of CO<sub>2</sub> quotas of 88,000 (CHU) were made.

The European Commission published Directive (EU) 2023/959 on the establishment and operation of a market stabilising reserve for the trading of issue allowances and amended Regulation (EU) 2019/331, which provides for changes to the bonus issue, through some mechanisms, such as a review of the benchmarks for certain production plants and the introduction of conditions for allocation, relating to compliance with the recommendations set out in the energy audit and the drafting of a climate neutrality plan for the most emission-intensive plants. The final annual volume of the allowances allocated free of charge must be reduced by 20 per cent if the operator is not able to demonstrate that all the recommendations on energy efficiency have been implemented (pursuant to Article 8, Directive 2012/27/EU), i.e. when emissions exceed 80 per cent of the issue levels for the relevant product metrics in the years 2016 and 2017 (unless a specific climate neutrality plan is submitted).

During 2024, an assessment of the impact of this legislation on Group companies was carried out, confirming the absence of negative conditions and the favourable new approach towards steel plants, for which the fuel/electricity interchangeability criterion has been eliminated, with forecasts of higher free allocations.

	2026			2027			2028			2029			2030		
	AFV	LME	DON	AFV	LME	DON	AFV	LME	DON	AFV	LME	DON	AFV	LME	DON*
Allocations	154,296	83,132	8,138	150,341	81,000	7,930	142,426	76,739	7,513	122,645	66,082	6,469	81,499	43,917	4,298

**Note:**

\*) The value does not consider the contribution of the Targoviste plant.



Plant of Vicenza, Italy



2 Safety and health 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. Activities pertaining to workplace health and safety continued in 2024.



2.1 Injuries and occupational diseases

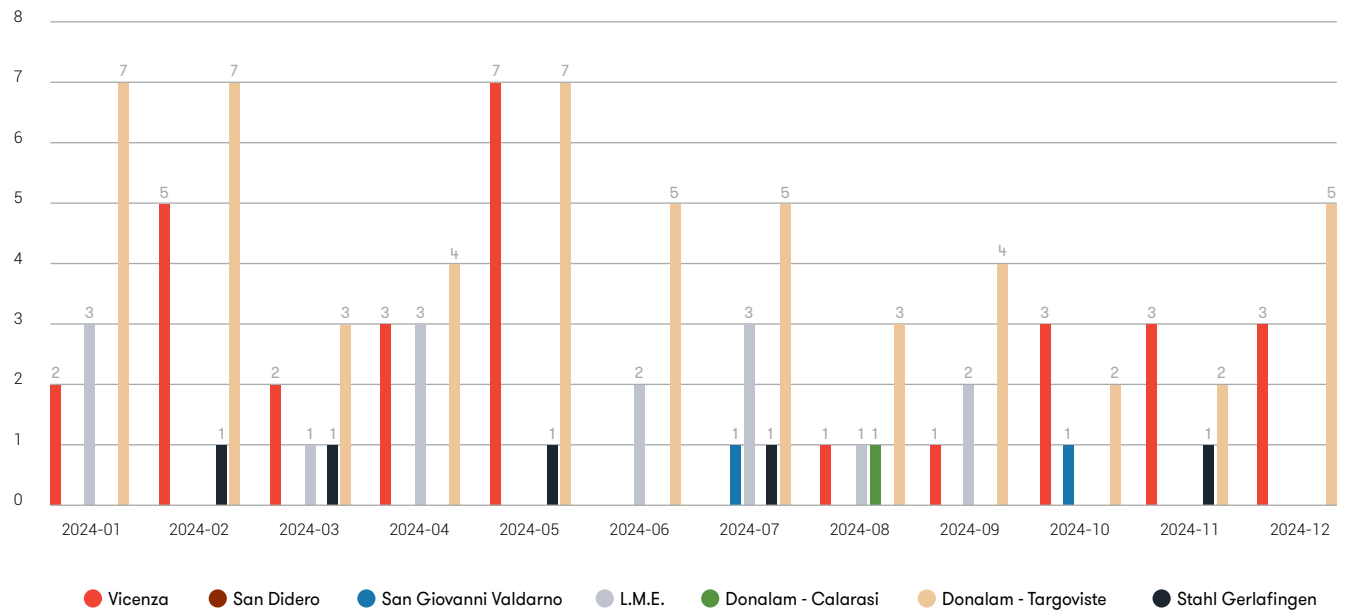
The data relating to the accident phenomenon of 2024 include the Hydroelectric Power Plants, located both in Piedmont and Veneto, acquired by the AFV Italia group at the beginning of 2024. The power plants ended 2024 with zero accidents.

With regard to injuries, we point out that the Group recorded progressive improvement in terms of injuries in recent years, even though 2024 saw an increase in the frequency index (LTIFR).

LTIFR is the parameter that includes all accidents that have resulted in absence from the workplace of at least one day.

In 2024, 105 injuries were recorded, compared to 78 in the previous year.

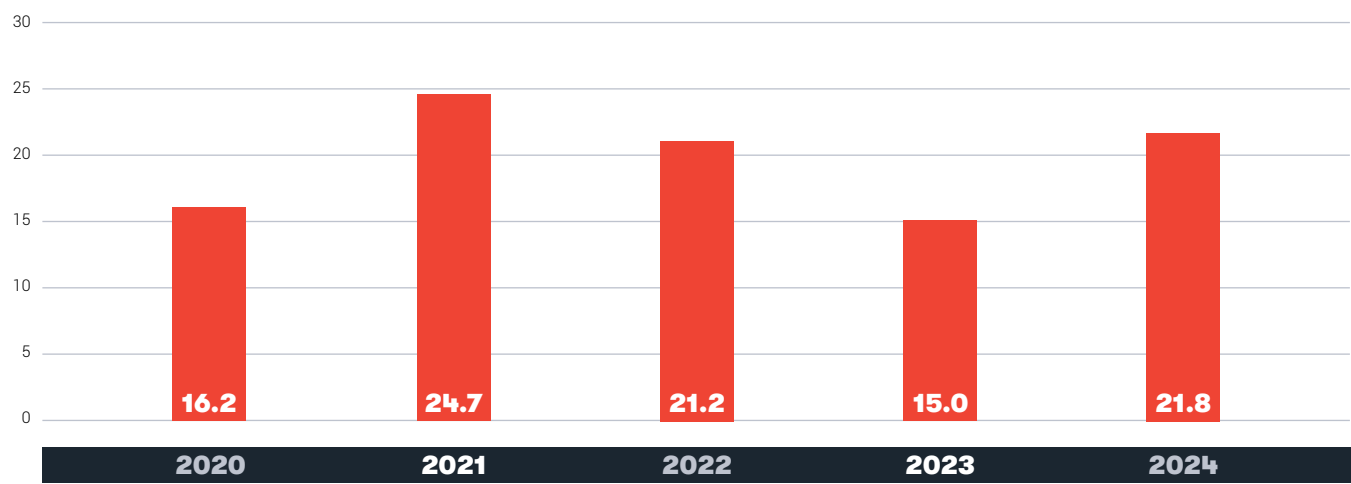
Number of LTIs



The frequency index at Group level was 21.8, compared to 15.0 in the previous year.



Frequency index trend (LTIFR)

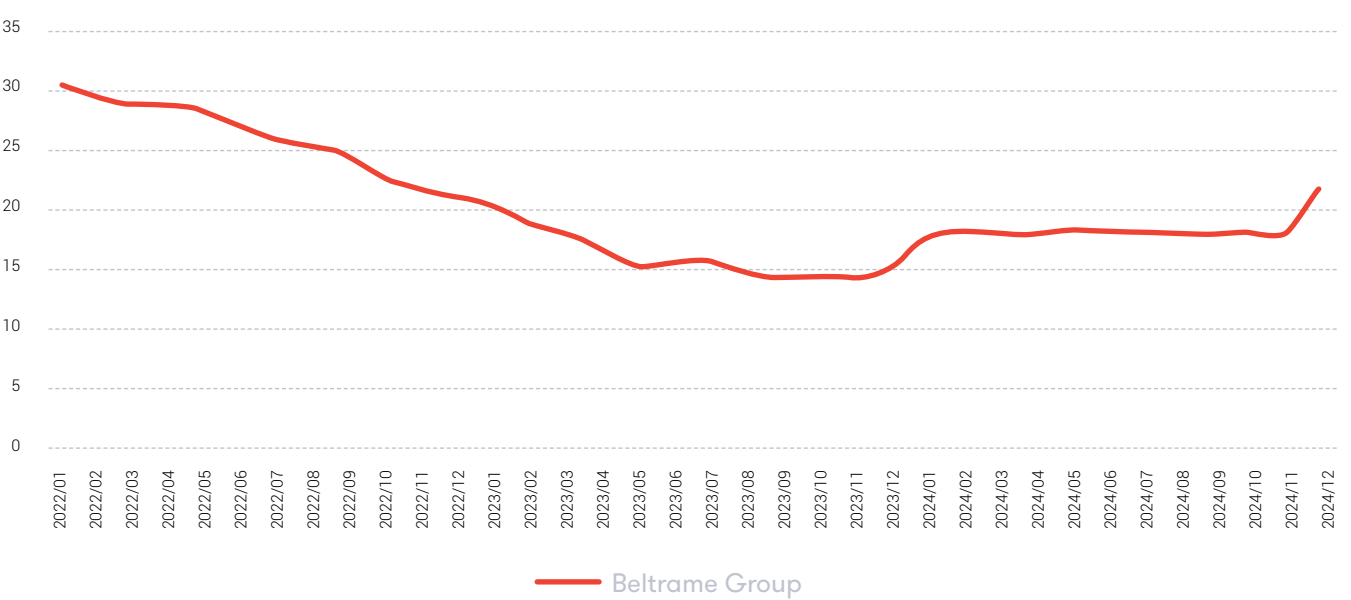


This indicator, expressed as a 12-month moving average, shows a return to the values of 2022.

Comparing the years 2023 vs 2024, there are some improvement factors for the year 2024 compared to the previous year 2023:

- the number of accidents with a prognosis of more than 30 days was down 18 per cent in 2024 compared to 2023;
- the average number of days lost due to accidents in 2024 decreased by 23 per cent and the average relating to accidents over 30 days of absence decreased by 40 per cent;
- in 2023 there were 2 injuries with a prognosis of more than 180 days, while in 2024 no injury exceeded the 180-day prognosis following an accident.

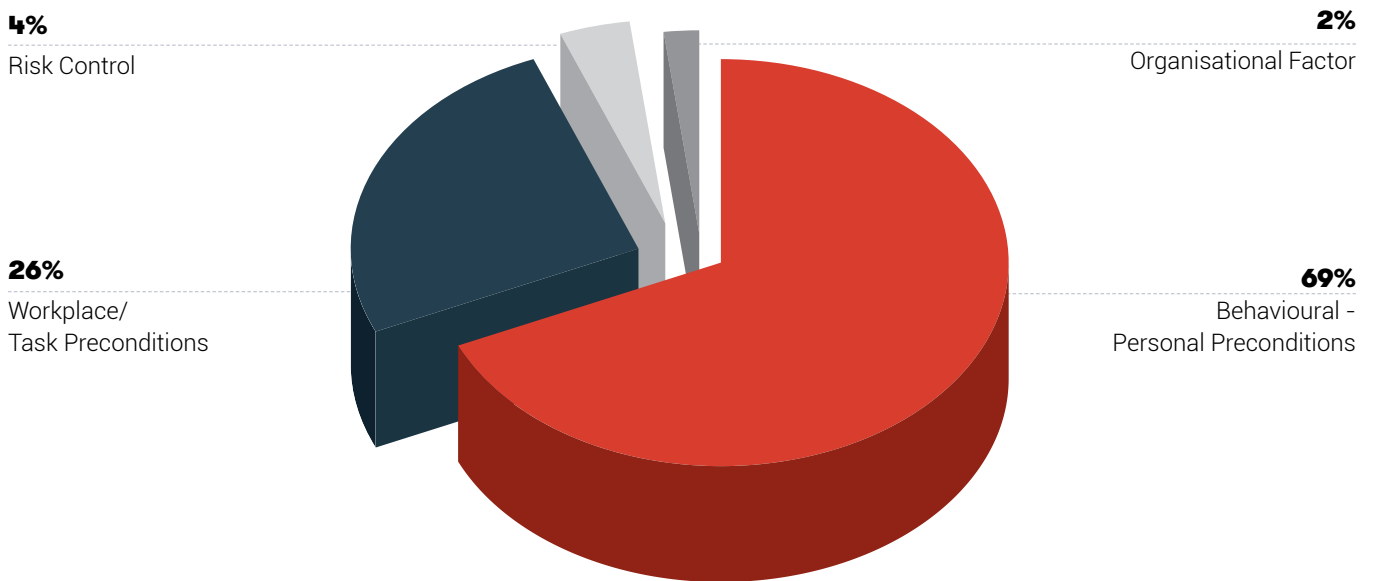
LTIFR Beltrame Group - Rolling 12 Months



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

- personal conduct or preconditions for 69 per cent of cases;
- preconditions of the work environment or of the job in 26 per cent of cases;
- risk control factors in 4 per cent of cases;
- organisational shortcomings in 2 per cent of cases.

## Primary cause of accidents



The main types of injuries that occurred in 2024 were related to contusions, cuts, sprains and crushing injuries due to collisions/ impacts and falls (many on flat ground) involving the upper and lower limbs accounted for approximately 67 per cent of all accidents.

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. These meetings are attended by the DDL (Delegated Employer), a representative of the Management, the direct managers of the department to which the injured party belongs and a legal representation of the RLS (Workers' Safety Representatives). This last aspect is significant since about 60 per cent of the accidents occurred during routine activities.

## 2.2 Main interventions

The first part of the year 2024 was marked by an anomalous accident performance, if related to the previous year. This led to the introduction of an ad hoc Crash Program for the 3 plants concerned.

Some initiatives, resumed in the Crash Program, are inspired by the activities present in the SHARP project, launched in 2022, with the aim of increasing safety awareness and culture at all levels, favouring communication and sharing of different safety aspects.

Ad hoc meetings were held by the Group's H&S Department with the management of each plant, to understand the perceived level of safety in the area of relevance.

On the basis of the feedback, the most appropriate measures were outlined to achieve a countertrend at an incidental level.



The Crash Program activities focused on were the following:

1. execution of focus on safety or short "safety pills" or training breaks in the departments during work shifts delivered by managers/supervisors, dealing with specific topics or contingent issues in relation to a safe approach to department activities;

*Crash Program focus:* the Safety Pills have been increased in quantity (from 30/month/plant to 1/day/team). Emphasis was given to reports of events (both accidents and near misses) and discussion on dynamics and solvability.

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;

*Crash Program focus:* the organisational approach of these meetings was changed: if at the beginning these meetings were managed by the H&S function, the baton was passed to the department managers. This involvement has led to greater awareness and synergy in dealing with the various topics presented and discussed.

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;

*Crash Program focus:* the method for carrying out the RCA has been standardised, highlighting not only behavioural, technical or organisational causes, but also pre-existing conditions relevant to the characterisation of the RCA.

4. spreading of communications and brochures on significant events, i.e. accidents but also near misses, sharing causes and possible common actions between Group sites;

*Crash Program focus:* on significant events, the Group H&S Department has established the Good Practice to carry out dedicated calls within 48 hours after the event. The invitations are extended not only to the H&S of the various plants but also to people of the organisation (Department Manager, Maintenance Manager, ...) which can make a significant contribution to both the analysis of the event and the benchmarking of Best Practices.

5. planning of periodic interactive visits to the production departments by corporate management 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 reporters;
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.

*Crash Program focus:* a project was launched in the Italian plants that follows the principles of Mindfulness and Brainfulness, mainly aimed at Supervisors and which aims to increase situational awareness, based on cognitive biases.

As usual, also in 2024, 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 2024, the monitoring programme for the application of the centrally defined standards on specific safety issues continued in all Group factories.

Among ten standards defined, applied and monitored, 2024 focused on points 1-4-5, reported below:

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 (risk assessment analysis 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 programme 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 concerned:

- improvement of plants and machine tools safety (MASAI - Machine Safety Improvement Project);
- progress of the programme to upgrade the radiometric monitoring equipment at all sites;
- rationalisation of internal traffic plans to reduce vehicle-pedestrian interference and refurbishment of roadways both inside and outside the plants;
- 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 north side;
- upgrading of electrical equipment, following an update of the risk assessment;
- installation of redundant protections on machinery;
- extraordinary maintenance of fire prevention systems;
- refurbishment of the chemical products storage area in Gerlafingen;
- introducer pipes for some of the hydroelectric power plants.

## 3 The QHSE integrated management system

To guarantee the principles of the code of ethics and the policies concerning Quality, Health and Safety, and Environment (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 attainment of third-party certification 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 50001:2018 - Energy management systems - Requirements with guidance for use.

The obtaining of certifications has allowed the evolution of performance, thus facilitating the measurement of the same 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 2024 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	x
	San Didero (TO)	x	x	x	x
	San Giovanni Val.no (AR)	x	-	x	x
Stahl Gerlafingen	Gerlafingen (CH)	x	x	x	-
Laminés Marchands Européens SAS	Trith Saint Léger (F)	x	x	x	x
S.C. Donalam Srl	Calarasi (RO)	x	x	x	-
	Targoviste (RO)	x	x	x	-

In particular, in 2024 the Group has:

- renewed the certifications relating to the environmental management system (ISO 14001), the safety management system (ISO 45001) and the quality management system (ISO 9001) at the Targoviste site;
- 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 management system for quality (ISO 9001) at all sites;
- confirmed certification for the energy management system in accordance with the ISO 50001 standard for the three Italian sites and confirmed the certification of compliance with the same standard at the Trith-Saint-Léger site;
- the preliminary analysis was carried out for the extension of the certifications relating to the environmental management system (ISO 14001), the safety management system (ISO 45001) and the quality management system (ISO 9001) in the hydroelectric plants of Piedmont and Veneto. A visit by the certification body is expected in 2025.

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 also makes 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' safety representatives.

## **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 has numerous Environmental Product Declarations (EPD®) validated by independent third party bodies for its rolled merchant profiles, for reinforced concrete round bars in coils, for SBQ profiles and for the Beltreco industrial aggregate.

Below is a summary of the environmental product declarations held by the Group:

<b>EPD - Product</b>	<b>AFV Beltrame Group plant</b>
Merchant bar	Vicenza
Beltreco inert aggregate	Vicenza
Merchant bar	San Didero
Merchant bar	San Giovanni Valdarno
Merchant bar	Stahl Gerlafingen
Rebars	Stahl Gerlafingen
Ruvido inert aggregate	Stahl Gerlafingen
Merchant bar	L.M.E.
Rebars	L.M.E.
Special steels - SBQ Bars	Donalam

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 identifying 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. The certification issued by a third party and available within the EPD declarations, consistent with the UNI EN ISO 14021 standard, identifies the percentage of materials from recovery cycles used in the rolled product production process, which, also for the year 2023, was higher than 95 per cent.

Finally, the Climate Declaration, a document containing information on climate impact (GWP - global warming potential) expressed in kg CO<sub>2</sub> eq., was drawn up for products whose EPD has been validated more recently. This information is based on the verified results of a life cycle assessment (LCA).

In November 2024, the Gerlafingen plant completed the eco-balance study relating to rebar, in accordance with the rules laid down by the KBOB (Conference for the Coordination of Construction Bodies and Real Estate of Swiss Public Purchasers). After validation of the study by an external certification body, Gerlafingen recorded the resulting values in the KBOB register. This registration, which includes the CO<sub>2</sub> emission values, represents a process of documentation and calculation of the environmental impact of materials, processes and constructions, according to the standards and guidelines of the KBOB. This approach is aimed at promoting sustainable building practices and reducing the environmental impact of public buildings in Switzerland.



Plant of Calarasi, Romania



## 5 Clean industrial deal of the European commission

### European Action Plan for the Steel and Metallurgy Industries

In February 2025, the European Union presented a strategic plan dedicated to the steel and metallurgy industries, included in the broader framework of the Clean Industrial Deal, with the aim of strengthening European competitiveness in a context marked by high energy costs, overcapacity globalisation, commercial dumping and challenges related to decarbonisation.

The plan is divided into six priority axes:

1. Competitive and accessible energy
  - Concessions for energy-intensive industries (PPA, reduced tariffs, priority for access to the network).
  - Promotion of renewable and low-carbon hydrogen for the green steel industry.
2. Strengthened commercial defence and CBAM
  - Extension of the CBAM mechanism to processed products.
  - Anti-circumvention measures and possible new “melt & poured” rule to identify the origin of products.
3. Industrial sovereignty
  - Strengthening of anti-dumping safeguard measures.
  - Protection of EU production capacity and strategic sites.
4. Circular economy
  - Mandatory targets of recycled content in steel and aluminium.
  - Measures on scrap metal to ensure internal availability.
5. Finance for decarbonisation
  - Dedicated funds (RFCS, Horizon Europe, pilot auctions for decarbonised industrial projects).
  - Creation of the Bank for industrial decarbonisation.
6. Protection of employment and training
  - EU Observatory for a fair transition.
  - Development of skills for new production processes (EAF, H2, CCUS).

The main opportunities that the steel industry can seize are represented by:

- facilitated access to EU funds for innovation, decarbonisation, electrification and circularity;
- bonuses in public tenders for low-carbon metals produced in Europe;
- strengthening of barriers against unfair competition from non-EU countries;
- new markets for green steel thanks to traceability, recycled content and digital passport.

The Group constantly monitors the regulatory framework at all levels, to make the most of every opportunity and to maintain its leadership as an organisation focused on sustainability and innovation.



## 6 Group business activities

The Group pays particular attention to the evolution of sector regulations and looks further, monitoring the possible risks and opportunities that derive from them. In order to best carry out this activity, a specific organisation within the company was structured already from 2022.

Also in 2024, the scope of the Strategic Committee focussed on the performance of the Group's decarbonisation objectives established in 2022 and the consequent strategies to be implemented to achieve the objectives set in the years to come.

The attention of our stakeholders and the continuously changing regulatory context have offered new development opportunities: reducing CO<sub>2</sub> emissions today is the key to accessing the economic context of tomorrow, in which companies will be called upon in order to be increasingly sustainable in order to remain competitive.

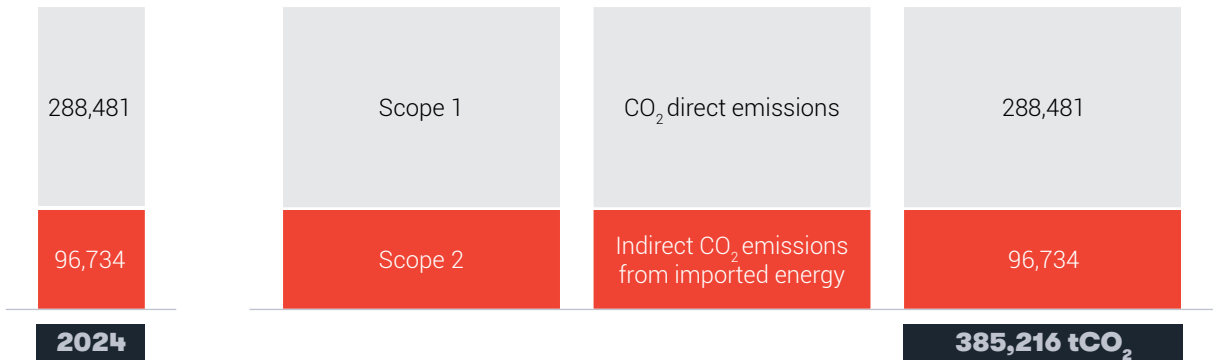
In particular, according to the decreasing trend identified in the Group's decarbonisation plan, in 2024 the KPI representing Scope 1 plus Scope 2 CO<sub>2</sub> emissions would be 0.22 tCO<sub>2</sub>/t. The indicator is influenced by two variables: production volumes (endogenous variable), which improve KPIs as production increases, and electricity emission factors (exogenous variable).

CO<sub>2</sub> emissions are managed through a structured and responsible approach based on three fundamental steps:



To measure the emissions of the steel industry, there are two main options: the absolute value of the emissions and the CO<sub>2</sub> intensity, the latter expressed in tonnes of CO<sub>2</sub> per tonne of finished steel product.

The values at Group level of Scope 1 and Scope 2, referring to the year 2024, are shown below.



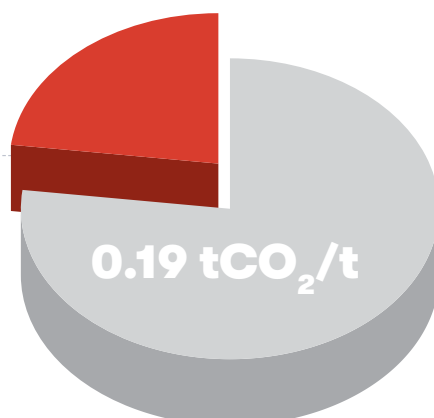
**Notes:**  
Scope 1 includes the following emissions outside the ETS scheme: fuel combustion from company cars and fugitive emissions;  
Scope 2 is calculated by applying a market-based approach, using the AIB 2023 residual mix factors by country. Scope 1 and Scope 2 data do not include the Targoviste plant.

The CO<sub>2</sub> emission intensity, again concerning Scope 1 + 2 emissions for steel mills and rolling mills, referring to 2024 and expressed in tCO<sub>2</sub>/t of finished steel product is shown in the following diagram.

**Scope 1: 0.14 tCO<sub>2</sub>/t**  
**Scope 2: 0.05 tCO<sub>2</sub>/t**

**23%**

Scope 2



**77%**

Scope 1

**Notes:**

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 2023 residual mix factors by country. Scope 1 and Scope 2 data do not include the Targoviste plant.

Also in 2024, 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 CO<sub>2</sub> emissions as part of a reduction strategy extended to all companies.

Through these initiatives, CO<sub>2</sub> 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 per cent 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, for example, for 2024 the full implementation of the main reheating furnaces (revamping carried out in 2023) and the replacement of the heating and drying burners in the ladle furnaces at Stahl Gerlafingen.

**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 search for biogenic materials for the partial replacement of hard coal (e.g. test on biochar conducted in LME);
- the use of recycled products deriving from the separate collection chain of plastic in partial replacement of coal.

Furthermore, the Group's production is completely based on the use of scrap as a raw material; in fact, over 95 per cent 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 per cent 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. Also in this case, in 2024, the Group made significant investments in the development of projects for the procurement of green energy (see paragraph 1.1.2 "Energy consumption").

**D) Technological solutions that involve the use of hydrogen as an energy carrier:** the Group is preparing to use green hydrogen as a fuel, also participating to community projects funded for the study of these solutions. 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 per cent natural gas and 20 per cent green hydrogen) and the support of induction furnaces.

The year 2024 also marked an important step forward in the refinement of data relating to Scope 3 (indirect emissions produced within the Group's value chain). In fact, this category of emissions accounts for about 60 per cent of the Group's total emissions. In the calculation of the Scope 3 emissions of 2024, the international coefficients were used (e.g. Ecoinvent and GLEC) in their most updated version as well as, where available, suppliers-specific factors were used, corresponding to 26 per cent of the 6 macro-categories of raw materials being purchased with the greatest impact in terms of CO<sub>2</sub>.

The company is strongly convinced of the need to further investigate the carbon footprint of its indirect Scope 3 emissions and for this reason has continued a stakeholder engagement process focused on the main upstream and downstream raw materials and transport suppliers, i.e. the items with the greatest impact with regard to Scope 3.

In 2024, a questionnaire was developed and sent to suppliers of the most impactful raw materials for CO<sub>2</sub> mapping purposes which, in addition to ensuring continuity in the primary data acquisition process, aims to obtain useful information for emissions reporting purposes.

Once the relevant feedback has been received from suppliers, an analysis and assessment of any need for in-depth analyses will follow through interviews and/or face-to-face meetings in order to:

- investigate the level of supplier awareness on sustainability and decarbonisation issues;
- verify the presence of specific data (e.g. CO<sub>2</sub> emissions), calculation methods adopted and/or presence of any certifications (e.g. ISO14064-1, EPD) to improve the quality of the GHG emissions inventory;
- foster the improvement of suppliers' awareness of environmental issues with the possibility of considering future partnerships.

The objective of the project is to improve the quality of the GHG emission inventory through the acquisition of primary data from suppliers with specific emission factors instead of using average database values.

In addition to the improvement activities on raw materials, in 2024 the Group completed the collection and processing of data relating to CO<sub>2</sub> emissions from upstream (mainly scrap) and downstream transport. The internal database has been optimised, now able to map with greater precision the volumes transported, the modes of transport (e.g. intermodal) and the breakdown of the routes, each with its own specific mileage.

This upgrade makes it possible to improve the quality of the data, a fundamental step for defining and implementing policies aimed at reducing emissions in transport.

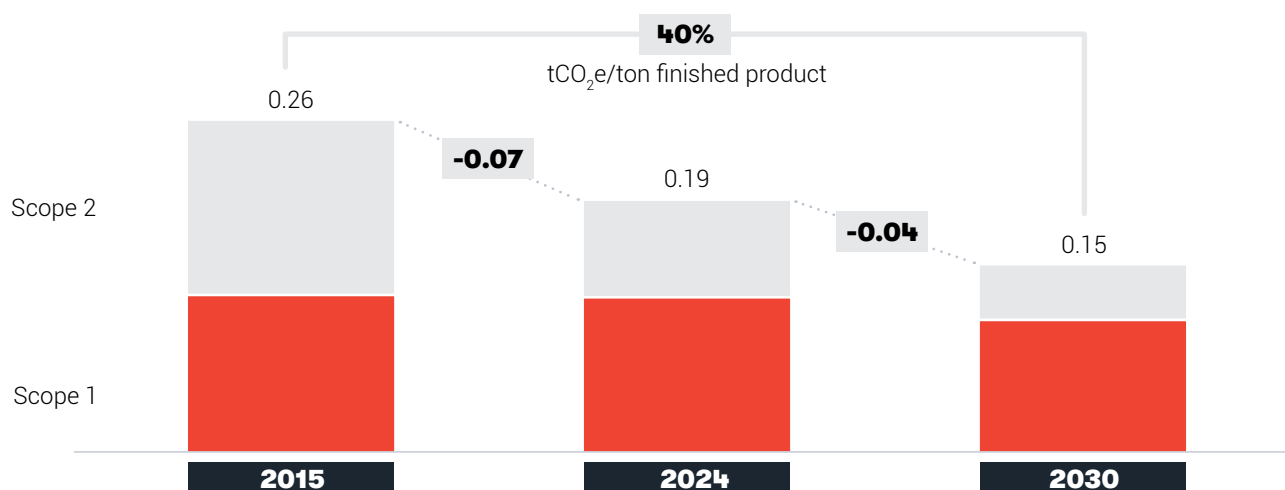
In addition, the Group has begun to provide customers who request them with detailed self-declarations, including the annual quantities of material transported, the means of transport used and the related total CO<sub>2</sub> emissions.

With a view to improving stakeholder engagement, the Group has established a strategy that is developed along two lines:

- map possible collaboration initiatives with transporters on sustainability issues, such as the transition to an intermodal mode of transport or to alternative fuels;
- strengthen collaboration with transporters in order to encourage them to improve the accuracy of the emission data provided.

These actions confirm the Group's commitment to promoting a more sustainable and responsible transport chain, in line with the objectives of decarbonisation and continuous improvement.

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

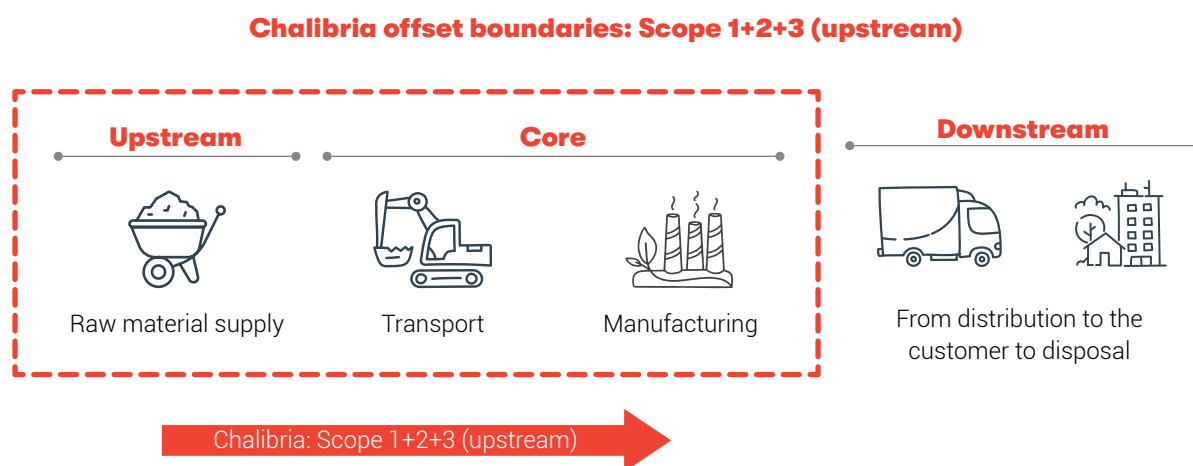


## 7 Chalibria - Carbon Neutral Steel

Chalibria is the carbon neutral steel of the AFV Beltrame Group in relation to Scope 1 + 2 + 3 emissions (upstream) along the "cradle-to-gate" value chain, 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 Chalibria, carbon neutral steel.

The boundaries of Chalibria's carbon neutrality are shown in the following diagram:



For the CO<sub>2</sub> 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 is validated through a certificate issued by RINA in accordance with the standards and sent to all our customers who purchase Chalibria steel.

The AFV Beltrame Group carefully selects the projects that generate carbon credits, basing its purchasing process on evaluation criteria that ensure the integrity and quality of the project, in particular:

1. procurement of CO<sub>2</sub> credits from programme operators included in the IETA-ICROA code of conduct (e.g. VCS - Verified Carbon Standard, CDM - Clean Development Mechanism, GS - Gold Standard), validated and verified by independent third parties;
2. selection of projects that meet the minimum eligibility criteria (additionality, permanence, no-double counting), with preference given to those subject to a robust CO<sub>2</sub> quantification system (reduction and/or removal);
3. the ensuring that projects contribute not only to the reduction of CO<sub>2</sub> emissions, but also to a wider positive impact on the environment, local communities and sustainable development (SDGs).

The certificate sent to customers that certifies the carbon neutrality of Chalibria, 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.

To further enhance the results achieved by the "Chalibria" partners, this year the Group introduced a new certification system for its customers. Produced in collaboration with the certification body RINA, the certificates show both the quantities purchased and the total carbon footprint of the supply, certifying its complete neutralisation.

## 8 GSCC Certification

In an ever-changing and increasingly challenging regulatory environment, the Group keeps up its fight against climate change by adhering to the Global Steel Climate Council (GSCC), a non-profit organisation striving to promote a standard to cut steel's CO<sub>2</sub> emissions. It is based on the idea of tech neutrality and can be used anywhere in the world. By certifying science-based objectives, established under the 2015 Paris Agreement, and promoting transparent carbon accounting, the GSCC allows steel producers and consumers to achieve and certify their decarbonisation objectives.

The Group has recently obtained certification from the GSCC of its organisation-specific emissions (CASEI - Corporate Average Steel Emissions Intensity) and of the medium and long-term reduction objectives (SBETs - Science-Based Emissions Targets).

This important recognition represents further confirmation of the Group's genuine commitment to the decarbonisation process of the steel industry.

The certification, issued following a rigorous independent audit conducted by a third party, covers two fundamental aspects:

1. certification of the organisational carbon footprint at Group level (CASEI - Corporate Average Steel Emissions Intensity): defined as 0.57 tonnes of CO<sub>2</sub>e per tonne of hot-rolled steel, with base year 2021 relating to Scope 1, 2 and 3 emissions upstream.
2. validation of the medium and long-term decarbonisation objectives (SBETs - Science-Based Emissions Targets), set at:
  - 0.46 tonnes of CO<sub>2</sub>e per tonne of steel by 2030;
  - 0.12 tonnes of CO<sub>2</sub>e per tonne of steel by 2050.

These objectives are fully aligned with both the GSCC Climate Standard for steel, and with the commitments envisaged by the Paris Agreement to limit the global temperature increase to within 1.5 °C compared to pre-industrial levels.

Obtaining the certification allows the Group to continue along the path of reducing specific carbon dioxide emissions (tCO<sub>2</sub>e/t finished product), including not only those deriving from its own production processes but also those indirectly related to transport and procurement activities of raw and ancillary materials (Scope 1, 2, 3 upstream).



## 9 Sustainability Report

The European Union, with its commitment to climate neutrality to be achieved by 2050, in recent years has been issuing a series of guidelines aimed at creating an increasingly sustainable economic-financial system, in order to make companies more aware and responsible for their impact on the planet.

In this context and regardless of legislative postponements, as already described above, the Group has launched numerous preparatory activities to achieve the objectives set by the regulations. In particular:

- the corporate structure dedicated to sustainability was further developed, through the implementation of an internal cross-functional working group that explored ESG reporting needs;
- targeted gap analysis activities were conducted, with the support of specialised external consultants, in order to investigate the differences between the reporting already available and the requirements of the new regulatory framework. These needs were subject to a specific assessment by the internal working group and the specifically competent internal stakeholders: this assessment activity resulted in a roadmap for the implementation of the necessary interventions, which will probably be revised according to the changes to the ESRS that will be proposed by EFRAG and implemented by the European Commission;
- the following activities are underway: a specific value chain mapping activity, which provides for the clear identification of the external stakeholders who participate, upstream and/or downstream, in the organisation's business processes, and the activities preparatory to implementation of the requests of art. 8 of the so-called Taxonomy Regulation (EU Regulation 2020/852), also subject to forthcoming review;
- the method for carrying out the materiality analysis was changed, applying the requirements defined by the CSRD regulations for impact materiality. Specifically, keeping the criteria defined by the ESRS standards as a starting point, any current/potential positive/negative impacts associated with them were identified and assessed by the responsible internal stakeholders. This activity made it possible to develop the list of material topics covered by this Sustainability Report, subsequently reported in compliance with the requirements of the Global Reporting Initiative (GRI) Standards. This activity will be completed with the assessment of the outside-in financial materiality concerning the identification of the risks/opportunities deriving from the sustainability aspects for the Group.





With this integrated approach, the Group is committed to promoting sustainable development through practical and transparent actions, outlined in the sustainability Report, to manage its impacts relating to the material issues identified and listed below.

<b>Material topic (ESRS Sub-topic)</b>	<b>ESRS Topic</b>
Climate change adaptation	E1 - Climate change
Energy	E1 - Climate change
Climate change mitigation	E1 - Climate change
Air pollution	E2 - Pollution
Pollution of living organisms and food resources	E2 - Pollution
Pollution from radioactive sources (substances of very high concern)	E2 - Pollution
Waters	E3 - Water and marine resources
Impacts on the extension and condition of ecosystems	E4 - Biodiversity and ecosystems
Use of resources (inflows of resources, including use, and outflows of resources related to products and services)	E5 - Circular economy
Waste	E5 - Circular economy
Working conditions	S1 - Own workforce
Equal treatment and opportunities for all	S1 - Own workforce
Confidentiality (other work-related rights)	S1 - Own workforce
Working conditions	S2 - Workforce in the value chain
Economic, social and cultural rights of communities	S3 - Communities involved
Corporate culture	G1 - Business conduct
Active and passive corruption	G1 - Business conduct
Management of relations with suppliers, including payment practices	G1 - Business conduct

## L. Continuous Improvement - the Continuous Improvement programme

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.

The APC applies to projects with known solutions to be implemented, unlike OpEx, which uses a structured methodology for the development of issues with yet undefined solutions, applying the DMAIC model in a streamlined manner. The APC methodology ensures that plans 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, over 500 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 2024 alone, in the Group 30 people were trained in Lean Basics logic, 143 on the 5S +, 52 attended the Yellow Belt course and 7 the Green Belt course. Consequently, 52 Yellow Belts, 5 Green Belts and 1 Black Belt were certified.

Specific improvement activities also find their application directly in the production departments, such as, for example, the 5S+ construction sites, which represent a veritable workplace management and organisation strategy, or the visual boards, which play a crucial role in facilitating communication, collaboration and coordination between the various teams and departments.

From 2016 to 2024, 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. In fact, 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.

All this can be summarised in the term "Change management", i.e. a structured approach to change in individuals, groups, organisations and companies, which makes it possible to transition from a current structure to a desired future structure.

To welcome change, each individual goes through five stages: denial, resistance, resignation, acceptance and integration. Each of these stages corresponds to different emotions initially linked to rejection, anger, and sadness up to acceptance and continuation of change.

There are, of course, different approaches to change within the Group: some facilities are more likely to continue with gemba activities - therefore more committed to 5s+ construction sites and small daily improvement projects - while others, where efforts are concentrated in more strategic projects, aimed at achieving the effectiveness and efficiency of all departments, including offices.

In fact, people always represent 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, more than 40 per cent of the Group's personnel are involved in continuous improvement activities.

The creation of this vast and diverse 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.

## **M. Adoption of the model pursuant to Italian Leg. Decree 231/2001**

With the Board of Directors' resolution of 15 December 2008, 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, the Organisation, Management and Control Model according to the 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 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**

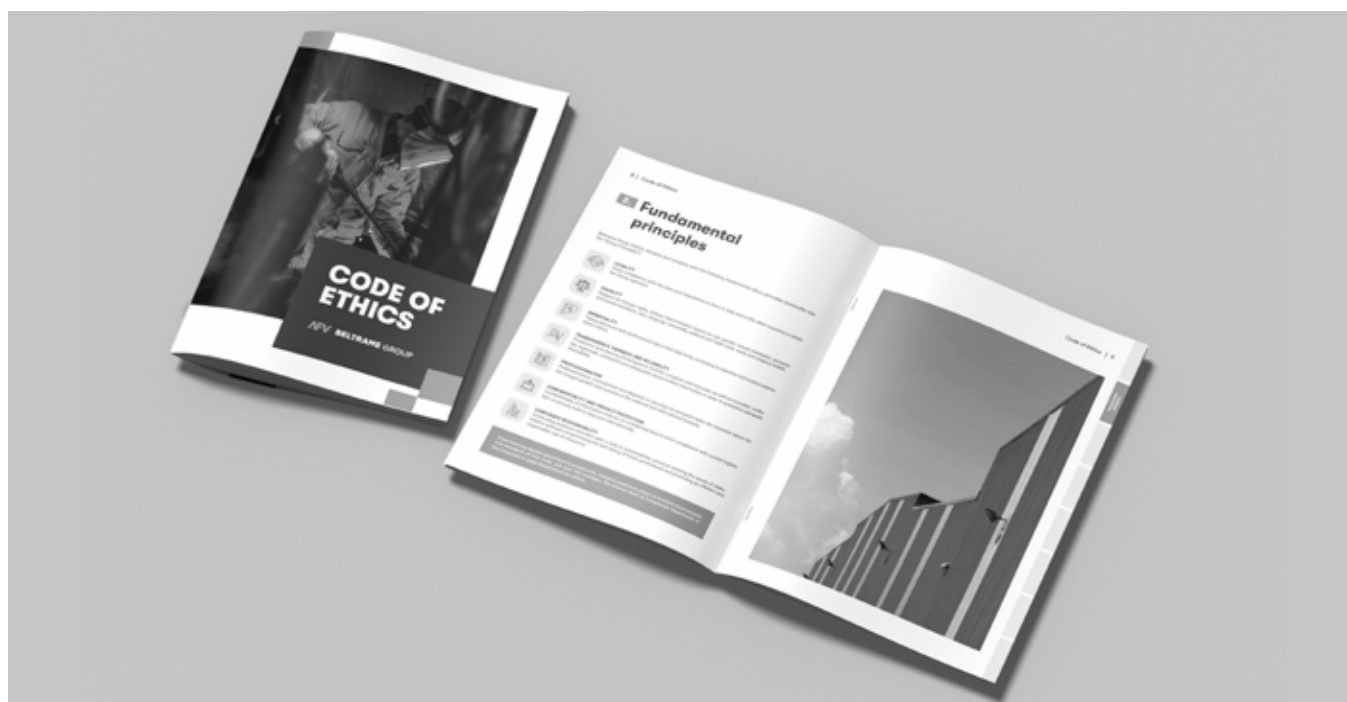
Through the years, the Model was revised in view of the new offences taken into consideration by the lawmakers as requirements for the enforcement of Italian Legislative Decree no. 231/2001.

Lastly, on 21 February 2025, 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 9 February 2024, with special attention to the merger by incorporation of Idroelettriche Riunite S.p.A..



### **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.



## **N. Risk management**

Also in 2024, the conflict in Ukraine determined 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.

Any disruption in global value chains, resulting in particular from attacks on shipping traffic in the Red Sea, or increase in energy prices caused by a negative development in the war in the Middle East, constitute further downside risks.

### **Conflict in Ukraine**

This conflict causes immeasurable human suffering and marks a turning point for Europe. The situation is very dynamic and will continue to 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 used in 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 international market made it possible to evaluate alternative suppliers and supply channels were activated with European and non-European operators.

### **Maritime trade and attacks on vessels in the Red Sea**

Following the hostilities between Israel and Hamas, the Huthi militias, which control part of Yemen, attacked some merchant ships at the entrance to the Red Sea. The growing risks for crews and cargo safety have progressively driven the main shipping companies to divert naval traffic onto the longer route circumnavigating the African continent.

The Group does not operate as an outlet market for its finished products and as a procurement market for ferrous scrap through the Suez Canal.

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 and its possible negative impacts on the business with the utmost attention and is implementing all possible strategies and actions to mitigate the risk.

### **International trade and tariffs announced by the United States**

On 2 April 2025, in a decisive shift from previous policy, the Trump administration announced a new package of tariffs. The measures apply to almost all goods and provide for a minimum increase of 10 percentage points, with increase beyond this threshold differentiated by country, more marked for economies with a commercial surplus compared to the United States, such as China, Southeast Asia, Japan and the European Union.

To determine the rate applied to each country, the US administration adopted a criterion based on the ratio between the US bilateral deficit with each country and the value of imports from that country, without considering the actual differential between US tariffs and those imposed by trading partners.

On 9 April, the measure was partially suspended for a period of three months, during which a reduced rate of 10 per cent will be applied to all trading partners of the United States, except for China. With regard to the latter, in fact, tariffs were raised well above 100 per cent, as a result of the almost symmetrical retaliation introduced by it.

The introduction of these new tariffs, together with the uncertainty also on the actual application of the same and on the possible countermeasures of the partners, could have profound and negative repercussions on trade and more generally on the prospects of recovery of economic activities.

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, 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 cyclicality and tends to reflect the 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 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 associated with price fluctuations and the availability of energy resources**

The steel sector in which the Group operates is significantly exposed to risks linked to price volatility and the availability of energy resources such as electricity and gas. International tensions and regulatory developments related to the transition to renewable energy sources have significantly increased these risks in recent years.

The Group has implemented a strategy based on increasing the self-production of electricity from renewable sources (hydroelectric and photovoltaic) in order to mitigate price and supply risks and has defined a flexible production planning model in order to adapt its activities to market fluctuations by concentrating production in the periods when the cost is lower and planning any interruptions consistently.

### **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.

### **Risks connected with international markets**

The Group operates mainly in the markets of Europe, North Africa and in the near Middle East. The outbreak of hostilities between Israel and Hamas and the continuing Russia-Ukraine conflict have affected and will continue to affect negatively 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 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 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.

The European Commission presented the "Fit for 55" package, intended to accelerate the reduction of emissions in 2030, to -55 per cent or even -62 per cent 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, the package provides for an increase in the annual reduction rate of free allowances (over 4 per cent) 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<sub>2</sub> emission rights could entail additional costs and require significant investments.

In addition, having not yet established regulations on greenhouse gases, many non-European nations 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, on 28 November 2022 the European Council also definitively approved the "Corporate Sustainability Reporting Directive" (CSRD). This envisages the adoption of European standards for sustainability reporting and will entail the obligation for large companies to include issues related to sustainability performance in their financial statements starting from 2026 (with reference to 2025) or, more likely, based on new developments following the publication of the Omnibus package, starting from 2028 (with reference to 2027).

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 drive banks 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 Group's operations will depend on the timing of implementation and the progress of the projects.

#### **Risks related to the definition of sustainable steel products**

The regulatory context towards the definition of sustainable steel has not yet led to the definition of a standard that is applied at global level. Nevertheless, the demand from customers is growing and will develop significantly in the coming years.

The Group monitors the evolution of regulations, joined the Global Steel Climate Council (GSCC), by defining its decarbonisation strategy to address these issues in a structured way, and defined the launch of its carbon neutral product Chalibria to offer its customers a new range of low-emission products.

#### **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, as in the case of other competitors, subject to less rigid regulations.

#### **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 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 has increased in relation to the strong impulse given to smart-working, and the consequent external connections to central IT systems. In order to deal with the risks linked to cyber-security, the Group has increased its investments in sophisticated security systems, adapted its protocols and further strengthened the training activities of employees aimed at increasing awareness of the risks associated with IT risks.

#### **Risks related to pollution from radioactive sources**

The risk linked to the presence of radioactive sources in ferrous scrap in the entry, storage and melting stages, could lead to emissions into the atmosphere as well as significant damage to plants and production stoppages.

The Group has adopted a structured and articulated approach to radioactivity monitoring, while implementing a multi-level control system aimed at preventing the risk of radiological contamination, guaranteeing compliance with international standards.

### **Risks related to waste disposal**

The optimal management of the waste produced in steel processes represents a fundamental pillar of the environmental sustainability strategy and its incorrect execution could entail significant costs both in economic and reputational terms.

To minimise these risks, the Group has defined a strategy aimed at maximising the recovery and enhancement of the waste produced, consolidating an industrial model focused on sustainability and reducing the overall ecological footprint.

### **Risks related to the health and safety of workers**

The risks related to the health and safety of workers deriving from the failure to adopt adequate safeguards for operating practices and the failure to make plants and workplaces safe, can cause accidents, occupational diseases, damages to plants and production stoppages. The Group could also incur administrative sanctions and damage to its image.

Activities regarding the protection of workers' health and safety in the workplace are a priority for the Group, which is reflected in training, information and coaching for workers, developments in plant and work environments, and continuous improvement of the company's Health and Safety Management System, certified according to the ISO 45001 standard

### **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 84 per cent of which are located in the European Union. The remaining part of receivables are mainly related 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 customers 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.

### **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 EUR.

In the case of the Swiss subsidiary Stahl Gerlafingen AG, it should be noted that revenues from sales and purchase costs of scrap are expressed in local currency but strictly related to the price in EUR 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 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.

### **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.



## O. 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

The Company carries out significant commercial and financial transactions with the subsidiaries, settled at arm's length conditions. The details, by macro-class, are shown in the following tables:

Income statement values (in thousands of EUR)	Revenues from sales	Services and other revenues	Financial income (expenses)	Purchase of goods and services	Total
Ferriera Sider Scal S.r.l. - in liquidation	-	10	145	-	155
Beltrame Holding S.p.A.	-	9	(96)	-	(87)
Consorzio Valbel	9,718	4	6	24	9,752
Sirio S.r.l.	-	-	8	-	8

### Loans disbursed by the Parent Company

(in thousands of EUR)	Balance as at 31 December 2023	2024 disbursements	Refunds/ Waiver 2024	Balance as at 31 December 2024
<b>Disbursed</b>				
Ferriera Sider Scal S.r.l. - in liquidation	1,988	1,492	468	3,012
Renewability S.c.a.r.l.	-	743	254	489
Sirio S.r.l.	348	-	-	348

We also note that the company did not hold treasury shares or shares of parent companies.



Plant of San Giovanni Valdarno, Italy

## **P. Business outlook**

International Monetary Fund projections for the Euro zone indicate a moderate increase in GDP in 2025 (1.0 per cent, from 0.8 per cent in 2024), which is expected to be followed by a slight acceleration in 2026 (1.2 per cent).

According to projections, inflation in the area is expected to be 2.3 per cent in 2025 and 1.9 per cent in 2026.

A possible tightening of trade policies is a significant risk that could negatively affect the international economic scenario. Economic growth could be particularly affected by any retaliatory measures, further increase in uncertainty, as well as prolonged tensions on the financial markets, which could result in a slowdown in demand and a deterioration in the confidence of households and businesses.

In 2025, considering a more favourable evolution of industrial prospects and an increase in demand, a gradual recovery in apparent steel consumption (2.2 per cent) is expected starting from the second half of the year.

The EU has announced political support to safeguard the steel industry, squeezed between the global challenges of overcapacity and international trade, and to support decarbonisation goals.

The Steel and Metal Action Plan, approved by the EU on 19 March 2025, addresses commercial defence measures, gaps in the CBAM, high energy costs, increased recycling of materials and safeguarding jobs. However, it may not provide immediate relief from high energy costs, as it leaves it to Member States to address them; moreover, it does not provide actions to immediately revitalise domestic steel demand. However, it plans to examine the expansion of the CBAM to downstream steel-using sectors and propose long-term measures to protect domestic steelmakers once the current Safeguard expires in mid-2026.

In Germany, the Government's new move to create a special fund of EUR 500 billion each for infrastructures and defence, as well as to conduct a review to abandon the debt brake - a deficit limit of 1 per cent of GDP - to allow for a higher spending by 2025, will bode well for economic recovery. Expected defence spending is 28 per cent higher than what the German government has spent in the last decade. The special infrastructure fund will solve the problem of limited public spending in Germany and will have multiplier effects on value chains, including the steel industry.

However, the overall evolution of demand remains subject to a high degree of uncertainty. The recovery of apparent consumption is expected substantially from the second half of the year and consumption is expected to remain at a pre-Covid lower level.

The output of the user sectors is expected to record a gradual improvement in 2025 (0.9 per cent), mainly concentrated in the second half of the year, to then recover with a more sustained growth in 2026 (2.1 per cent) thanks to the improvement in consumer confidence and the general recovery of the industrial cycle.

Economic activity in the construction sector, after decreasing by 2.0 per cent in 2024, should return to grow in the second half of 2025, totalling 1.1 per cent increase yoy. For 2026, a more sustained recovery is expected with an overall growth of 1.8 per cent. Civil engineering projects should continue to make the strongest contribution to sector performance thanks to the support provided by public investments.

The mechanical engineering sector, after the significant decrease recorded in 2024 (4.7 per cent), should show a slight recovery trend in 2025 (increase of 0.3 per cent), thanks to a gradual recovery of industrial prospects. and then return to growth at a more sustained pace in 2026 (increase of 2.5 per cent).

After the sharp reduction recorded in 2024, the automotive sector is expected to record a partial recovery in 2025 (increase of 2.1 per cent) and in 2026 (increase of 2.1 per cent). Demand for motor vehicles is set to remain weak in the short term. and the full recovery of global trade and external demand in major markets such as the United States, China and Turkey will remain key factors for EU car exporters in a context of still high uncertainty.

User sectors	Share of consumption	Q1 25	Q2 25	Q3 25	Q4 25	Year 2025	Year 2026
Construction	37.0%	-0.9%	0.4%	2.5%	2.2%	1.1%	1.8%
Automotive	20.0%	-2.6%	0.3%	5.8%	5.7%	2.1%	2.1%
Mechanical engineer	12.0%	-1.5%	0.1%	0.9%	1.7%	0.3%	2.5%
Metal articles	16.0%	-1.2%	-0.9%	0.1%	1.7%	-0.1%	2.5%
Oil & Gas	8.0%	-3.8%	0.5%	3.3%	1.8%	0.4%	1.2%
Appliances	3.0%	3.0%	1.9%	2.7%	3.5%	2.8%	1.9%
Other transports	2.0%	1.1%	-1.3%	2.3%	3.1%	1.3%	2.5%
Others	2.0%	0.0%	1.9%	3.6%	3.5%	2.2%	2.9%
<b>Total</b>	<b>100.0%</b>	<b>-1.5%</b>	<b>0.3%</b>	<b>2.4%</b>	<b>2.7%</b>	<b>0.9%</b>	<b>2.1%</b>

Source: Eurofer february 2025



In this context, the Company prepared the new multi-year Business Plan with reference to the period 2025 - 2029, which was approved by the Board of Directors on 21 February 2025.

The Plan shows a significant improvement in EBITDA during 2025 and a gradual return to a positive net result over a three-year period, thanks to the actions taken and planned, with particular reference to the Swiss and Romanian subsidiaries, as well as described in section I "Economic and financial data and indicators", and an expected improvement in the margin on the cost of scrap.

The Plan was presented to the lending banks as part of the discussions to obtain the waiver relating to the non-compliance with the NFP/EBITDA financial covenant as at 31 December 2024.

Based on the economic and financial forecasts prepared and constantly monitored and updated, the Board of Directors believes that the economic and financial performance improved in the first few months of 2025, compared to the last period of the previous year and substantially in line with the Plan, should determine compliance with the financial covenants in December 2025.

With reference to the main variables that affect the operating performance, it should be noted that, during the first few months of 2025, energy and gas prices remained high and substantially in line with those recorded in the second half of the previous year.

The price of scrap in the first few months of 2025 remained at a high level. After a decrease at the beginning of the year, prices rose, returning to levels substantially in line with those of the second half of 2024.

The sale prices of finished products rose slightly, remaining on the whole at values that are not yet satisfactory in relation to the cost of production factors but in any case higher than the last part of the previous year, resulting in a recovery in margins compared to 2024.

Market and macroeconomic conditions have overall improved slightly, compared to the second half of 2024, but still remain not particularly favourable and subject to significant and difficult-to-predict factors of uncertainty.

The implementation of the main actions envisaged by the strategies of the Business Plan are underway and are proceeding with the utmost attention and rigour. The results are substantially aligned with the defined objectives.

The Group's profitability in the first few months of 2025 was influenced by these trends, recording an EBITDA in line with forecasts and overall higher than the average of the actual figure in 2024. The merchant bars business confirms the good results recorded in 2024 and the companies Stahl Gerlafingen and Donalam show an improvement in profitability thanks to the implementation of the streamlining measures envisaged in the Business Plan, which were promptly carried out during the first months of 2025. Operating cash generation was negative and the financial position, although down compared to December 2024, is in line with expectations.

The Board of Directors constantly assesses the assumptions and profiles of uncertainty underlying the achievement of the objectives set out in the Plan, including the assumptions underlying the performance in the costs of production factors and sales prices, and monitors the performance of operations and updates periodically the economic and financial forecasts in light of the evolution of the market and the implementation of the company strategy. On the basis of the results of this constant activity, in consideration of the performance of the first months of the current year and of the forecasts developed, while highlighting that the Group's profitability is closely linked to the market performance and that it is particularly uncertain in its future developments, the Board believes that the Company and the Group can pursue a significant improvement in terms of profitability and operating cash generation in 2025 in line with the results envisaged in the Plan.

Vicenza, 16 June 2025

AFV Acciaierie Beltrame S.p.A.  
The Chairman of the Board of Directors  
Mr. Antonio Beltrame



## CONSOLIDATED BALANCE SHEET, INCOME STATEMENT, STATEMENT OF CASH FLOWS





## Consolidated balance sheet as at 31 December 2024 and 2023

ASSETS	2024	2023
<b>A - AMOUNTS DUE FROM STOCKHOLDERS FOR SHARE SUBSCRIBED BUT NOT CALLED</b>	<b>0</b>	<b>0</b>
<b>B - FIXED ASSETS</b>		
I - INTANGIBLE FIXED ASSETS		
1) Start-up and expansion costs	2,597	2,597
3) Industrial patents and intellectual property rights	442,906	324,349
4) Concessions, licenses, trademarks and similar rights	73,491	81,803
5) Goodwill	31,476,956	37,820,930
6) Assets under construction and advances	6,279,253	16,887,861
7) Others	18,085,081	6,654,348
Total I - Intangible assets	56,360,284	61,771,888
II - TANGIBLE FIXED ASSETS		
1) Land and buildings	200,880,621	199,379,287
2) Plant and machinery	315,063,151	326,976,566
3) Industrial and commercial equipment	23,343,025	24,362,414
4) Other assets	4,538,323	4,859,917
4-bis) Assets subject to reversion free of charge	5,415,102	6,759,777
5) Construction in progress and advances	150,927,357	104,885,359
Total II - Tangible fixed assets	700,167,579	667,223,320
III - FINANCIAL FIXED ASSETS		
1) Equity investments in:		
a) subsidiaries	10,000	10,000
b) associated companies	219,067	219,067
d bis) others	6,202,131	6,212,131
2) Receivables:		
d bis) from others	16,224,278	16,645,873
Total III - Financial fixed assets	22,655,476	23,087,071
<b>TOTAL B - FIXED ASSETS</b>	<b>779,183,339</b>	<b>752,082,279</b>
<b>C - CURRENT ASSETS</b>		
I - INVENTORIES		
1) Raw, ancillary and consumable materials	94,015,559	86,094,124
2) Work in progress and semi-finished products	81,028,664	90,658,691
4) Finished products and goods	219,019,723	272,484,359
6) Plant and machinery held for sale	45,000	225,000
Total I - Inventories	394,108,946	449,462,174



<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
II - RECEIVABLES		
1) From suppliers	42,693,120	47,645,489
2) From subsidiaries		
- for trading operations	221,637	76,139
- for loans	3,012,249	2,336,507
3) From associated companies		
- for trading operations	8,325	0
- for loans	836,863	0
4) From parent company		
- for trading operations	5,677,816	20,685
5-bis) Tax receivables	10,637,931	21,693,335
5-ter) Deferred tax assets	17,278,315	16,752,092
5-quater) From others	16,651,325	17,583,716
Total II - Receivables	97,017,581	106,107,963
III - FINANCIAL ASSETS NOT REPRESENTING FIXED ASSETS		
5) Derivative financial instruments assets	1,169,303	310,934
6) Other investments	168,500	502,730
Total III - Financial assets not representing fixed assets	1,337,803	813,664
IV - LIQUID FUNDS		
1) Bank and post office accounts	164,347,474	217,831,598
2) Cheques	0	3,574
3) Cash on hand	18,081	15,960
Total IV - Liquid funds	164,365,555	217,851,132
<b>TOTAL C - CURRENT ASSETS</b>	<b>656,829,885</b>	<b>774,234,933</b>
<b>D - ACCRUED INCOME AND PREPAID EXPENSES</b>		
I - PREPAYMENTS AND ACCRUED INCOME		
1) due within one year	2,545,722	8,947,167
2) due beyond one year	1,168,594	121,282
<b>TOTAL D - ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>3,714,316</b>	<b>9,068,449</b>
<b>TOTAL ASSETS</b>	<b>1,439,727,540</b>	<b>1,535,385,661</b>

## Consolidated balance sheet as at 31 December 2024 and 2023

LIABILITIES	2024	2023
<b>A - SHAREHOLDERS' EQUITY</b>		
I - SHARE CAPITAL	113,190,480	113,190,480
II - SHARE PREMIUM RESERVE	0	0
II - SHARE PREMIUM RESERVE FOR SHARES TO BE REDEEMED	4,014,685	4,014,685
III - REVALUATION RESERVES	0	0
IV - LEGAL RESERVE	22,638,096	22,638,096
V - STATUTORY RESERVES	0	0
VI - OTHER RESERVES		
a) Extraordinary reserve and other reserves	432,578,969	525,023,864
b) Tax suspension reserve	515,391	515,391
b-2) Tax-deferred reserves - Italian Law 244/2007	1,241,811	1,241,811
b-3) Tax-deferred reserves from revaluations - Italian Decree Law 104/2020	64,219,609	64,219,609
VII - RESERVE FOR CASH FLOW HEDGING	(1,398,801)	(1,581,730)
VIII - PROFIT (LOSS) CARRIED FORWARD	0	0
IX - GROUP PROFIT (LOSS)	(129,332,712)	(89,583,365)
X - NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO	0	0
SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP	507,667,528	639,678,841
MINORITY INTERESTS IN SHAREHOLDERS' FUNDS	50,905,374	53,287,513
CONSOLIDATED NET PROFIT (LOSS) PERTAINING TO MINORITY SHAREHOLDERS	(299,916)	2,699,416
CONSOLIDATED NET EQUITY PERTAINING TO MINORITY SHAREHOLDERS	50,605,458	55,986,929
<b>TOTAL A - TOTAL SHAREHOLDERS' EQUITY</b>	<b>558,272,986</b>	<b>695,665,770</b>
<b>B - RESERVE FOR RISKS AND CHARGES</b>		
1) For retirement benefits and similar obligations	466,315	450,047
2) For taxes, also deferred	11,430,990	11,457,301
3) Derivate financial instruments liabilities	1,340,479	1,313,450
4) Other	17,588,141	18,456,118
<b>TOTAL B - TOTAL RESERVE FOR RISK AND CHARGES</b>	<b>30,825,925</b>	<b>31,676,916</b>
<b>C - RESERVE FOR EMPLOYEE SEVERANCE INDEMNITY</b>	<b>12,297,513</b>	<b>12,995,853</b>

**LIABILITIES****2024****2023**

<b>D - AMOUNTS PAYABLE</b>		
4) Payables to banks		
1) due within one year	37,112,148	44,823,913
2) due beyond one year	200,542,220	123,402,710
5) Payables to other lenders		
1) due within one year	2,336,935	2,156,391
2) due beyond one year	3,038,075	2,309,650
6) Advance payments		
1) due within one year	251,482	1,075,637
7) Trade payables		
1) due within one year	492,744,794	498,623,889
2) due beyond one year	0	0
9) Payables to subsidiaries		
1) due within one year	0	3,942
10) Due to associated companies		
- for trading operations	105,967	0
11) Payables to parent companies		
- for trading operations and other	573,994	2,148,704
12) Tax payables		
1) due within one year	6,316,877	10,512,666
2) due beyond one year	134,094	312,885
13) Social security payables		
1) due within one year	8,344,124	7,508,107
14) Other payables		
1) due within one year	29,225,510	44,461,970
2) due beyond one year	48,654,700	50,601,455
<b>TOTAL D - TOTAL PAYABLES</b>	<b>829,380,920</b>	<b>787,941,919</b>
<b>E - ACCRUED EXPENSES AND DEFERRED INCOME</b>		
I - ACCRUED EXPENSES AND DEFERRED INCOME		
1) due within one year	5,819,907	6,498,555
2) due beyond one year	3,130,289	606,648
<b>TOTAL E - TOTAL ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>8,950,196</b>	<b>7,105,203</b>
<b>TOTAL LIABILITIES</b>	<b>1,439,727,540</b>	<b>1,535,385,661</b>

## Consolidated Income Statement as at 31 December 2024 and 2023

	2024	2023
<b>A - VALUE OF PRODUCTION</b>		
1) Revenue from sales and services	1,575,700,746	1,704,380,970
2) Changes in work in progress, semifinished and finished products inventories	(62,004,078)	(119,599,223)
4) Additions to internally produced fixed assets	12,801,398	13,946,477
5) Other income and revenues		
- current year grants	4,179,059	5,889,184
- others	33,787,386	37,619,855
<b>TOTAL VALUE OF PRODUCTION</b>	<b>1,564,464,511</b>	<b>1,642,237,263</b>
<b>B - COST OF PRODUCTION</b>		
6) Raw, ancillary and consumable materials and goods	1,054,498,891	1,054,569,080
7) Services	310,820,046	358,165,421
8) Leases and rentals	10,633,988	7,274,046
9) Personnel costs		
a) Wages and salaries	134,298,840	134,786,443
b) Social security costs	37,407,197	35,480,892
c) Employment severance indemnity	3,550,347	3,007,577
e) Other costs	5,359,206	6,162,637
Total 9 - Personnel costs	180,615,590	179,437,549
10) Amortisation, depreciation and write-downs		
a) depreciation of intangible fixed assets	9,021,545	7,156,157
b) depreciation of tangible fixed assets	67,441,782	64,549,765
c) write-down of tangible and intangible fixed assets	24,468,152	39,100,286
d) write-down of receivables included under current assets and liquid funds	3,043,362	35,432
Total 10 - Amortisation, depreciation and write-downs	103,974,841	110,841,640
11) Changes in raw materials, ancillary and consumable materials and goods	(8,414,009)	(19,749,836)
12) Provisions for risks	245,043	2,574,953
13) Other provisions	0	0
14) Other operating expenses	10,336,998	9,884,678
<b>Total cost of production</b>	<b>1,662,711,388</b>	<b>1,702,997,531</b>
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)</b>	<b>(98,246,877)</b>	<b>(60,760,268)</b>

	2024	2023
<b>C - FINANCIAL INCOME AND EXPENSES</b>		
16) Other financial income		
d) sundry financial income - from third parties	408,020	1,519,257
- from subsidiaries	169,937	179,137
- from associates	8,325	0
17) Interests and financial charges - from third parties	23,879,016	18,960,740
- from subsidiaries	19,389	13,326
- from parent company	96,151	73,711
17 bis) Profit (loss) on exchange rates	(733,900)	675,600
<b>Total financial income and expenses</b>	<b>(24,142,174)</b>	<b>(16,673,783)</b>
<b>D - ADJUSTMENT TO FINANCIAL ASSETS AND LIABILITIES</b>		
18) Revaluations of:		
c) securities recorded under current assets	0	5,951
19) Write-downs of:		
a) equity investments	1,023,653	449,322
b) financial fixed assets which do not constitute equity investments	3,000,000	0
d) financial derivative investments	472,556	0
<b>Total adjustment to financial assets and liabilities</b>	<b>(4,496,209)</b>	<b>(443,371)</b>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(126,885,260)</b>	<b>(77,877,422)</b>
22) Income taxes		
a) current	3,356,231	10,902,689
b) deferred	(26,311)	(7,616,186)
c) prepaid	(582,552)	5,720,024
Total 22 - Income taxes	2,747,368	9,006,527
23) Profit (loss) for the year	(129,632,628)	(86,883,949)
<b>Group profit (loss)</b>	<b>(129,332,712)</b>	<b>(89,583,365)</b>
<b>Profit (loss) pertaining to minority interest</b>	<b>(299,916)</b>	<b>2,699,416</b>

## Consolidated cash flow statement as at 31 december 2024 and 2023

	2024	2023
<b>A. Financial flows from operating activities</b>		
- Profit (loss) for the year	(129,632,628)	(86,883,949)
- Income taxes	2,747,368	9,006,526
- Interest expense/(interest income)	23,408,274	17,349,383
- Dividends	0	0
- Capital gains from the sale of assets, net	(117,871)	(220,783)
<b>1 Profit (loss) for the year before income taxes, interest, dividend income and capital gains/losses on disposal</b>	<b>(103,594,857)</b>	<b>(60,748,823)</b>
Adjustments for non-monetary items that did not have a balancing entry in the working capital		
- Allocations to provisions	5,904,812	7,332,661
- Depreciation of fixed assets	76,463,327	71,705,922
- Write-downs for accumulated impairment losses	28,491,805	39,100,286
- Other adjustments to non-monetary items	1,582,912	(2,322,130)
Total adjustments to non-monetary items	112,442,856	115,816,739
<b>2 Cash flow before changes in working capital</b>	<b>8,847,999</b>	<b>55,067,916</b>
Changes in working capital		
- Decrease (increase) in inventories	53,777,446	102,001,689
- Decrease (increase) in trade receivables	1,447,793	31,178,299
- Increase (decrease) in trade payables	(37,001,692)	22,326,263
- Decrease (increase) in prepayments and accrued income	4,105,144	(881,892)
- Increase (decrease) in accrued expenses and deferred income	(21,712)	1,052,898
- Other changes in working capital	2,336,677	19,396,722
Total changes in working capital	24,643,657	175,073,981
<b>3 Cash flow after changes in working capital</b>	<b>33,491,656</b>	<b>230,141,897</b>
Other adjustments		
- Interest collected/(paid)	(21,315,942)	(15,963,097)
- Income taxes (paid)	(3,966,062)	(31,700,671)
- Dividends received	0	0
- Use of provisions	(4,726,911)	(6,144,779)
Total other adjustments	(30,008,915)	(53,808,547)
<b>Cash flow from operating activities (A)</b>	<b>3,482,740</b>	<b>176,333,350</b>
<b>B. Cash flows from investment activities</b>		
<b>Tangible fixed assets</b>		
(Investments)	(98,071,800)	(151,549,113)

	2024	2023
Sale price of disinvestments	547,590	10,079,306
<b>Intangible fixed assets</b>		
(Investments)	(3,297,608)	(11,200,059)
Sale price of disinvestments	0	0
<b>Financial fixed assets</b>		
(Investments)	(20,486,318)	(19,671,264)
Sale price of disinvestments	10,000	0
<b>Current financial assets</b>		
(Investments)	0	(334,230)
Sale price of disinvestments	0	0
Acquisition or sale of subsidiaries or business units net of cash and cash equivalents		
<b>Cash flow from investment activities (B)</b>	<b>(121,298,136)</b>	<b>(172,675,360)</b>
<b>C. Cash flows from financing activities</b>		
Third- party funds		
Increase (decrease) in short-term payables to banks	(25,682,221)	28,791,086
Opening of loans	113,567,462	32,363,994
Loans to subsidiaries, parent company and associates	(1,512,605)	152,782
Repayment of loans	(16,479,046)	(15,967,097)
Charges incurred for new loan	(30,000)	(45,000)
Disposal (purchase) of treasury shares	(5,000,000)	(90,000)
Share capital increase against payment	0	0
Closing of derivatives	0	(245,453)
Dividends (and advances on dividend income) paid	(79,686)	(30,126,342)
<b>Cash flow from financing activities (C)</b>	<b>64,783,903</b>	<b>14,833,969</b>
Translation differences	(454,084)	(68,425)
Increase (decrease) in cash and cash equivalents (A +/- B +/- C)	(53,485,577)	18,423,534
Cash and cash equivalents at the beginning of the year	217,851,132	199,427,598
Cash and cash equivalents at the end of the year	164,365,555	217,851,132





# 03

## 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 2024 (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	% Interest held INDIRECT
Donalam S.r.l. - Steel manufacturing company		
Calarasi (Ro) - Share capital Leu 589,918,700	98.33	-
Donalam Siderprodukte AG - Trading company		
Zurich (CH) - Share capital CHF 300,000	-	73.75
Laminés Marchands Européens S.A.S. - Steel manufacturing company		
Trith Saint Léger (F) - Share capital EUR 32,300,345 (hereafter also LME S.A.S.)	80.23	-
Laminoirs du Ruau S.A. - Steel manufacturing company		
Monceau sur Sambre (B) - Share capital EUR 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 EUR 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. carried out the purchase of 226,939 shares from Finest for an amount of EUR 5,000 thousand. As a result of the above transactions, the percentage held increased from 94.49 per cent to 98.33 per cent.

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

Name	% Interest held DIRECT	% Interest held INDIRECT
Ferriera Sider Scal S.r.l. in liquidation - Steel manufacturing company	100.00	-
Vicenza - Share capital EUR 100,000		
Consorzio Valbel - Service company		
Vicenza - Share capital EUR 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 EUR 162,750,424	5.16	-
Renewability S.c.a.r.l. - Energy company		
Trento - Share capital EUR 160,000	31.25	-
Consorzio CEIP - Service company		
Milan - Share capital EUR 60,000	8.33	-
Sirio S.r.l. - Energy industry		
Carmignano di Brenta (PD) - Share Capital EUR 345,034	49.00	-

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

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 Law 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 certain cases, 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 EUR, while in these notes to the consolidated financial statements, except where indicated otherwise, values are expressed in thousands of EUR. 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 respectively 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 2024, 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 2024, of the previous year and those reflected in the consolidated financial statements of the same dates is detailed in the following table (in thousands of EUR):

	<b>2024</b>		<b>2023</b>	
	<b>Shareholders' equity</b>	<b>Result for the year</b>	<b>Shareholders' equity</b>	<b>Result for the year</b>
Statutory financial statements of the Parent Company	480,579	(130,602)	610,998	29,461
Group's share of the adjusted shareholders' equity of the consolidated companies	217,838	(126,827)	254,126	(132,586)
Carrying value of the consolidated companies	(199,289)	123,822	(238,092)	12,068
Translation difference of the financial year	(2,714)	(1,120)	6,787	(5,148)
Intercompany profit	-	218	(218)	682
Dividend collected from the consolidated companies	-	-	-	(99)
Adjustment of asset deficit allocation	-	-	-	(285)
Adjustment for write-down of minority interest	10,948	5,396	5,552	5,552
IR/IDRA merger	306	(220)	526	772
Consolidated Group financial statements	507,668	(129,333)	639,679	(89,583)

## 2. Criteria

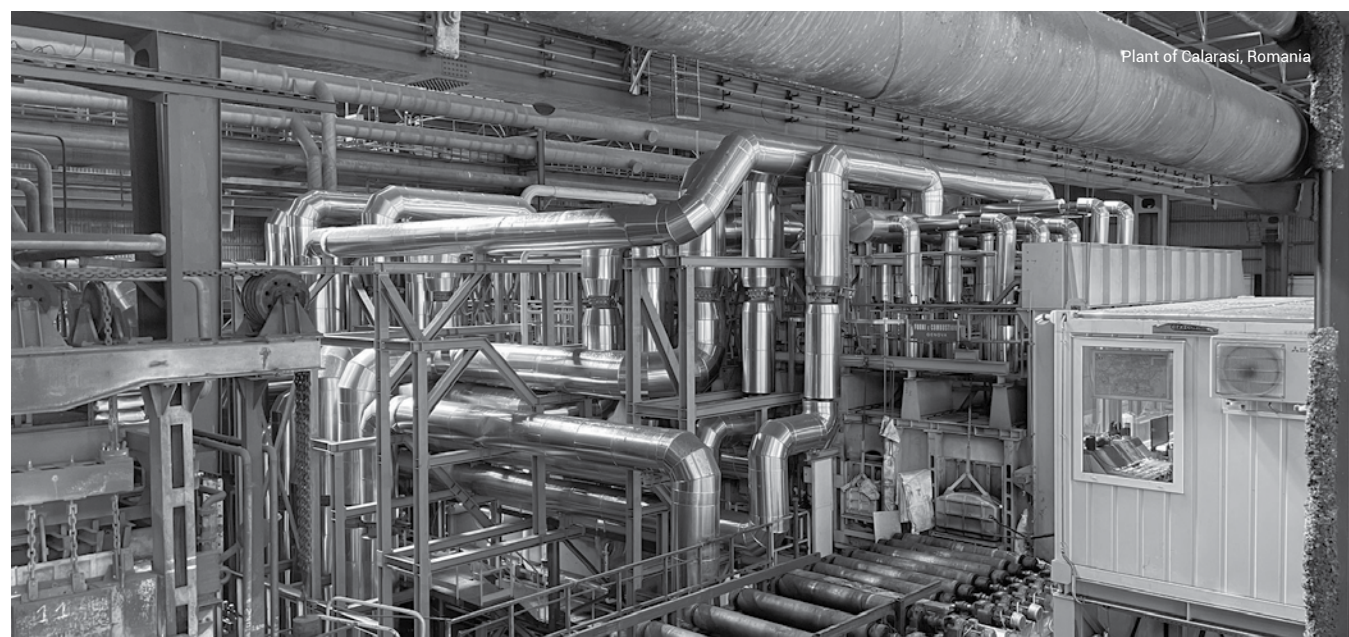
### Consolidation criteria

The most relevant consolidation criteria, adopted for the preparation of the consolidated financial statements, 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 provision 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 directly within a shareholders' equity reserve.

The following exchange rates were applied for the preparation of these financial statements:

	CHF	Leu
Exchange rate as at 31 December 2023	0.9260	4.9756
Average exchange rate in the financial year 2024	0.9526	4.9746
Exchange rate as at 31 December 2024	0.9412	4.9743



## Valuation criteria

Considering the difficulties and uncertainties that characterise the macroeconomic scenario and the sector in which the Group operates, as well as the operating performance reported in 2024, as described in the Report on Operations, the Directors paid special attention to the management and financial aspects that affect the going concern in order to adequately supporting the adoption of the going concern basis of accounting to which they referred to in the preparation of the consolidated financial statements as at 31 December 2024. Some relevant information in this regard is provided below.

On 21 February 2025, the Board of Directors of the Parent Company approved the new long-term Business Plan prepared for the 2025 - 2029 period.

The Plan shows a significant improvement in EBITDA during 2025 and a gradual return to positive net results over a three-year period, thanks to the actions taken and planned, with particular reference to the Swiss and Romanian subsidiaries, as described in section I "Economic and financial data and indicators" of the Report on Operations, and an expected improvement in the margin between the selling prices and cost of scrap metal.

The Plan was presented to the lending banks as part of the discussions to obtain the waiver relating to the non-compliance with the NFP/EBITDA financial covenant as at 31 December 2024.

On the basis of the economic and financial forecasts drawn up and constantly monitored and updated, the Directors believe that the economic and financial performance, improving in the first few months of 2025 compared to the last period of the previous year and substantially in line with the budget, should be determine compliance with the financial covenants in December 2025.

With reference to shorter-term planning, the 2025 and 2026 financial years were the subject of a financial planning that incorporates the details used for the preparation of the 2025 Budget and the Business Plan. This analysis makes it possible to detect the monthly changes in the cash flow profile in relation to both ordinary and non-recurring operating and financial commitments.

This planning was subjected to a series of sensitivity analysis on some key assumptions aimed at quantifying the margins of flexibility and manoeuvring in relation to the Group's financial structure and compliance with the contractual covenants contained in the loan agreements, highlighting the capacity to withstand of the financial position against reasonably foreseeable changes in the aforementioned assumptions.

With reference to the main variables that affect the operating performance, it should be noted that, during the first few months of 2025, energy and gas prices remained high and substantially in line with those recorded in the second half of the previous year.

Over the first months of 2025, the price of scrap metal remained high. After a decrease at the beginning of the year, prices rose, returning to levels substantially in line with those of the second half of 2024.

The sale prices of finished products rose slightly, remaining on the whole at values that are not yet satisfactory but in any case higher than in the last part of the previous year, resulting in a recovery in margins compared to 2024.

Market and macroeconomic conditions have overall improved slightly, compared to the second half of 2024, but still remain not particularly favourable and subject to significant and difficult-to-predict factors of uncertainty.

The implementation of the main actions envisaged by the strategies of the Business Plan are underway and are proceeding with the utmost attention and rigour. The results are substantially aligned with the defined objectives.

The Group's profitability in the first few months of 2025 was influenced by these trends, recording an EBITDA in line with forecasts and overall higher than the average of the actual figure in 2024. The merchant bars business confirms the good results recorded in 2024 and the companies Stahl Gerlafingen and Donalam show an improvement in profitability thanks to the implementation of the streamlining measures envisaged in the Business Plan, which were promptly carried out during the first months of 2025. Operating cash generation was negative and the financial position, although down compared to December 2024, is in line with expectations.

The Directors therefore assessed the profiles of uncertainty related to the achievement of the objectives set out in the Plan, including the assumptions underlying the performance of the costs of the production factors and the sales prices, the realisation of the assumptions underlying the financial planning for the next 12 months and compliance with covenants. In consideration of the performance of the first months of the current year, the forecasts drawn up and the financial structure of the Group, including the available credit facility lines, and the actions that may be activated in the management of liquidity, they considered it appropriate to use the going concern assumption in preparing the consolidated financial statements as at 31 December 2024.



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 systematically 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 production cost, adjusted in order to take into account the higher purchase price paid compared to the tangible fixed asset carrying amounts held by the acquired 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 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 the update occurred in 2022, useful and residual life of the following asset categories were redefined:

	<b>useful life</b>	<b>residual life as at 31.12.2024</b>
Large specific plants	17	5
Generic plants	16	4
General and specific equipment	15	5

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 hereafter:

Industrial buildings	3.0 - 5.0%
Office furniture and 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 EUR 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 the useful and residual life of the main tangible fixed assets of all the production sites of the Parent Company was updated.

Newly acquired assets are considered conventionally entered into the production process at mid-year; for this reason, depreciation is reduced by 50 per cent.

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 or attributable to 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 to the estimated cash flows.

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 whose existence is certain or that are 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.

With regard to the Parent Company, starting from 1 January 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 31 December 2006, net of the advances paid, for current employees and re-valued 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, on 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 derivatives 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

On 19 April 2023, the Management Board of the Organismo Italiano di Contabilità (OIC) approved the final version of OIC 34 "Revenues", applicable to financial statements for years beginning on or after 1 January 2024.

The scope of application of OIC 34 concerns all transactions involving the recognition of revenues deriving from the sale of goods and the provision of services, regardless of their classification in the Income Statement. Business transfers and receivables, repayments and contract work in progress (for which OIC 23 will continue to apply) are not included, as well as transactions not within the scope of buying and selling, i.e. transactions carried out to obtain the availability of an asset with similar characteristics without the aim of generating revenue.

In this case, no significant effects from the introduction of the accounting standard are to be reported.

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 transfer of risks and benefits.

### Operating grants

Operating 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.

## Taxes

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.

### Amendment to accounting standard OIC 25 "Income taxes"

As a result of the consultation launched in 2023, on 18 March 2024 the OIC published some amendments to accounting standard OIC 25 which concern specific disclosure to be provided in the financial statements as part of Pillar Two; following these amendments, the following amendments to accounting standard OIC 25 apply:

- the temporary exception to the recognition of deferred tax assets and liabilities related to the application of the Pillar Two provisions;
- the disclosure obligation in relation to the portion of taxes deriving from the application of Pillar Two pertaining to own income and to the portion of income of other companies belonging to the same group;
- with reference to the 2023 annual financial statements, the obligation to provide information about the inclusion of the company in the scope of application of the Pillar Two model and a description of the progress of this model implementing process.

## 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 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.

If the allowances assigned free of charge during the year are lower than actual emissions, any residual allowances assigned free of charge from previous years, purchased allowances with a defined expiry date and lastly purchased allowances without a defined expiry date are used in sequence, using the last purchased ones as a priority.

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.



Plant of Gerlafingen, Switzerland



### **3. Other information**

#### **Dispensations with reference to the 5th paragraph of Art. 2423 of the Italian Civil Code**

It is also stated that no dispensation was used with reference to the 5th 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".



## 4.1 Intangible fixed assets

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

(in thousands of EUR)	Rights, patents, and intellectual property	Concessions, licenses, trademarks and similar rights	Goodwill	Under construction	Other Fixed assets	Total
Balance as at 31 December 2022	430	17	8,979	5,559	5,965	20,950
Increases	71	73	33,510	12,162	2,144	47,960
Translation differences	-	-	-	-	-	-
Reclassification and others	9	-	-	(833)	842	18
Amortisation	(186)	(8)	(4,668)	-	(2,294)	(7,156)
Balance as at 31 December 2023	324	82	37,821	16,888	6,657	61,772
Increases	227	-	-	1,649	1,609	3,485
Translation differences	-	-	-	1	(1)	-
Reclassification and others	79	-	-	(12,259)	12,305	125
Amortisation	(187)	(9)	(6,344)	-	(2,482)	(9,022)
Balance as at 31 December 2024	443	73	31,477	6,279	18,088	56,360

The increases for the current financial year are equal to EUR 3,485 thousand (EUR 47,960 thousand in 2023). 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 for a total amount of EUR 1,303 thousand.  
The plants became operational in 2024;
- feasibility studies related to potential new investments and to the purchase and configuration of software linked to production, as well as safety and financial management.

The amortisation of the intangible fixed assets in 2024 was EUR 9,022 thousand (EUR 7,156 thousand in the previous year). The most significant values refer to depreciation:

- of the goodwill recognised following the first consolidation during the previous year of Idroelettriche Riunite S.p.A. and IDRA S.r.l. for EUR 3,351 thousand (EUR 1,675 thousand in the previous year), incorporated by the Parent Company as a result of a merger by incorporation with an effective date of 31 December 2023 for statutory, accounting and tax purposes;
- of the goodwill recognised for the consolidation of Nuova Ferrosider S.r.l. for EUR 2,993 thousand (unchanged compared to the previous year), 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 EUR 1,260 thousand (unchanged compared to the previous year).



## 4.2 Tangible fixed assets

Most of the tangible fixed assets consist of items owned by the Parent Company and by its subsidiaries with manufacturing operating activities. The changes that occurred during the year, compared to the previous one, are summarised as follows:

(in thousands of EUR)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Revertible assets and others	Work in progress and advances	Total
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)
Provisions for impairment	(2,693)	(2,903)	(398)	(1,055)	(8,231)	(15,280)
Valori al 31 dicembre 2022	177,723	278,999	24,626	5,198	99,180	585,726
Increases	17,150	59,762	6,039	1,327	66,702	150,980
Increases due to the IR-IDRA merger	13,199	15,841	33	7,248	117	36,438
Disposals and other changes, net	(10,542)	(977)	(10)	(2,345)	(367)	(14,241)
Classification to asset for initial operation/ Reclass.	7,308	53,470	586	837	(62,082)	119
Uses/ Reclassifications of provision for impairment	2,204	826	-	1,055	583	4,668
Allocations to provision for impairment	(485)	(38,615)	-	-	-	(39,100)
Translation differences	1,436	4,412	590	(7)	752	7,183
Depreciation	(8,614)	(46,741)	(7,502)	(1,693)	-	(64,550)
Historical cost	400,711	1,386,568	96,739	48,967	112,532	2,045,517
Allocation of difference	43,886	35,941	-	-	-	79,827
Revaluation	17,890	46,408	1,857	51	-	66,206
Accumulated depreciation	(262,416)	(1,102,380)	(73,836)	(37,398)	-	(1,476,031)
Provisions for impairment	(692)	(39,559)	(398)	-	(7,647)	(48,296)
Balances as at 31 December 2023	199,379	326,977	24,362	11,620	104,885	667,223

<b>(in thousands of EUR)</b>	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Industrial and commercial equipment</b>	<b>Revertible assets and others</b>	<b>Work in progress and advances</b>	<b>Total</b>
Increases	5,299	29,713	7,559	336	86,512	129,419
Increases due to the IR-IDRA merger	(38)	(645)	(3)	(11)	(105)	(802)
Disposals and other changes, net	5,852	32,453	843	685	(39,958)	(125)
Classification to asset for initial operation/Reclass.	-	331	19	(677)	22	(305)
Uses/Reclassifications of provision for impairment	(16)	(24,162)	-	-	(290)	(24,468)
Allocations to provision for impairment	(451)	(1,505)	(182)	(1)	(139)	(2,278)
Translation differences	-	(1,054)	-	-	-	(1,054)
Depreciation	(9,144)	(47,045)	(9,255)	(1,998)	-	(67,442)
Historical cost	409,713	1,435,217	101,154	49,730	158,842	2,154,656
Allocation of difference	43,885	35,941	-	-	-	79,826
Revaluation	17,890	45,964	1,839	51	-	65,744
Accumulated depreciation	(269,938)	(1,138,712)	(79,301)	(39,235)	-	(1,527,186)
Provisions for impairment	(669)	(63,347)	(349)	(592)	(7,915)	(72,872)
Balances as at 31 December 2024	200,881	315,063	23,343	9,954	150,927	700,168

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 EUR 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, machinery and production equipment of the sites, whose operations were halted or intended to be halted and are, therefore, held for sale, totalled EUR 18,795 thousand, of which EUR 795 thousand related to the Parent Company and EUR 18,000 thousand related to the Swiss subsidiary Stahl.

Tangible fixed assets included assets under construction that, as at 31 December 2024, were equal to EUR 150,927 thousand (EUR 104,885 thousand in the previous year). These fixed assets are classified in their pertinent categories when they start operating.

The 2024 additions in tangible fixed assets (including the assets which were not already operational by the year end) amount to EUR 129,419 thousand (EUR 150,980 thousand in the previous year). 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. The divestments carried out in the year in question mainly relate to the sale of production equipment and, in most cases, referring to assets for which the depreciation process was almost completed.

The book value of the net invested capital of the four CGUs ("Cash Generating Units") of the Group represented by the main operating companies (AFV, LME, Stahl, Donalam), was tested for impairment.

The recoverable amount was mainly determined comparing the net book value of the assets with their values in use calculated according to the Discounted Cash Flow (DCF) method on the basis of the cash flows forecast. The reference time frame for the estimated future cash flows is a period of five years, from 2025 to 2029, taken from the Business Plan approved by the Board of Directors on 21 February 2025 and subsequently using the perpetual return criterion. 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:

	2024	2023
Terminal value growth rate	1.30-1.90%	1.60-2.00%
Discount rate	9.66-11.97%	9.28-11.24%

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".

As a result of the impairment test, it was necessary to write-down the invested capital relating to the Swiss company for EUR 24,100 thousand.

Total write-downs of property, plant and equipment as at 31 December 2024 amounted to EUR 72,872 thousand (EUR 48,296 thousand in the previous year). Based on the test results, a sensitivity analysis was developed on the difference between the recoverable value and the book value of the Net Invested Capital of the individual CGUs and of the Group, varying some of the basic metrics of the estimate carried out (WACC, terminal value EBITDA, "g" growth rate).

In the 2024 financial statements, the book value of the land is higher than the value for taxation purposes by EUR 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 fixed assets carrying amounts, which include the allocation of the merger differences completed both in the current and in previous financial years and higher acquisition costs compared to the carrying amount of the fixed assets held by the acquired companies, do not exceed their market value and/or their value in use.

## 4.3 Financial assets

The carrying value of equity investments amounted to EUR 6,431 thousand (EUR 6,441 thousand in the previous year), and is mainly referable to the companies:

### **Metal Interconnector S.c.p.A.** **Entry value EUR 6,142 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 per cent 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 the 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/made operational by the investee companies:

- **Interconnector Italia S.c.p.A.** - The company holds 100 per cent 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 26 July 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 28 December 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 Italia S.c.p.A.** - The company holds 92.64 per cent of the shares of RESIA Interconnector S.r.l., which has built a 150 MW direct current interconnection on the Austrian border. The work was completed and became operational in December 2023.

The 2023 financial statements of Metal Interconnector S.c.p.A. were approved by the Shareholders' Meeting on 10 December 2024 and show a negative result of EUR 7,221 thousand. The negative result for the year 2023 results from the recognition of a write-down of EUR 6,892 thousand to adjust the book value of the 68.60 per cent investment in Interconnector Energy Italia S.c.p.A. to its recoverable value. This write-down is related to the value of the equity of Monita Interconnector S.r.l., a company wholly owned by Interconnector Energy Italia S.c.p.A.. It should be noted that the consolidated financial statements as at 31 December 2023 of Metal Interconnector S.c.p.A. show a group profit of EUR 9,321 thousand.

### **Consorzio Valbel** **Book value EUR 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.

The decrease in the book value derives from the sale during the year of the share of EUR 10 thousand in order to restore the equity balance between the members of the Consortium.

### **Sirio S.r.l.** **Book value EUR 169,067**

The Company's corporate purpose is to carry out transactions relating to the energy sector, with the aim of developing photovoltaic plants for the production of renewable energy.

### **Consorzio CEIP** **Book value EUR 50,000**

The Company's corporate purpose is the design, organisation, coordination and execution of the shareholders' business activities relating to development and/or feasibility aimed at exploring possible investment and/or purchase opportunities abroad in relation to the procurement of direct reduced iron.

### **Renewability S.c.a.r.l.** **Book value EUR 50,000**

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 year**

The 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 Argentine Law 24.522. The procedure started on 10 February 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 three environmental issues.

The first issue is the presence of polluting materials within the production site for which, in March 2023, the approval of the additions made to the operational reclamation project was obtained.

In the first few months of 2024, reclamation activities were started as per the approved project and the completion of the works is expected in the second quarter of 2025.

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. The plan for the characterisation and investigation of the soils is in progress, with delays accumulated due to the foreclosure of access to third-party areas, recently resolved with a court ruling; at the end of the analytical investigations, the health-environmental risk analysis will be prepared, the results of which are expected by the end of 2025.

The third environmental issue concerns the contamination by PCBs found in the owned area called "Substation Ovesca", which was subject to mitigation actions through operational safety measures carried out in 2010/2011, which is still enforceable.

Within the industrial production site, the planned demolition works of most of the buildings were completed and field surveys were planned to proceed with the cadastral management of the areas.

A second demolition phase is being assessed relating to some buildings still present on the area (scrap yard, collapsed warehouses), aimed at a possible development of the area by the Parent Company.

The negative result for 2024 takes into account provisions recognised in the income statement for the year in question against overheads expected up to the 2026 financial year.

The other receivables included within the financial fixed assets, which amount to EUR 16,224 thousand (EUR 16,646 thousand in 2023) include:

- shareholders' loans granted by the Parent Company to its investee company Metal Interconnector S.c.p.A., interest-free, in the amount of EUR 4,768 thousand, unchanged compared to 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 to Terna S.p.A., amounting to EUR 6,220 thousand (EUR 5,683 thousand in 2023), against the commitment to finance the construction of electricity transport works and to be paid each year until each interconnector comes into service;
- receivables from public bodies for residential construction of the subsidiary LME S.A.S. of EUR 1,791 thousand (EUR 1,679 thousand in 2023);
- loans from Credit Suisse for a time deposit account of the subsidiary Stahl Gerlafingen AG of EUR 1,733 thousand;
- a security deposit lodged by the subsidiary LME S.A.S. with a French bank for EUR 506 thousand, unchanged compared to the previous year, against the objection raised by the company against a tax assessment, currently awaiting settlement.

The receivables are deemed to be entirely collectable.

## 4.4 Inventories

Le giacenze di magazzino sono così costituite:

(in thousands of EUR)	2024	2023
Finished products	219,020	272,484
Semi-finished products	81,029	90,659
Raw materials	34,640	33,500
Consumable materials	44,128	39,433
Ancillary materials	15,247	13,161
Plants and machineries held for sale	45	225
<b>Total</b>	<b>394,109</b>	<b>449,462</b>

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

- finished goods, with reference to the previous year's scope of consolidation, decreased by 20 per cent in quantities and by 4 per cent in unit values (decreased by 12 per cent in quantities and decreased by 8 per cent in unit values in 2023 compared to 2022);
- semi-finished products increased in quantities by 13 per cent and decreased in unit values by 7 per cent (in the financial year 2023 compared to the financial year 2022, quantities decreased by 33 per cent and unit values by 12 per cent);
- raw materials increased in quantities by 7 per cent and decreased in unit values by 5 per cent (in the financial year 2023 compared to the financial year 2022, quantities increased by 119 per cent and unit values by 2 per cent).

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

- of stock materials and spare parts of EUR 7,405 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 EUR 17,207 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 for EUR 1,424 thousand to take into account the market value at the end of the year;
- of plants intended for sale as they are not used at the sites owned by the company for EUR 1,844 thousand.

At the closing date of these financial statements, finished products and semi-finished products were stored to a limit of EUR 16,801 thousand in a warehouse 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 for the payment of the company Nuova Ferrosider S.r.l., recorded in the item "Other payables" in these financial statements and amounting to EUR 15,056 thousand, the Parent Company has established a revolving pledge of EUR 10,372 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, passed from EUR 47,645 thousand in the previous financial year to EUR 42,693 thousand in 2024. The level of trade receivables decreased mainly due to seasonality and the decrease in unit prices.

Trade receivables from customers include the amounts related to trade relations of the Parent Company with the investee company Consorzio Valbel for EUR 5,589 thousand (EUR 3,792 thousand in the previous financial year).

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

(in thousands of EUR)	2024	2023
Opening balance	2,313	2,529
Allocations during the year	3,044	43
Amounts recovered from bankruptcy and other minor proceedings	(223)	-
Translation differences	(12)	28
Uses during the year	(289)	(287)
<b>Closing balance</b>	<b>4,833</b>	<b>2,313</b>

During the year, there was an increase in the bad and doubtful debt provision of EUR 3,044 thousand, recognised on the basis of the estimated possibility of recovery of trade receivables of the subsidiary Donalam S.r.l..

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 84 per cent (82 per cent in 2023) are from customers within the European Union, following the write-downs applied are substantially aligned with their estimated realisation value.

## 4.6 Receivables from unconsolidated associates and subsidiaries

The amount of EUR 4,079 thousand (EUR 2,413 thousand in the previous year) refers to values recognised in the financial statements of the Parent Company for transactions with:

- its subsidiary Ferriera Sider Scal S.r.l. - in liquidation for:
  - ✓ loans of EUR 3,012 thousand (EUR 1,988 thousand in the previous year);
  - ✓ trade receivables of EUR 222 thousand (EUR 76 thousand in the previous year);
- the associate Renewability S.c.a.r.l. for a loan of EUR 488 thousand;
- the associate Sirio S.r.l. for a loan of EUR 349 thousand and EUR 8 thousand for related interest.

## 4.7 Receivables from ultimate parent company

The receivables, recognised in the financial statements of the Parent Company from its parent company refer to:

- EUR 5,669 thousand from payments on behalf of the consolidator for IRES taxes under the tax consolidation scheme and higher than the final charge;
- EUR 9 thousand for administrative services (EUR 21 thousand in the previous year).



## 4.8 Tax receivables

Tax receivables amounted to EUR 10,638 thousand (EUR 21,693 thousand in the previous year). The most significant amounts refer to:

- payments on account during the year for direct taxes higher than the final charge for EUR 2,928 thousand (EUR 12,724 thousand in 2023);
- VAT for EUR 4,846 thousand (EUR 4,388 thousand in 2023);
- tax receivables for investments in capital goods recorded in the Parent Company's financial statements for EUR 1,445 thousand (EUR 1,571 thousand in the previous year). The receivables, which arose in 2020, 2021, 2022 and 2023 following the enactment:
  - of Italian Law 160/2019 for EUR 695 thousand, used for EUR 443 thousand;
  - of Italian Law 178/2020 for EUR 3,374 thousand, of which EUR 1,297 thousand recorded in the current year, used in the amount of EUR 2,274 thousand, of which EUR 1,284 thousand in the current year;
  - of Italian Law 160/2019 and 178/2020 for EUR 93 thousand in 2021;
- VAT credit of EUR 409 thousand (EUR 437 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 VAT instalments had not been completed.

## 4.9 Deferred tax assets

Deferred tax assets, recorded at EUR 17,278 thousand (EUR 16,752 thousand in 2023), derived from temporary differences on taxable income and tax losses. The breakdown is analysed in the following table:

	Initial balance	2024 Reabsorptions	2024 Increases	Final balance
Write-down of non-deductible assets and materials	2,917	(219)	158	2,856
Valuation of the tax loss of previous years	981	-	254	1,235
Prepaid taxes on IR goodwill redemption	5,009	-	-	5,009
Prepaid taxes from IR incorporation	1,681	(401)	-	1,280
Prepaid taxes on NFS goodwill redemption	1,532	(383)	-	1,149
Allocations to provisions for risks and charges	1,432	(374)	414	1,472
Adjustment of the book value of the inventory	1,834	(1,834)	1,012	1,012
Amortisation/depreciation deductible in subsequent years	698	(12)	273	959
Time differences on goodwill amortisation	-	-	874	874
Write-down of receivables recognised under non-current financial assets	-	-	720	720
Membership and other unpaid contributions	17	(17)	5	5
Write-down of taxed receivables	152	-	-	152
Valuation of derivative instruments	499	(57)	-	442
Change from valuation of derivative instruments in the Income Statement	-	-	113	113
<b>Total</b>	<b>16,752</b>	<b>(3,297)</b>	<b>3,823</b>	<b>17,278</b>

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 EUR 5,009 thousand against the redemption of the goodwill generated by the merger of Idro-elettriche Riunite S.p.A. and IDRA S.r.l. into the Parent Company, relate to the payment made in 2024 (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 2025.

## 4.10 Other receivables

Other receivables include the following:

(in thousands of EUR)	2024	2023
Transfer, contributions and refunds to be received on energy consumption	11,991	11,474
Receivables from social security and employees	2,143	1,126
Insurance reimbursements to be received	1,319	1,674
Advances to suppliers	1,056	2,971
Others	142	339
<b>Total</b>	<b>16,651</b>	<b>17,584</b>

The grants to be received on electricity consumption, recognised in the financial statements of the subsidiaries LME S.A.S. and Stahl Gerlafingen AG, are recognised by their respective national authorities.

Payments on account to suppliers refer, in the amount of EUR 1,056 thousand to payments on account by the subsidiaries LME S.A.S., Stahl Gerlafingen AG and Donalam S.r.l..

Insurance reimbursements to be received, recorded for EUR 1,319 thousand, refer to the subsidiary LME for EUR 1,278 thousand and to the Parent Company for EUR 41 thousand.

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#### **4.11 Derivative financial instruments assets**

Financial instruments assets, recognised in the financial statements of the Parent Company and the subsidiary Donalam S.r.l., refer entirely to hedging transactions, amounting to EUR 1,169 thousand (EUR 311 thousand in the previous year). These are hedges of interest rates on the bank loan that the Parent Company has in place and hedges of exchange rate risk on purchases in foreign currency of semi-finished products by the subsidiary Donalam.

#### **4.12 Other securities and other financial assets**

With regard to the Parent Company, as a result of the merger of Idroelettriche Riunite S.p.A., securities were incorporated to cover a guarantee issued by Banca Intesa S. Paolo and amounting to EUR 169 thousand (unchanged compared to the previous year). In the previous year, advanced financial payments on account were included. They were made by the subsidiary Stahl Gerlafingen AG for contributions to employees' supplementary pension plans and amounted to EUR 334 thousand. At the beginning of the year 2023, the Company envisaged a payment in advance to cover all the monthly instalments pertaining to the reference year. The last pertaining instalment was paid in January 2024.

#### **4.13 Liquid funds**

The amount recognised of EUR 164,366 thousand (EUR 217,851 thousand in 2023) 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.

#### **4.14 Prepayments and accrued income**

The amount recognised of EUR 3,714 thousand (EUR 9,068 thousand in 2023), refers primarily to:

- EUR 1,322 thousand (EUR 5,669 thousand in the previous year) which represent the valuation using the criterion of the cost incurred by the Parent Company and its subsidiaries LME and Stahl Gerlafingen AG for the valuation of greenhouse gas emission quotas, available to the companies at the end of the year, freely tradable in the market;
- EUR 1,224 thousand (EUR 780 thousand in 2023) for software licences pertaining to the following year;
- EUR 327 thousand (EUR 518 thousand in 2023) for interest on factoring transactions carried out by the Parent Company;
- EUR 173 thousand (EUR 189 thousand in 2023) for interest to the Parent Company's customers on advances for payables not due until after the reporting date;
- EUR 115 thousand (EUR 1,235 thousand in the previous year) for accessory charges incurred against loans obtained by the Parent Company.

#### **4.15 Shareholders' equity**

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

Shareholders' equity includes deferred tax reserves for a total of EUR 74,849 thousand (unchanged compared to 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.

<b>(in thousands of EUR)</b>	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Legal reserve</b>	<b>Other reserves</b>	<b>Reserve for cash flow hedging</b>	<b>Group profit (loss)</b>	<b>Consolidated Shareholders' equity</b>	<b>Minority interest</b>	<b>Shareholders' equity as at 31 December</b>
Balance as at 31 December 2022	113,190	4,015	22,638	345,671	-	268,889	754,403	53,370	807,773
Allocation of the profit for the year	-	-	-	-	-	-	-	-	-
To reserve	-	-	-	238,891	-	(238,891)	-	-	-
To shareholders	-	-	-	-	-	(29,998)	(29,998)	-	(29,998)
Capital increase made by minority shareholders	-	-	-	-	-	-	-	-	-
Purchase of minority interest	-	-	-	-	-	-	-	-	-
Allocation to minority shareholders of shareholders' equity	-	-	-	-	-	-	-	-	-
Use/allocation to derivatives reserves	-	-	-	-	(1,582)	-	(1,582)	-	(1,582)
Distribution of reserves	-	-	-	-	-	-	-	(129)	(129)
Reclassifications, translation difference and others	-	-	-	6,439	-	-	6,439	47	6,486
Profit (loss) for the year	-	-	-	-	-	(89,583)	(89,583)	2,699	(86,884)
Balance as at 31 December 2023	113,190	4,015	22,638	591,001	(1,582)	(89,583)	639,679	55,987	695,666
Allocation of the profit for the year	-	-	-	-	-	-	-	-	-
To reserve	-	-	-	(89,583)	-	89,583	-	-	-
To shareholders	-	-	-	-	-	-	-	-	-
Capital increase made by minority interest	-	-	-	-	-	-	-	-	-
Purchase of minority interest	-	-	-	-	-	-	-	(5,000)	(5,000)
Allocation to minority shareholders of shareholders' equity	-	-	-	-	-	-	-	-	-
Use/allocation to derivatives reserves	-	-	-	-	183	-	183	-	183
Distribution of reserves	-	-	-	-	-	-	-	(80)	(80)
Reclassifications, translation difference and others	-	-	-	(2,861)	-	-	(2,861)	(2)	(2,863)
Profit (loss) for the year	-	-	-	-	-	(129,333)	(129,333)	(300)	(129,633)
Balance as at 31 December 2024	113,190	4,015	22,638	498,557	(1,399)	(129,333)	507,668	50,605	558,273

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".

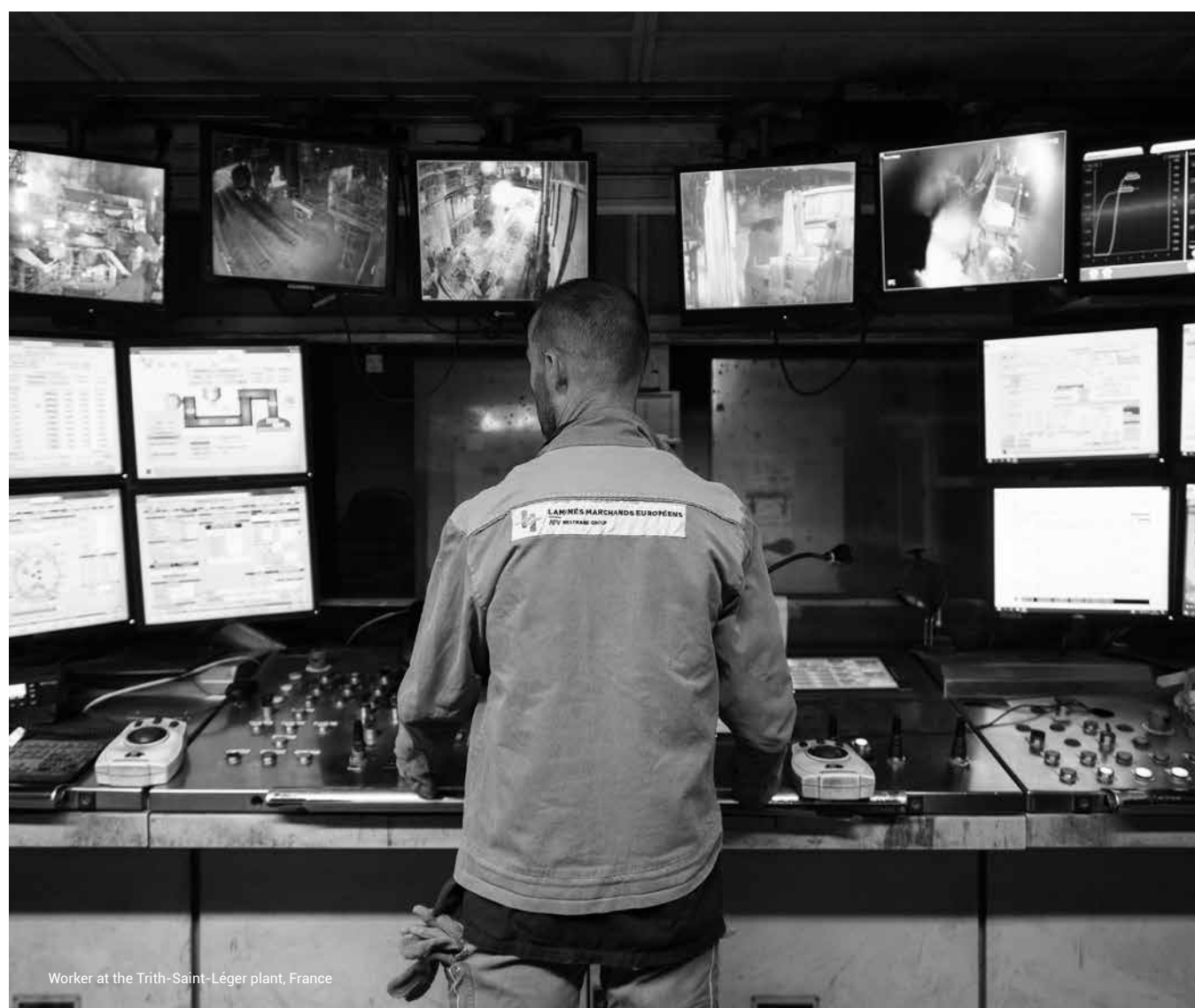
## 4.16 Deferred tax liabilities

Deferred tax liabilities amounted to EUR 11,431 thousand (EUR 11,457 thousand in the previous financial year) and referred to the Parent Company, which made allocations in view of:

- the higher values of EUR 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 paid, for EUR 11,387 thousand (unchanged compared to the previous year);
- instalments of capital gains on fixed assets disposed of for EUR 32 thousand (EUR 44 thousand in the previous financial year).

The breakdown is analysed in the following table:

	Rate	Initial balance	2024 Reabsorptions	2024 Increases	Final balance
Deferred taxes on allocations not paid	24.00%	11,387	-	-	11,387
Capital gains in instalments	27.90%	44	(18)	6	32
Others	24.00%	26	(16)	2	12
<b>Total</b>		<b>11,457</b>	<b>(34)</b>	<b>8</b>	<b>11,431</b>



Worker at the Trith-Saint-Léger plant, France



## 4.17 Other provisions

The breakdown of this item is as follows:

(in thousands of EUR)	2023	Allocations	Uses/ Reclass.	Trans. Diff.	2024
Provision for environmental charges	6,747	1,605	(1,952)	(17)	6,383
Provision for risks and future charges	5,001	532	(1,062)	4	4,475
Provision for adjustment of value of equity investments	2,249	1,024	-	-	3,273
Provision for charges for restoration of assets subject to reversion free of charge	1,977	-	(677)	-	1,300
Provision for restructuring risks and charges	1,683	-	(325)	-	1,358
Derivative liabilities	1,313	27	-	-	1,340
Provision for tax litigation	800	-	-	-	800
Retirement provision	450	16	-	-	466
<b>Total</b>	<b>20,220</b>	<b>3,204</b>	<b>(4,016)</b>	<b>(13)</b>	<b>19,395</b>

Provision for environmental charges was allocated by the Parent Company and the subsidiaries Stahl Gerlafingen AG, LME S.A.S. 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 subsidiaries Stahl Gerlafingen AG and LME S.A.S..

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 to take account of a negative value occurred in the shareholders' equity 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 provision for charges for restoration of assets subject to reversion free of charge derives entirely from the first consolidation and subsequent incorporation of the company Idroelettriche Riunite S.p.A..

Provision for restructuring risks and charges 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 derivatives financial instruments liabilities refers to transactions to hedge interest rates on the bank loan in place pertaining to the Parent Company.

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 4.25 below provides a brief description of the tax position of the Parent Company and of the main consolidated companies.

The Retirement provision was allocated by the Parent Company and it is related to the allowance due to the agents who collaborate with the company, in compliance with the "Accordo Economico Collettivo" (general labour agreement).



## 4.18 Personnel and severance indemnity

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

(in thousands of EUR)	2024	2023
Opening balance	12,996	11,914
Allocations during the year	708	2,278
Translation differences	(18)	61
Uses/discounting during the year	(1,388)	(1,257)
<b>Closing balance</b>	<b>12,298</b>	<b>12,996</b>

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:

- EUR 6,989 thousand to the subsidiary LME S.A.S. (EUR 7,336 thousand in 2023);
- EUR 4,085 thousand to the Parent Company (EUR 4,317 thousand in 2023);
- EUR 938 thousand to the subsidiary Stahl Gerlafingen A.G. (EUR 1,065 thousand in 2023).

With regard to the subsidiary LME S.A.S., the most significant amounts refer to the IRUS fund of EUR 1,833 thousand (EUR 2,608 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 EUR 3,676 thousand (EUR 3,322 thousand in the previous year).

## 4.19 Borrowings from banks

Payables to banks totalled EUR 237,654 thousand (EUR 168,227 thousand in 2023) and include the use of the following technical loan forms:

(in thousands of EUR)	2024	2023
Bank overdraft facilities, having effect on the single portfolio and short-term financing account	6,035	31,810
Medium and long-term loans - due within the following financial year	31,077	13,014
Total short-term payables to banks	37,112	44,824
Medium and long-term loans - due beyond the following financial year	200,542	123,403
Total payables to banks	237,654	168,227

Medium and long-term loans, including the short-term part, amounted to EUR 231,619 thousand (EUR 136,417 thousand in 2023).

### The Parent Company:

On 22 December 2022, the Parent Company entered into an agreement with the banking sector ("Pool" Loan) 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 EUR 116 million; repayment is envisaged in twelve half-yearly instalments on 30 June and 30 December of each year, the first eight instalments of EUR 6 million, the subsequent two instalments of EUR 9 million and the last two instalments of EUR 10 million and EUR 40 million respectively, the latter maturing on 22 December 2028;
- **Capex line** for a total amount of EUR 104 million to finance its own investments and those of the subsidiaries. The availability period of 30 months from the signing date and the repayment plan envisaged in seven six-monthly instalments with the first instalment expiring on 31 December 2025.

The "Pool" 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 two KPIs relating to ESG sustainability performance measured annually starting from 31 December 2023: upon reaching specific targets defined by the contract, an interest rate reduction is envisaged.

As at 31 December 2024, the credit lines were used for the entire amount granted, the residual face value balance of which is equal to EUR 196 million.

In December 2021, the Parent Company signed a loan agreement with Banca Intesa San Paolo S.p.A. for EUR 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 whose remaining nominal balance is equal to EUR 2,222 thousand. The loan benefits from an interest subsidy.

On 19 June 2023, the Parent Company signed a new loan agreement with Crédit Agricole Italia S.p.A. for EUR 45,000 thousand, divided into the following two lines:

- **Amortising Line** for an aggregate principal amount of EUR 35 million, with due date on 30 June 2029, aimed at financing investments. This line has an availability period that ends on 31 March 2026 and is paid off through eight equal deferred half-yearly instalments of EUR 4,375 thousand due on 30 June and 31 December, with the first repayment date on 31 December 2025.
- **Revolving Line** for a total principal amount of EUR 10 million intended to finance the company's working capital. The availability period ends on 30 June 2025 and the line offers the possibility of uses over one, three or six months, on a revolving basis, for a minimum amount of EUR 3 million.

The loan agreement envisages compliance with two "Financial Covenants" and two KPIs relating to the ESG sustainability performance, all in line with those defined within the "Pool" Loan.

As at 31 December 2024, the Parent Company used the Amortising line for EUR 30 million.

On 29 May 2024, the Parent Company signed a new loan agreement with Banco BPM SpA for EUR 25,000 thousand, divided into the following two lines:

- **Amortising Line** for an aggregate principal amount of EUR 5 million, with due date on 30 June 2030, aimed at supporting business financial needs. This line is paid off through eight equal deferred half-yearly instalments of EUR 625 thousand due on 30 June and 31 December, with the first repayment date on 31 December 2026.
- **Revolving Line** for an aggregate principal amount of EUR 20 million. The availability period ends on 29 April 2025. The line provides for the possibility of making uses within the limits of the maximum amount granted.

As at 31 December 2024, the Parent Company used the Amortising line for EUR 5 million.

The loan agreement provides for compliance with two KPIs relating to the performance of ESG sustainability, all aligned with those defined within the "Pool" Loan.

With regard to all loan agreements, the ESG KPIs were complied with as at 31 December 2024. With regard to financial covenants, due to the poor profitability recorded by the Group in 2024, the covenant relating to the NFP/EBITDA ratio was not respected. At the date of preparation of these financial statements, the waiver relating to the failure to comply with the aforementioned commitment was obtained from the banking sector.

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.

<b>(in thousands of EUR)</b>	<b>Balance as at 31 December 2024</b>	<b>Balance as at 31 December 2023</b>	<b>Change in cash flows</b>
Initial amount	149,079	119,122	
Interest rate	variable	variable	
Payment of interest	half-year	half-year	
Balance as at 31 December	258,540	149,079	109,461
2021 disbursements	5,000	5,000	
2022 disbursements	114,678	114,678	
2023 disbursements	30,000	30,000	
2024 disbursements	109,461	-	109,461
Amortised cost accrued in 2024	-	-	
2023 reimbursements	12,816	12,816	-
2024 reimbursements	12,857	12,857	-
2025 reimbursements	31,565	16,611	14,954
2026 reimbursements	50,796	20,406	30,391
2027 reimbursements	56,374	25,316	31,058
2028 reimbursements	88,458	57,366	31,092
2029 reimbursements	5,092	3,750	1,342
2030 reimbursements	625	-	625

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

## 4.20 Payables to other lenders

The amount of EUR 5,375 thousand (EUR 4,466 thousand in 2023) refers to residual payments due to the acquisition of tangible fixed assets, made by the subsidiaries Stahl Gerlafingen AG, in the amount of EUR 5,246 thousand (EUR 4,416 thousand in 2023) and LME S.A.S., in the amount of EUR 129 thousand, through financial leasing agreements and accounted for using the financial method.

## 4.21 Advance

The advances recognised in the financial statements of the present year, i.e. EUR 251 thousand (EUR 1,076 thousand in the previous year), refer to amounts received from the Parent Company for deliveries of products which the company will carry out in the initial months of the following year and for which sale prices have been set.

## 4.22 Trade payables

Trade payables amounted to EUR 492,745 thousand (EUR 498,624 thousand in 2023), all due by the end of 2025, the majority of which is represented by suppliers of raw materials.

The amount included payables for EUR 24 thousand (EUR 9 thousand in the previous year) from the investee Consorzio Valbel. The item included trade payables of EUR 89,172 thousand (EUR 105,596 thousand in 2023) 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..

#### **4.23 Payables to subsidiaries and associates**

Payables to associated companies are recognised for EUR 55 thousand to the associate Sirio S.r.l., in the amount of EUR 51 thousand to the associate Renewability S.c.a.r.l. and refer to the supply of electricity from renewable sources.

Payables to subsidiaries recognised for EUR 4 thousand in the previous year, derived from interest accrued in relation to the Group VAT payment procedure in place with the subsidiary Ferriera Sider Scal S.r.l. - in liquidation.

#### **4.24 Payables to parent company**

The payable of EUR 574 thousand (EUR 2,149 thousand in the previous year) is recognised:

- for EUR 555 thousand for the losses used by the Parent Company, recognised as part of the National Tax Consolidation Regime and not yet remunerated;
- for EUR 19 thousand against interest accrued on transactions recognised as part of the National Tax Consolidation Regime.

## 4.25 Tax payables and tax exposure

The breakdown of this item is as follows:

(in thousands of EUR)	2024	2023
Withholdings on employees and self-employed contractors	2,168	2,002
Value Added Tax (VAT)	1,685	845
Minimum Turnover Tax	711	-
Property taxes	414	414
Tax on salaries	360	833
Substitute tax	313	5,456
Income taxes	109	331
Other	691	945
<b>Total</b>	<b>6,451</b>	<b>10,826</b>

The liability for employee withholding taxes of a total of EUR 2,168 thousand is attributable to the Parent Company in the amount of EUR 1,827 thousand.

The VAT payable to the Tax Authorities of EUR 1,685 thousand refers for EUR 229 thousand to the Parent Company, for EUR 928 thousand to the subsidiary Donalam S.r.l. and for EUR 528 thousand to the subsidiary Donalam Siderprodukte.

The payable relating to the Minimum Turnover Tax is related to the subsidiary Donalam S.r.l. and calculated according to the Romanian tax rules.

The substitute tax liability recognised by the Parent Company refers to the redemption of the surplus value recognised on capital goods at the time of the merger by incorporation of the companies Idroelettriche Riunite S.p.A. and Idra S.r.l. equal to EUR 313 thousand, of which EUR 134 thousand due beyond the year.

In the previous year, there was a payable for substitute tax referring to the goodwill recognised at the time of the merger by incorporation of the Companies Idroelettriche Riunite S.p.A. and Idra S.r.l. equal to EUR 5,009 thousand, fully paid-up during the year in question.

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 of the Group tax consolidation scheme.

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

- the Parent Company received some complaints relating to the 2016, 2017, 2018, 2019 and 2020 tax year. These disputes mainly concern the definition of the calculation basis relating to ACE (Aiuto alla Crescita Economica - Aid to Economic Growth) subject to appeal for all years;
- 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 subsidiary LME S.A.S. 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.

The Group believes that allocation to the risk provision to settle fiscal disputes is in line with the assessment of the risk of loss.

As of the date of preparation of this document, the Parent Company's direct and indirect taxes have been settled up to the 2020 financial year.

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

- Laminés Marchands Européens S.A.S. up to financial year 2021;
- Stahl Gerlafingen AG up to financial year 2019;
- Donalam S.r.l. up to financial year 2019.

## 4.26 Social security payables

Social security payables increased from EUR 7,508 thousand to EUR 8,344 thousand. The amounts reported include receivables that the Group companies hold against the respective Social Security Institutes for advances paid to employees.

## 4.27 Other payables

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

(in thousands of EUR)	2024	2023
Payable deriving from the acquisition of the companies Idroelettriche Riunite and IDRA	42,250	53,459
Payable deriving from the acquisition of the company Nuova Ferrosider S.r.l. - Discounted value	15,056	21,539
Due to employees, Directors and withholdings for the supplementary severance fund for employees	12,193	14,228
Payables to customers	6,345	1,596
Lease payables	984	3,459
Insurance premium balance	283	334
Others	769	448
<b>Total</b>	<b>77,880</b>	<b>95,063</b>

The payable in the financial statements of the Parent Company deriving from the acquisition of the companies Idroelettriche Riunite S.p.A. and Idra S.r.l. was recognised for EUR 42,250 thousand, due beyond the next year and equal to the capital portion envisaged in the deed of purchase net of the first portion paid at the time of closing. Pursuant to Art. 2423, paragraph 4, of the Italian Civil Code, the payable was not recognised at amortised cost as the effects would have been irrelevant with respect to the un-discounted value, since the effective interest rate established by the contract is not significantly different from the market interest rate.

The debt deriving from the acquisition of Nuova Ferrosider S.r.l. was recognised for EUR 15,056 thousand (of which EUR 6,404 thousand is due beyond the next financial year) according to the amortised cost criterion.

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 performance.

## 4.28 Accrued expenses and deferred income

Accrued expenses and deferred income consist of the following:

(in thousands of EUR)	2024	2023
Deferred income on grants for capital expenditure	5,581	5,397
Accrued interest on payable for IR and IDRA acquisition	3,324	1,383
Accrued interest on financing	45	72
Other	-	253
<b>Total</b>	<b>8,950</b>	<b>7,105</b>

Grants on capital expenditure are mainly accounted for and referable by the production companies of the Parent Company and of the subsidiary LME.

In the current year, the accrual of EUR 3,324 thousand (EUR 1,383 thousand in the previous year) was recognised for the Parent Company for the correct allocation of interest expense on the acquisition of the companies Idroelettriche Riunite S.p.A. and Idra S.r.l..



Plant of Trith Saint Léger, France



## 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 linked to reduced product prices compared to the previous year, the weakness of demand, the uncertainty of energy prices, methane gas and the generally of raw materials mainly deriving from the geopolitical tensions.

### 5.1 Revenues from sales and services

The apportionment of revenues is summarised in the table below:

(in thousands of EUR)	2024	2023
Merchant Bars	940,744	1,128,539
Ribbed bars for construction industries	426,183	395,530
Special steel bars	113,126	113,810
Semi-finished products	83,672	51,041
Wire rod	11,155	5,377
Sale of electricity	-	8,521
Raw materials	-	879
Other	821	684
<b>Total</b>	<b>1,575,701</b>	<b>1,704,381</b>

The Report on Operations provides broader disclosure on the reference market.

The change in product sales revenues is due to an approximately 4 per cent increase in volumes compared to the previous financial year and 11 per cent decrease 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 2024 financial year, 74 per cent of revenues were generated from sales in European Union countries (72 per cent in the previous year).

## 5.2 Changes in semi-finished and finished goods inventories

The decrease in the value of inventories during the financial year was equal to EUR 62,004 thousand (EUR 119,599 thousand in 2023). 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 EUR 12,801 thousand (EUR 13,946 thousand in 2023), 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 EUR 6,582 thousand (EUR 9,435 thousand in the previous year) refers to activities carried out at the Targoviste production site by the subsidiary Donalam S.r.l..



## 5.4 Other revenues and income

Other revenues and income include:

(in thousands of EUR)	2024	2023
Sale of electricity, related services and sale of CO <sub>2</sub> quotas	26,521	20,494
Operating grants	4,179	5,889
Grants on investments	1,186	753
Refunds for energy consumption	1,166	2,839
Third parties due to lower processing yields	1,142	2,111
Compensation and various reimbursements	1,048	8,275
Release/Use of provisions	965	273
Rent	384	331
Services rendered by employees	360	411
Use of provisions	-	89
Capital gains on assets disposal	233	78
Non-recurring income	90	604
Other	692	1,362
<b>Total</b>	<b>37,966</b>	<b>43,509</b>

Sales of electricity, revenues for services connected with the distribution of electricity in the Targoviste area (Donalam) and revenues for the sale for consideration of excess CO<sub>2</sub> quotas refer, in the amount of EUR 11,078 thousand, to the Parent Company and, in the amount of EUR 15,443 thousand, to the subsidiaries Stahl Gerlafingen AG, LME S.A.S. and Donalam S.r.l..

In the previous year, EUR 19,224 thousand referred to the sale of electricity by the subsidiary LME SAS and EUR 1,270 thousand to the subsidiary Donalam S.r.l..

Operating grants amounted to EUR 4,179 thousand (EUR 5,889 thousand in 2023) and refer for EUR 3,402 thousand (EUR 5,220 thousand in 2023) to a disbursement obtained by the Parent Company from the Energy Transition Fund in the Industrial Sector to offset indirect costs relating to CO<sub>2</sub> emissions.

The contributions on investments recognised by the Parent Company for EUR 1,186 thousand (EUR 753 thousand in the previous year) are mainly recognised against new subsidised capital goods following the enactment of Italian 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.

The recasts received from third parties recorded for EUR 1,142 thousand (EUR 2,111 thousand in 2023) mainly refer to minor returns on processing of semi-finished goods into finished products commissioned by the Parent Company to third parties.

Compensation and other reimbursements totalled EUR 1,048 thousand (EUR 8,275 thousand in 2023). In the previous year, EUR 6,779 thousand referred to an amount obtained by the subsidiary LME S.A.S. for the insurance settlement relating to the plants shutdown in the fourth quarter of 2021.

## 5.5 Costs for raw, ancillary and consumable materials and products

The breakdown of these costs can be summarised as follows:

(in thousands of EUR)	2024	2023
Raw materials	790,518	754,419
Semi-finished products	122,868	151,792
Ancillary materials	105,652	111,719
Consumables and maintenance materials	31,448	33,272
Packaging	3,376	2,904
Products	637	463
<b>Total</b>	<b>1,054,499</b>	<b>1,054,569</b>

The purchase volumes of raw materials increased by 4 per cent with respect to those recorded in the previous year, while unit prices remained unchanged.

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 Service costs

Details of the principal items are listed below:

(in thousands of EUR)	2024	2023
Electricity and methane	137,601	183,717
Logistics	77,418	72,938
Maintenance charges	28,085	29,320
Charges for the disposal of production by-products and other environmental costs	9,875	11,240
Legal, administrative, technical and IT charges	9,485	7,133
Production outsourcing	6,786	6,357
Processing of semi-finished goods through third parties	5,138	9,571
Directors and Statutory Auditors compensation	4,570	4,785
Insurance	4,415	4,342
Sales and purchase commissions	3,222	2,728
Bank charges	2,613	2,296
Employee training costs	2,327	2,138
Canteen	2,275	2,750
Security	1,465	1,861
Travel expenses	1,272	1,812
Cleaning expenses	1,168	1,249
Warehouse handling services	1,069	1,207
Phone and post expenses	526	555
Advertising	485	1,604
Audit	460	357
Other	10,565	10,205
<b>Total</b>	<b>310,820</b>	<b>358,165</b>

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 of the infrastructure, 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, decreased compared to those reported in the previous year due to:

- the decrease in the price of methane gas and petroleum products recorded during the year, although lower compared to the previous year, and remained at slightly higher levels than in the period prior to the outbreak of the geopolitical tensions that led to the invasion of Ukraine by Russia;
- self-consumption of energy produced by the Parent Company's hydroelectric plants acquired through the merger by incorporation of the company Idroelettriche Riunite S.p.A. at the end of the previous year.



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 EUR 10,634 thousand (EUR 7,274 thousand in 2023), refer largely to fees for hydroelectric concessions, the lease of buildings and machinery by the Parent Company and the subsidiaries LME S.A.S. and Stahl Gerlafingen AG.



Plant of Targoviste, Romania

## 5.8 Personnel costs

Personnel costs in the financial year under review totalled EUR 180,616 thousand (EUR 179,438 thousand in 2023). The increase is mainly attributable to remuneration elements linked to company performance and to the usual remuneration dynamics.

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 2023	2,146	679	58
2024 average number	1,758	879	58
31 December 2024	1,628	846	59

## 5.9 Amortisation, depreciation and write-downs

### **Amortisation of intangible fixed assets**

The amount allocated in the financial year came to EUR 9,022 thousand (EUR 7,156 thousand in 2023). The value refers for EUR 7,604 thousand to:

- the amortisation of EUR 3,351 thousand of the goodwill of EUR 33,510 thousand recognised for the consolidation of Idroelettriche Riunite S.p.A. and IDRA S.r.l., incorporated by the Parent Company at the end of the year under review;
- the amortisation of EUR 2,993 thousand of the goodwill of EUR 14,965 thousand related to the acquisition of the total equity investment in Nuova Ferrosider S.r.l.;
- the amortisation of EUR 1,260 thousand of the customer portfolio of Feralpi Profilati Nave S.r.l. acquired in 2021 for EUR 6,300 thousand.

### **Depreciation of tangible fixed assets**

The amount was equal to EUR 67,442 thousand (EUR 64,550 thousand in 2023). 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 and which became operational during the year.

### **Other write-downs of fixed assets**

In the financial year under examination, the Parent Company and the subsidiary Donalam S.r.l. respectively carried out write-downs for EUR 568 thousand and EUR 89 thousand (EUR 821 thousand in the previous year), primarily referable to assets that are no longer used for production. The recoverability of the value of tangible and intangible assets was verified by means of an impairment test carried out mainly with the Discounted Cash Flow (DCF) method, using the expected cash flows, defined over the explicit period of the 2025-2029 Plan. Following the test, the subsidiary Stahl Gerlafingen AG. carried out a write-down for EUR 23,812 thousand (EUR 38,279 thousand in the previous year). The difference with respect to the write-down shown in the asset-based sheet is linked to the different conversion rate applied at the time of consolidation of the Swiss subsidiary.

### **Write-down of current trade receivables**

Write-downs of receivables included in current assets amounted to EUR 3,043 thousand (EUR 35 thousand in the previous year).



## 5.10 Changes in raw materials, ancillary and consumable materials inventories

The increase in the value of inventories during the financial year was equal to EUR 8,414 thousand (EUR 19,750 thousand in 2023). The analysis of the change is illustrated in point 4.4 above.

## 5.11 Allocations for risks

Provisions for risks are recognised for EUR 245 thousand and refer mainly to the financial statements of the Parent Company and its subsidiary Stahl Gerlafingen AG for EUR 120 thousand and EUR 100 thousand, respectively (EUR 2,575 thousand in the previous year).

## 5.12 Other provisions

No provisions were recognised in the year under evaluation.

## 5.13 Other operating expenses

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

(in thousands of EUR)	2024	2023
Use of greenhouse gas emission quotas	4,312	1,469
Property tax	2,053	1,949
Various taxes calculated on personnel costs	1,517	1,484
Territorial economic contribution	772	887
Other taxes	432	564
Capital loss derived from fixed assets disposal	351	299
Association fees	313	261
Non-recurring loss on operating activities	184	397
Derivation fees	-	2,176
Other	403	399
<b>Total</b>	<b>10,337</b>	<b>9,885</b>

Property tax and the territorial economic contribution refer mainly to the Parent Company, Laminés Marchands Européens S.A.S. and Donalam S.r.l..

Various taxes calculated on personnel costs are reported by Laminés Marchands Européens S.A.S..

The use of CO<sub>2</sub> quotas, valued at EUR 4,312 thousand (EUR 1,469 thousand in the previous year), derives from the final calculation of the emissions for the year that were higher than the free allocations received and from the sale of CO<sub>2</sub> allowances acquired for consideration in previous financial years and sold during the financial year.

Derivation fees, recognised in the previous year, related to the charge pertaining to the second half of 2023 recognised by the company Idroelettriche Riunite S.p.A., related to plants concessions.



Plant of Trith Saint Léger, France

## 5.14 Financial income

No income from equity investments was recognised in the year under review.

Financial income comprises:

(in thousands of EUR)	2024	2023
Bank interest	352	893
Proceeds from the settlement of interest rate risk hedging contracts	-	295
Interest on loans granted to subsidiaries, unconsolidated companies and ultimate parent company	178	179
Interest on loans granted to related parties	55	94
Other interest income	1	221
Other	-	16
<b>Total</b>	<b>586</b>	<b>1,698</b>

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 EUR 164 thousand (EUR 172 thousand in 2023);
- to the associate Consorzio Valbel for EUR 6 thousand (EUR 3 thousand in the previous year);
- to the associate Sirio S.r.l. for EUR 8 thousand (EUR 4 thousand in the previous year).



Plant of San Didero, Italy

## 5.15 Interest and other financial charges

Interest and other financial charges are classified as follows:

(in thousands of EUR)	2024	2023
Interest charges on medium and long-term loans	8,517	7,289
Charges on receivables transferred without recourse	5,990	4,052
Interest to customers for advance payments	3,061	3,466
Interest on purchases Equity investment Idroelettriche Riunite and IDRA	2,491	1,383
Financial charges on short-term bank loans	2,398	1,117
Amortised cost on purchase of equity investment	223	318
Interest on loans from parent company and subsidiary	116	87
Charges on interest rate hedging instruments	-	-
Other financial charges	1,199	1,336
<b>Total</b>	<b>23,995</b>	<b>19,048</b>

Interest on medium and long-term loans increased in 2024 due to the increase in debt to banking sector.

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 EUR 223 thousand (EUR 318 thousand in the previous year).

## 5.16 Gains and losses on exchange rates

Gains and losses on exchange rates amounted to EUR 7,113 thousand and EUR 7,847 thousand, respectively (EUR 8,949 thousand and EUR 8,273 thousand in 2023).

## 5.17 Adjustments to financial assets

The value recorded under adjustments to financial assets of EUR 1,024 thousand refers to the equity investment held by the Parent Company in the subsidiary Ferriera Sider Scal S.r.l. - in liquidation (EUR 449 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 EUR 2,249 thousand.

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

In addition, with regard to the Parent Company, the following should be noted:

- the write-down of long-term loans for EUR 3,000 thousand;
- the devaluation of IRCAP derivative instruments for EUR 473 thousand.



## 5.18 Income taxes

Current taxes, debited to the income statement, amounted to EUR 3,356 thousand (EUR 10,903 thousand in 2023) and refer mainly to IRES and IRAP accounted for in the financial statements of the Parent Company respectively at EUR 689 thousand and EUR 767 thousand (EUR 6,317 thousand and EUR 1,876 thousand in 2023) and to income taxes allocated by the subsidiary Donalam S.r.l. for EUR 1,789 thousand. In the previous year, there were EUR 2,094 thousand relating to income taxes allocated by the subsidiary LME S.A.S..

Total taxes of EUR 3,356 thousand are recognised net of the tax effect of EUR 12 thousand recognised for commercial transactions carried out between consolidated companies.

Deferred taxes, credited for EUR 26 thousand (EUR 7,616 thousand in the previous year), refer almost entirely to the Parent Company. The nature of the allocations and of the uses for deferred taxes is described in detail in the table shown in point 4.16 above. Deferred tax assets credited for EUR 583 thousand (debited for EUR 5,720 thousand in the previous year), derive mainly from allocations and uses, recognised by the Parent Company and the subsidiary LME S.A.S. over the year, which generate temporary differences in tax deductibility.

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.

With effectiveness from 1 January 2024, the Beltrame Group, as a Multinational Group that exceeds the revenue threshold of EUR 750 million, for two of the four previous years, falls within the scope of application of Pillar Two income taxes provided for by Directive 2022/2523, adopted in Italy by Legislative Decree 209/2023 ("the Legislative Decree"), aimed at ensuring a minimum global level of taxation for multinational groups of companies.

As required by OIC 25, the Parent Company applied the temporary derogation to the recognition of deferred tax assets and liabilities related to the application of the Pillar Two provisions, as set forth by the same accounting standard.

On the basis of the information known or reasonably estimated, the exposure of the Beltrame Group to Pillar Two income taxes as at 31 December 2024 is assumed to be zero based on the processing of the latest financial data available (as at 31 December 2024).



Hydroelectric power plant of Pontetto, Montecrestese, Italy

## 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, also in the companies included within the area of consolidation, are detailed below:

(in thousands of EUR)	2024	2023
Directors	4,331	4,346
Statutory Auditors	106	86
Auditing company for services provided to the Parent Company	153	136
Auditing company for the services provided to other companies within the scope of consolidation	290	195
<b>Total</b>	<b>4,880</b>	<b>4,763</b>

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 company issued a pledge in favour of the transferor on the product inventories in the warehouse at Ospitaletto (BS) up to the value of EUR 10,372 thousand, unchanged from 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 EUR 2,462 thousand, of which:

- EUR 1,231 thousand maturing on 31 October 2027 (capital contribution year 2020);
- EUR 1,231 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. in the previous year, 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 EUR 15.3 million.



## **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, 4.23, 4.24, 5.4, 5.6, 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 associates. 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 and payables with a duration exceeding five years, except as specified in point 4.19 and 4.27.

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



Hydroelectric power plant of Pontetto, Montecrestese, Italy



## 5.22 Transparency of public funding

With reference to the provision pursuant to Article 1, paragraph 125 and 125-bis, of Italian 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 Italian Law Decree no. 198 of 20/12/2022 (so-called Milleproroghe Law Decree), 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 or compensation nature, actually disbursed (cash principle) to the Company by public administrations in the year 2024, part of which already indicated in the National Aid Register (so-called NAR).

Year	Grantor	Type of subsidy	Amount
2024	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	3,402,062
2024	GSE - Gestore servizi Energetici S.p.A.	Ministerial Decree of 23 June 2016 - incentive scheme for electricity produced from renewable sources other than solar photovoltaic	1,422,711
2024	Fondimpresa	Regulation for inter-professional funds for continuous training for the concessions of state aid exempted pursuant to EC regulation no. 651/2014 and under the de minimis regime pursuant to EC regulation no. 1407/2013	91,159
2024	Veneto Region	Aid for the purchase and installation of infrastructure for charging electric vehicles	32,400
2024	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	21,829

Part of the above amounts are published in the "National Aid Register".

It should be noted that in the aforementioned Register there is a type of subsidy for investments for the production of renewable hydrogen in disused industrial areas - NRRP assigned to the Parent Company for an amount of EUR 19,480 thousand. At the date of preparation of this document, this aid had not been disbursed.

## 5.23 Significant events after the reporting date

With reference to significant events after the end of the year, please refer to the Report on Operations.

Vicenza, 16 June 2025

The Chairman of the Board of Directors  
Mr. Antonio Beltrame







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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, 2024, 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, 2024, 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.

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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**

### **Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) 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, 2024, 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;
- express an opinion on compliance with the law of the report on operations;
- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of AFV Acciaierie Beltrame Group as at December 31, 2024.

In addition, in our opinion, the report on operations is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), 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  
June 27, 2025





