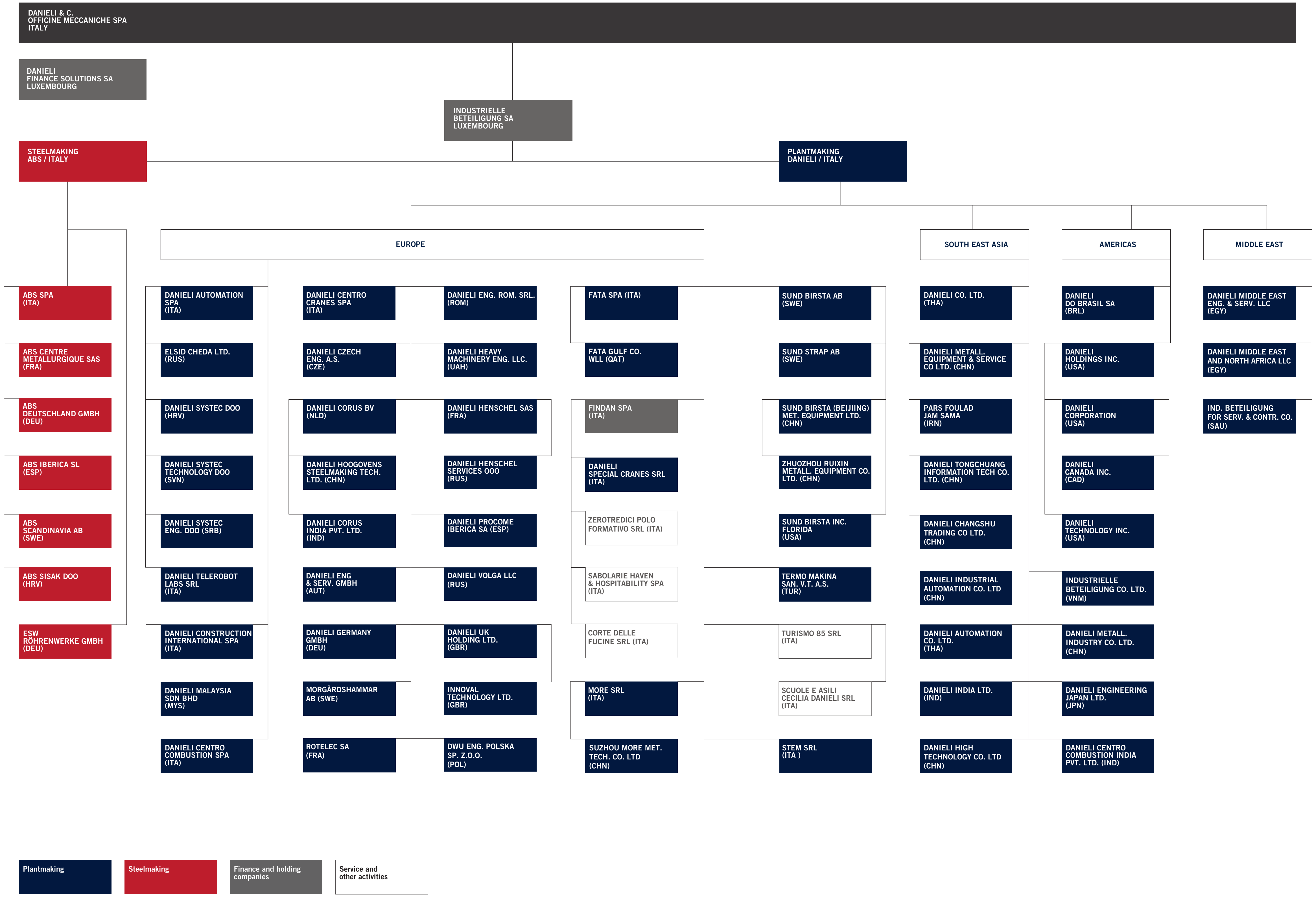
DANIELI ANNUAL REPORT AT JUNE 30, 2022

Annual report
for the period July 01, 2021 to June 30, 2022

Contents

Danieli Group structure (*)



(*) the diagram includes only line-by-line consolidated companies as at June 30, 2022

Boards and officers

Boards and officers as at September 27, 2022 were as follows:

Board of Directors	Gianpietro Benedetti (1) (3) (7)	Chair
	Camilla Benedetti (2) (7)	Deputy Chair
	Alessandro Brussi (2) (3) (7)	Deputy Chair
	Giacomo Mareschi Danieli (2) (3) (7)	Chief Executive Officer
	Rolando Paolone (2) (3) (7)	Chief Executive Officer
	Carla de Colle (5) (7)	Director
	Antonello Mordeglia (5) (7)	Director
	Chiara Mio (4) (7)	Director
	Cecilia Metra (4) (7)	Director
	Giulio Gallazzi (4) (7)	Director
Board of Statutory Auditors	Davide Barbieri	Chair
	Gaetano Terrin	Standing Auditor
	Vincenza Bellettini	Standing Auditor
	Alessandro Ardiani	Alternate Auditor
	Alessandro Gambi	Alternate Auditor
	Emanuela Rollino	Alternate Auditor
Common representative of the savings shareholders	Edgardo Fattor	
Independent Auditors	Deloitte & Touche S.p.A. (6)	

(1) All powers of the Board of Directors except those that by law cannot be delegated, granted by Board of Directors' resolution of October 28, 2021
(2) Powers granted by Board of Directors' resolution of October 28, 2021
(3) Member of the Executive Committee
(4) Independent directors in accordance with Article 148, Paragraph 3 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance).
(5) Director not vested with operating powers
(6) Appointed by the annual Shareholders' Meeting on October 26, 2018
(7) Appointed by the annual Shareholders' Meeting on October 28, 2021

Mission statement

The Danieli group produces special steel and builds and installs machines and plants worldwide for the ferrous and non-ferrous metals industry and the production of energy using innovative technological solutions with low environmental impact. The company's reliability is based on research, know-how and experience. In fact, Danieli not only supplies high-tech plants but also innovative ones with zero emissions, performing highly complex, specialised services of undisputed quality. Research, investment in advanced technologies, and the development of innovative plants is therefore considered a basic prerequisite for maintaining and strengthening the Group's leadership position in the global market.

Strategic approach

Danieli started operations in 1914 when Timo and Mario Danieli founded Acciaierie Angelini, one of the first production units to use electric arc melting furnaces.
From the outset, Danieli began to develop and produce equipment for the iron and steel industry, such as forges and auxiliary plant for rolling mills, which later gave rise to the motto "We know the Art of Steel". Continuous efforts to produce innovative, environmentally sustainable plants and an unwavering commitment to quality and on-time delivery have driven the Danieli Group to expand its operations offering an ever more complete range of equipment with multiple production facilities throughout the world, in order to efficiently integrate itself into the international market, effectively applying the concept "We don't shop around for Noble Components" and striving for customer satisfaction as its main objective.

Danieli's mottoes are:

- "*Innovaction to be a step ahead in CapEx and OpEx*", which aims to enhance the new organisational model adopted by the Group by encouraging multicultural, intellectual growth and developing solutions for the decarbonisation of production, in order to meet current market needs more effectively.
- *"Danieli, the innovative and reliable partner in the steel industry to be front runners"*. The Danieli Group will continue to consolidate and expand its activities to assure better competitiveness in terms of innovation, technology, quality, costs, productivity and customer service.
  Danieli is not just known for its plant engineering capabilities, but also for its manufacturing skills: in Europe, with high-value, high-tech products and in Asia with the design and production of consolidated, proven products with European quality levels.
- "*Absolute Steel Quality*", which summarises the constant commitment of the subsidiary Acciaierie Bertoli Safau S.p.A. to produce steel with a level of finish and customer service always in line with the most demanding expectations and for the most innovative and rigorous industrial applications. Acciaierie Bertoli Safau S.p.A. is internationally recognised as one of the most modern steelworks in the world for the technical properties and quality of its plants that guarantee not only certified products but also maximum production efficiency with very low emissions to guarantee full protection of the ecosystem in which it operates.

> Mission

Danieli is a *full cycle provider* from raw materials to finished products in the metals industry.

We are *multicultural sparkling team* with deep knowledge of our business.

Our professional life is dedicated to understanding and satisfying the customer's needs through our *experience*, *continuous team-up* and *flexibility*.

We turn *ideas into end-to-end solutions* of technological excellence to create added value for our customers and stakeholders.

We empower people, our main asset, with *courage* and *creativity*.

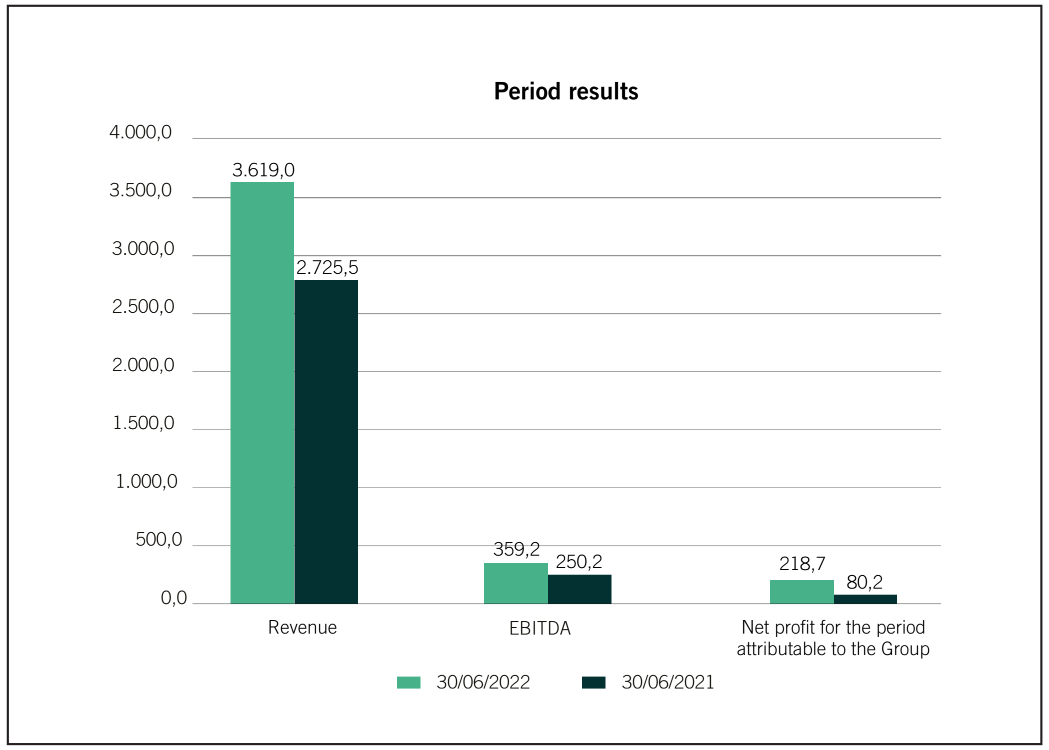
Financial highlights of the Danieli Group

(millions of euro)	30/06/2022	30/06/2021	Variation
Revenues (*)	3,619.0	2,725.5	33%
Gross operating margin (Ebitda) (**)	359.2	250.2	44%
Operating income	209.6	143.9	46%
Net profit from continued operations	227.6	98.0	132%
Net profit for the period attributable to the Group	218.7	80.2	173%

	30/06/2022	30/06/2021
Net invested capital	1,096.9	1,092.1
Investiments in tangible and intangible assets	113.0	141.4
Total shareholders' equity	2,223.0	2,016.3
Positive net financial position	1,206.6	1,002.0
Ebitda/Revenues	9.9%	9.2%
Net profit for the period/Revenues	6.0%	2.9%
Number of employees at period end	9,095	8,668
Group order book	5,052	3,534
(of which Steel Making)	430	622

(*) Revenues would amount to 3,637.0 million euro considering the value of internal constructions developed during the period of 18.0 million euro, which are classified in the financial statements as an adjustment to costs (60.8 million euro as at June 30, 2021).

(**) The Gross Operating Margin (EBITDA) represents the operating profit as in the consolidated income statement, before depreciation, amortisation and write-downs of fixed asset and net write-downs of receivables.

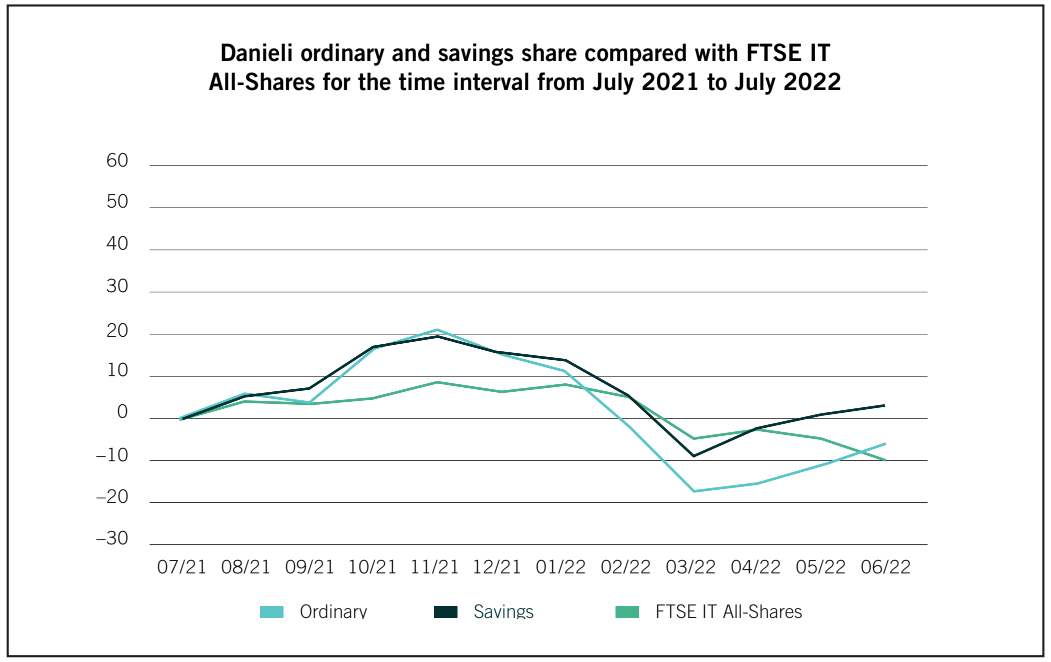


Key share data

(millions of euro)	30/06/2022	30/06/2021
No. of shares in share capital	81,304,566	81,304,566
of which: Ordinary shares	40,879,533	40,879,533
N.C. Saving shares	40,425,033	40,425,033
Average no. of ordinary shares outstanding	37,623,930	37,684,078
Average no. of saving shares outstanding	36,471,170	36,472,304
Basic earnings per share (euro): Ordinary shares	2.9416	1.0712
N.C. Saving shares	2.9623	1.0919
Shareholders' equity per share (euro)	30.0019	27.1905
Period-end price of ordinary shares (euro)	19.5000	22.2500
Period-end price of savings shares (euro)	13.4200	14.5400
Maximum trading price of ordinary shares in the period (euro)	29.7500	22.9500
Maximum trading price of savings shares in the period (euro)	19.0000	15.2800
Minimum trading price of ordinary shares in the period (euro)	17.5400	10.9400
Minimum trading price of savings shares in the period (euro)	12.2400	6.6500

	30/06/2022	30/06/2021
Total stock exchange capitalisation - ordinary shares (thousands of euro)	797,151	909,570
Total stock exchange capitalisation - savings shares (thousands of euro)	542,504	587,780
Total	**1,339,655**	**1,497,350**

Danieli ordinary shares and savings shares v. FTSE IT All-Shares for the period from July 2021 to June 2022



Group personnel	30/06/2022		30/06/2021	
	Plant making	Steel making	Plant making	Steel making
in Danieli & C. Officine Meccaniche S.p.A.	2,297		2,247	
Italian affiliates	853	1,291	848	1,240
Foreign Affiliates	4,452	202	4,145	188
Total	**7,602**	**1,493**	**7,240**	**1,428**
Group total	**9,095**		**8,668**	

DIRECTORS' REPORT

The economic estimates of the International Monetary Fund show an overall growth forecast for 2022 at around 3.2%, positive but down compared to 2021, which was 6.1%, for the most part driven by the general relaunch of the economy associated with emerging from the COVID-19 pandemic.
The growth forecasts for 2023 are projected to decrease to 2.9%, where growth will develop in two different blocks: the advanced economies, stable at 1.4%, and the emerging economies, up to 3.9%, as they emerge from the pandemic and internal consumption starts back up. The world economy still shows a positive trend for 2022, with the USA at 2.3% and the EU at 2.6%, while emerging markets will increase by 4.6%, with China positive at 3.3%. However, the European markets show increasing difficulties due to the energy crisis triggered by the sanctions imposed on Russia following the conflict with Ukraine and due to a general industrial slowdown linked to slowed production in the Chinese supply chain blocked by COVID-19 lockdowns. In 2023, the average growth rate forecast for developed countries will also be slowed down by high inflation in the United States due to the lack of balance between supply and demand and in the euro zone caused by the sharp hikes in energy bills. On the other hand, it will increase in emerging markets after the lockdowns in China and India and the completion of vaccinations scheduled to prevent further virus mutations and new waves of the pandemic over time. For the second half of 2022 and throughout 2023, growth periods are still forecast but with increasing difficulties unless government policies are actually implemented to offset energy prices and vaccination programmes to weaken the emergence of new COVID-19 variants. The main central banks raised the interest rates in order to limit the increase in inflation, which is expected to decrease to pre-pandemic levels by the end of 2024, though the general increases in food and energy supplies could lead the EU into a period of stagflation with an economic recession in 2023, accompanied by growing inflation.
In the EU, the growth forecasts for 2022/2023 were revised downward, though a positive boost is expected from the use of the Next Generation EU funds, while Asia is recovering growth thanks to the normalisation of production after the shutdowns caused by the pandemic and the USA is fighting high inflation with a structured programme of interest rate increases.
The EU, the USA and China are configuring their economic programmes to heavily reduce the use of fossil fuels and achieve, by 2050, the sustainable development goals indicated by the UN Global Compact and promoted at the recent COP26 climate conference.
The transition towards a decarbonised economy will require many multilateral actions and strong investment plans incentivised by the governments of the world's main economies and supranational financial organisations.

The steel market

Worldwide steel production reached nearly 950 million tonnes in the first half of 2022 (as indicated by the World Steel Association), down by 5.5% compared to the same period of 2021, which reached approximately a total of 1,950 million tonnes in the 12 months of the calendar year.
Forecasts for the entire 2022 calendar year project an overall decrease of 5-7%, where only India shows growth in production while the rest of the Asian countries will show decreases along with advanced and emerging countries at around 5%.
The plant utilisation average coefficient compared to the maximum theoretical level remained stable between 80-85% following the closure in China of the most polluting plants and the launch in India of plants with more modern technologies.
The steel market will still be supported in the second half of 2022 with high and even profitable prices, though possible distortions or slowdowns are forecast especially in Europe due to the effects of the energy crisis triggered by the sanctions against Russia, which could even continue into 2023 (driving the costs of production factors and their CO2 quotas to very high levels) in the absence of the necessary corrective interventions by European market authorities.
China maintained its leading role in the steel industry in the first half of 2022, covering around 55% of world production in the period and the country continued its transition from primary metallurgy (starting from iron ore) to secondary metallurgy (recycling metal scrap) while progressively increasing electric arc furnace (EAF) steel production and thus reducing direct CO2 (Scope 1) emissions. The new target presented at the COP26 in Glasgow of zero emissions by 2060 will lead in the coming years to a significant change in the technologies used to produce liquid steel with huge investments expected to reduce the environmental impact of production.
Even in Europe, greenhouse gas (GHG) emissions remain very important for steel producers, especially in terms of investments, costs for offsetting and sustainable production, which will most benefit the electric furnace producers with the least impact in terms of emissions compared to traditional production using a blast furnace.

All steel producers are increasingly committed to operating their plants in a sustainable manner by reducing energy consumption by tonne with increasingly more flexible, efficient and highly verticalised plants. These plants use continuous production solutions that minimise the use of coal in the production process by replacing it with gas and/or hydrogen in order to entirely decarbonise production within the next 20-30 years, limiting GHG emissions and making production towards the community and the environment socially sustainable.
Production quality with a high-quality finish together with an accurate customer service still remain the most important factors to obtain more remunerative prices from the market and greater continuity in the deliveries to serve customers who tend to reduce minimum stock volumes of warehouses and require more and more “on time” deliveries of customised products.

The market for steel making plants

The maintenance of a constantly high steel consumption in the world and the interest in further developing production in some geographical areas with renewed development prospects and where it may be possible to produce in an innovative, sustainable and efficient manner using the energy factors present, maintain our customers’ keen interest in investing in new plants, in addition to technologically upgrading and developing those already existing to increase flexibility and quality while increasing the use of renewable energy and lowering CO2 emissions with a sustainable use of available resources.
In particular, demand is maintaining appreciable growth in the BRIC and North African countries for new generation, low-emission, large-scale integrated large plants whereas in the USA and EU for mid-sized flexible plants and modernisation of existing plants to enable the decarbonisation of production with higher quality and high finishes used in mechanical engineering, car making and infrastructure.
The production of low CO2 green steel has now become central to all investments in the sector, which will require ample availability of electricity from renewable sources and the use of first gas and then hydrogen at competitive economic conditions to allow for a significant reduction in emissions in the production process of liquid steel.
Primary steel production makes up around 7-8% of global CO2 production from fossil fuels (the steel sector is second only to energy generation) and its transformation in line with the COP26 agreements in Glasgow requires decarbonisation that initially improves the efficiency of blast furnaces before gradually replacing them with the use of new iron ore reduction technologies.
The anti-dumping policies now activated by all major steel producing countries and the planned customs barriers (CBAM) against steels produced with high CO2 emissions have stimulated demand for new plants, which will lead to many investments in innovative plants already during 2022 and in the following years, also supported by government support promoted across the board by the main States to reduce the rise in the average global temperature.
The goal to limit average global temperature growth to no higher than 1.5°C therefore requires heavy investments in the steel sector to use new plants that significantly limit the use of coal in the production process.
Danieli has the technological solutions to reduce emissions and is committed to achieving the sustainable development goals (SDGs) promoted by the UN Global Compact. We received validation for our environmental strategies from the Science-Based Targets initiative (SBTi) and our targets in the RACE TO ZERO from the Carbon Disclosure Project (CDP), achieving Leadership A- in Climate Action in 2022.
In order to remain competitive in this market, Danieli invested heavily in innovative technologies that enable green steel production, reaffirming first and foremost the centrality of the customer:
- improving the productivity of the plants and with it the added value per capita;
- reducing GHG emissions per tonne produced by applying innovative and now established low environmental impact technological solutions;
- making the principles of the 4.0 revolution operational in the steel industry by developing the DIGIMET project to ensure total control of production variables at all stages from liquid steel to the final, finished and packaged product and;
- speeding up and streamlining production processes with reduced times and costs and optimising production efficiency with integration of several thermomechanical processing phases with endless solutions for both long and flat products.

The research and technological development carried out by Danieli over the last ten years have led to an expansion in the range of products offered within the Metal sector (steel, aluminium and other metals), reducing significantly the cost required for the initial investment per individual project (CapEx) and even optimising operational expenditure (OpEx), by integrating multiple stages of processing in the production process, widening the target audience of potential investors in the sector thanks to increased economic feasibility of investments, both in countries with mature economies and in those still at the development phase.
Maintenance by the Group of a significant order book that includes many innovative plants for green steel production confirms the propensity of our customers to invest in new plants, thanks to the competitiveness and technological solutions proposed by Danieli currently qualified and well-referenced across the entire metal making industry.

Danieli Group operations

The Danieli Group designs, builds and sells plants for the iron and steel industry, offering a complete range of machines from primary process management to the manufacture of finished goods (essentially from ore to finished product). It also produces and sells special steels for the long products market through its subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o that use secondary metallurgy (electric arc furnaces) for the production of liquid steel.

Construction and sale of plants for the steel industry

Eight design centres:	
Danieli Corus BV	The Netherlands
DWU Engineering Polska Z.o.o.	Poland
Innoval Technology Ltd.	United Kingdom
Danieli Engineering Rom S.r.l.	Romania
Danieli Procome Iberica SA	Spain
Danieli Heavy Machinery Engineering LLC	Ukraine
Danieli Engineering Japan Ltd.	Japan
Industrielle Beteiligung Co. Ltd.	Vietnam
Seventeen production units and design centres:	
Danieli & C. S.p.A.	Italy
Fata S.p.A.	Italy
Danieli Automation S.p.A.	Italy
Danieli Centro Combustion S.p.A.	Italy
More S.p.A.	Italy
Danieli Engineering & Services GmbH	Austria
Rotelec SA	France
Danieli Germany GmbH	Germany
Danieli UK Holding Ltd.	UK
Danieli Czech Engineering AS	Czech Republic
Danieli Volga LLC	Russia
Morgardshammar AB	Sweden
Sund Birsta AB	Sweden, People’s Republic of China
Termo Makina San VT AS	Turkey
Danieli India Ltd.	India
Danieli Met. Equipment & Service (China) Co. Ltd.	People’s Rep. of China
Danieli Co. Ltd.	Thailand

The product lines are as follows:

Danieli Plant Engineering	Turnkey plants and systems engineering	Italy
Danieli Automation	Process control systems	Italy, USA
DanGreen	Hybrid technology solutions for Green Steel production	Italy, Netherlands
Danieli Centro Metallics	Mineral treatment and direct reduction plants	Italy
Danieli Corus IJmuiden	Integrated steel mills	The Netherlands
Danieli Centro Recycling	Scrap shredder plants	Italy, UK, France, Germany, USA
Danieli Centro Met	Electric steelworks and continuous casting of long products	Italy, Austria
Danieli Davy Distington	Continuous casting for thins and conventional slabs	UK, Italy
Danieli Wean United	Rolling mills for flat products and strip processing lines	Italy, USA, Germany,
Danieli Kohler	Air blades for hot galvanisation plants	USA, Italy
Danieli Fata Hunter	Casting, rolling and painting plants for aluminium strip	UK, USA, Germany, Italy
Danieli Fata EPC	Turnkey building plants	Italy, USA, India, People's Republic of China, UAE
Danieli Fröhling	Special plants for strip rolling and finishing	Germany
Danieli Morgårdshammar	Rolling mills for long products	Italy, Sweden
Danieli Centro Tube	Plants for seamless tubes	Italy
Danieli Centro Maskin	Conditioning, drawing and finishing plants	Italy, Sweden
Danieli Rotelec	Electromagnetic agitators and induction reheating systems	France, Italy
Danieli Breda	Extrusion and forging plants	Italy
Danieli Centro Combustion	Reheating systems	Italy
Danieli Olivotto Ferrè	Heat treatment furnaces	Italy
Danieli Hydraulics	Industrial hydraulic and lubrication equipment	Italy, Thailand
Danieli Centro Cranes	Bridge crane for heavy duty	Italy
Danieli Environment	Ecological and recovery systems	Italy
Danieli Construction	Construction of turnkey plants, assembly, systems engineering	Italy, Thailand
Danieli Service	Customer support service and original spare parts	Italy, Austria, People's Rep. of China, India, Russia, USA, Brazil, Thailand
Danieli Telerobot Italy	Advance robotics	Italy

- *Production and sale of special steel*
These operations are carried out by the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o., which are in a position of leadership in Europe in the special structural steels sector, with production to order of high quality products for the most demanding applications in the form of ingots up to 160 tonnes, blooms, billets, forged and rolled products with a high level of verticalisation, with diameters from 15 to 800 mm, in addition to the high quality products of the new wire rod mill and special steels successfully commissioned in record time during the previous year.

The structural steels family includes high carbon steels, case-hardened, hardened and tempered, and surface hardened steels verticalised into many types of product, which have applications in all engineering components. Their field of use is very extensive: motor vehicles and engines in general, tractors and earthmoving machines, machine tools, the railway industry and the energy and petrochemical industries.

DANIELI GROUP STRUCTURE

Danieli & C. Officine Meccaniche S.p.A. (Parent Company)
The value of production developed during the financial year by the parent company amounted to 872.6 million euro (927.2 million euro in 2021) with EBITDA of 11.5 million euro (17.6 million euro in 2021).
The value of production for the period includes 18.0 million euro (in 2021, it was 60.8 million euro) for the progress of work as at June 30, 2022 towards Acciaierie Bertoli Safau S.p.A. (hereinafter also ABS) for the new liquid steel treatment furnace completed during the year. This plant is part of a series of investments initiated after completing the wire rod mill to increase ABS group production volumes to around 2 million tonnes for the Italian and European markets.
In this financial year, the company still achieved a significant turnover volume, with a good operating margin in relation to the orders developed, although not yet fully satisfactory due to some delays in launching innovative projects. The Parent Company has also increased the provisions made to the contingency reserve for several outstanding disputes and risks on problematic contracts, maintaining a prudent approach in view of the complexity of the disputes, although it is confident that a favourable solution will ultimately be found for Danieli.
Research and development activities continued with the use of important corporate resources, above all to expand and complete the range of products offered, developing high-tech solutions and environmental management and energy recovery systems to be used mainly in cutting-edge facilities.
The company continued with its investment plan during the financial year to improve the productivity and efficiency of the Buttrio plants by replacing various operating equipment with next-generation modern work centres.
Financial management for the period shows a very positive result, with an improvement in the company's net financial position, thanks to the effective ordinary management of the cash flow related to job orders in progress, without significant penalties in the financial year, albeit considering the additional charges for discounting financial receivables for which a deferred collection is expected beyond 12 months.
The accounting alignment of cash and items expressed in foreign currencies (mainly US dollars) was still significant during the year, generating a positive exchange rate effect due to the revaluation of the US dollar, which as at June 30, 2022, exchanged at 1.0387 against 1.1884 as at June 30, 2021.
Order acquisition for the year is in line with the upper part of the budget and already assures good production planning for next year, with operating income expected to improve also for the 2022/2023 financial year.

The Parent Company Danieli & C. Officine Meccaniche S.p.A. directly owns the following companies:
– INDUSTRIELLE BETEILIGUNG SA, the holding company for the Group's manufacturing firms;
– DANIELI FINANCE SOLUTIONS SA, which invests important liquidity available to the Group in the international financial markets.

Below is a description of the operations and results of the main companies of the Group around the world and of the Italian-based steel making and plant making businesses. Results are based on the companies' own financial statements, suitably reclassified and adjusted to bring them into line with the international accounting standards followed by the Group.

Steel making

Group Companies - Italy

Acciaierie Bertoli Safau (ABS) S.p.A.
ABS ended the 2021/2022 financial year with production value of 1,642.6 million euro (889.9 million euro in 2020/2021) , operating income of 124 million euro, and net profit of 105.7 million euro.
The fiscal year began with high demand for all industries supplied by ABS products. The initial low availability of steel due to lower production during COVID created fear of a lack of supply, which led to a strong increase in apparent demand. ABS also benefited from this increase. In the first three quarters of the year, its order book was at extremely high levels.
At the same time, the supply chains of the various production chains suffered from the shortage of several raw materials and/or components, which altered their capacity to meet final demand. This additional unavailability and resulting high demand for raw materials led to an increase in the prices of all commodities, which reached unprecedented levels.

For this entire period, therefore, the prices of steel products and ABS products followed this continuous trend of growth, while constantly seeking to balance the upward pressure on all goods being purchased.
It was only from the end of the third quarter of the fiscal year that there was a gradual reduction in demand, apparently linked to the fear of having reached excessively high stock values in terms of volume and price.
Compared to the resilience of the post-COVID recovery, the invasion of Ukraine and the related government sanctions against Russia created further uncertainties.
The combination of all these factors led to the order book returning to values more in line with the ABS standard. However, the contraction did not affect the price component. In fact, due to the main cost elements, prices remained very high overall.
Even during such a complex year, ABS kept its development priorities clear by focusing on high-quality products in all fields of application.
This market environment included wire rod production. Thanks to the start-up of the new Quality Wire Rod (QWR) mill, with an investment of 190 million euro and inaugurated in June last year, the company expanded its product range to include smaller, high-quality products, combining the technology of its innovative plant equipped with high automation and advanced digital solutions with extensive expertise in steel production and transformation processes.
With the objective of guaranteeing an excellent, innovative, and even more widespread service, ABService was created, a service centre positioned strategically in northern Italy where customers can access the quality guaranteed by ABS products quickly and in small batches.
The most significant investments for ABS in Udine were investments in development, in particular:

- the new LF3 secondary refining metallurgy and VD3 degassing plant, which makes it possible to increase the production capacity of liquid steel compared to the current capacity, reducing/eliminating delays downstream of the melting furnaces;
- the off-line phased array control plant, which serves the Luna rolling mill, intended to guarantee fewer bottlenecks in the mill line for products with very strict quality control standards;
- activation in the scrap input phase of a new rail gate for wagon management, which, thanks to latest-generation technologies, is catalogued, mapped and added to the company systems in real time so as to guarantee a precise in-process control when loading the basket intended for production.

A significant budget was also allocated to a series of investments, although not finalised during the financial year in question but which will be completed in the following year, such as:

- the new sphere mill line, a new product for ABS intended to be used in the grinding mills and which has opened an interesting opportunity for growth in the ABS market through the verticalisation of the bars manufactured mainly by the Luna rolling mill but also by the Marte plant;
- the new coil-to-bar peeling line for Qualisteel products, which will expand the peeled product range;
- the sectioning and chamfering plant, again benefiting the range of products in the Qualisteel line, which will be located at the service centre in Brandico (Brescia).

By expanding the time frame to several financial years, the ABS's strategic plan contains investments in technologies, processes and plants intended to intercept the real needs of customers and to ensure the company's continuity, efficiency, sustainability, and long-lasting development. The plan represents leverage through which ABS's growth is structured, summarised by its vision: "We work every day to be a resource for our partners by ensuring valuable solutions with cutting-edge processes and technologies for sustainable progress". And the new long-term investment plan worth over 650 million euro reflects this unique aspect with significant interventions at the Cargnacco site and at the Sisak site in Croatia, aiming to make an additional and decisive step forward in terms of quality and volume.
Regarding sustainability, first and foremost, it should be noted that environmental protection is a must for ABS.
With the goal of lowering CO2 emissions, 40% of the material entering and leaving ABS is already handled by rail, but the objective is to increase shipments via train to 70% in 2 years. Thanks to this process, we expect to use 2,000 fewer lorries per month. Also intended to help is the development of the internal rail connection to the Cargnacco facility, to be upgraded to support the flows of incoming material and product shipments to customers.
Approximately 160,000 sq. m of roof were also identified at the Cargnacco site to install solar panels for around 15 MW of electricity production. The first tranche involves installation on the QWR warehouse and on the service centre. Beyond obvious energy saving considerations, the project is also essential as a mitigation measure required by the FVG Region following increased capacity at the Cargnacco site.

Group Companies - Europe

ABS Centre Métallurgique (ACM) SAS (France)
ABS Centre Metallurgique (ACM) is celebrating eleven years of operation.
Located in Metz, France, the heart of European steel, for the Danieli Group it is a centre of excellence for research and study of the product and processes for steel production, covering the entire operating chain, from processing in the steelworks to the finished product developed according to specific customer and market requirements.
The main objective of the research developed this year was to find technological solutions aimed at lightening the parts produced by customers, while also guaranteeing high mechanical performance, all thanks to the development of new innovative steel ranges and with the specific aim of decreasing the industry's CO2 footprint and improving the behaviour of steel in contact with hydrogen. Specific efforts were made in the studies intended to achieve a lighter material with the same properties of a special steel, thanks to the development of ferrous alloy solutions with aluminium.
In addition to research activities, ACM confirms its accreditation according to the international standard ISO 17025 (General requirements for the competence of testing and calibration laboratories) for the tests accredited so far.
The company's activity carried out allows it to obtain a tax credit from the French authorities for research and development in each year of operation.

ABS Deutschland GmbH (Germany) – ABS Scandinavia AB (Sweden) – ABS Iberica SL (Spain)
The three companies operate in their respective national markets for the development of commercial activities and sales of special steels. During the 2021/2022 financial year, they consolidated their presence in their countries, increasingly developing an on-demand service with local warehouses managed by customers that allow shorter delivery times and greater flexibility in supply, with a better service for the customer.

ABS Sisak d.o.o.(Croatia)
The current financial year saw the integration of the production activities of ABS Sisak with ABS's brand new Quality Wire Road mill. Crude steel productions at the Croatian steelworks were destined almost exclusively for the Group's Italian plant for wire rod production; thanks to this strategic decision, ABS Sisak has become an important partner for the business of ABS.
In terms of production volumes, in the current financial year the company achieved important objectives; in particular, there was a 47% increase in production compared to the previous financial year.
The efficiency achieved thanks to the increase in production volumes led to lower unit costs of production and greater capacity to absorb fixed costs with consequent benefits in terms of profitability.
The net result is negative for 69.3 million Croatian Kuna or the equivalent of 9.2 million euro but this includes one-off costs linked to the write-down of properties and plants damaged by the earthquake in December 2020 that can no longer be used, equal to 5.5 million euro and write-off for spare parts that can no longer be used with the new plants. If these non-recurring events were excluded, the result would be positive.
Additional significant investments for improving productivity and therefore the results of ABS Sisak are called for in the short and medium/long-terms.
In particular, in the short term, in late July significant upgrade works began on the old EAF with a new latest-generation furnace and additional improvements to the production process, such as the installation of a new and higher-capacity vat, the upgrading of the Q-One to increase productivity, a new distribution plant for ferroalloys for the melting furnace and the refinement furnace, improvements to the continuous casting machine (installation of ladle tower, upgraded machines and cutting zone, secondary stirrers and longer evacuation plate, installation of hard cooling technology for manufacturing high-carbon steel). The aim of this series of investments is to increase the steelworks capacity up to 450,000 tonnes per year.
In the medium/long term, significant interventions are called for in technologies, processes, and plants to integrate and extend the production process downstream. In particular, the installation of a 600,000-tonne plant is being evaluated at the Sisak site for producing rebar in rods, straight bars, and coils, destined mainly for the Croatian market, and which represents a natural verticalisation for ABS Sisak and a new product/market for ABS.

ABS ESW Röhrenwerke (Germany)
In late 2019, the Shareholders' Meeting of the subsidiary resolved to terminate production yet did not opt for the formal liquidation of the company. The Group decided to leave the business of special tubes by stopping the company's operation gradually and in a structured manner and by selling the main company assets. As a result of this situation, the assets and liabilities were measured at their market value in the ESW financial statements.

In July 2021, the flooding of the Inde river due to strong rain led to extensive damage within company premises. The damage, covered by insurance policies, was fully reimbursed by the companies during the current financial year.
On June 14, 2022, on the basis of a purchase agreement concluded with a local company, the portion to the north of the company site was sold at values that do not suggest the need to proceed with additional write-downs. Nonetheless, the contract is subject to a condition precedent which has not yet occurred. Therefore, at the closing date of the financial statements, the buildings are still recognised as ESW property.
As regards the southern area of the site, however, environmental decontamination is continuing in accordance with the provisions of local authorities.
The net loss in the 2021/2022 financial year amounted to 8.6 million euro and was mainly generated by the environmental costs incurred and allocated for restoring the site and by the write-downs carried out on the company's assets at the effective potential realisable value.

Plant making

Group Companies - Italy

Danieli Automation S.p.A.
In the 2021/2022 financial year, the company realised production value equal to 151.1 million euro (2021: 152.2 million euro) and a net profit of 8.9 million euro (10.1 million euro as at June 30, 2021).
The financial year ended as at June 30, 2022 was characterised by the continuation of strong demand on the international steel market that began in 2021, which supported customer investments mainly in the USA and in Europe.
This scenario more than offset the negative effect deriving from the opportunities lost following the conflict between Russia and Ukraine, which from the second half of the financial year brought the ongoing projects in the two countries to a halt.
In Asia, South America and the Middle East, on the other hand, there is still a major delay in investments compared to the other geographical areas already mentioned.
The global semiconductor crisis, with significant delays and uncertainties in deliveries by all main suppliers of electronics components intended for automation systems, albeit managed by working with warehouse stock, created several negative effects on the value of production, but it is believed that the situation will stabilise during the next financial year.
From the perspective of technology, there is an increasing trend in green plant construction rather than a request to upgrade existing ones, targeting greater sustainability with the use of electricity instead of fossil fuels and aiming simultaneously to optimise energy consumption. This allows the Danieli Automation digital 4.0 products, which are highly innovative but already industrially tested, to create plenty of space for the company's sales opportunities.
In addition to consolidating these solutions, Danieli Automation is continuing the process to develop new systems based on artificial intelligence and power electronics, with proprietary patents that allow it to gain a competitive edge over competitors.
Given the global steelmaking trend and Danieli Automation's offer book in line with market trends, satisfactory results are also expected in the next two years with the consolidation of important references in the supply of automation and control systems.
The order book as at June 30, 2022, amounted to 376 million euro (165 million euro as at June 30, 2021), enabling to forecast a good level of production and a positive result for 2022/2023 as well.

Danieli Centro Combustion S.p.A.

The 2021/2022 financial year closed with a value of production of 59.8 million euro (44.2 million euro in 2021), and a positive net profit of 1.1 million euro (negative net profit of 2.1 million euro as at June 30, 2021).
During the year, the company acquired many new job orders, the most significant of which are:
- Nucor Steel tunnel furnace;
- Nucor Steel galvanising line;
- Tata Steel IJmuiden galvanising line revamping;
- TKSE 2 holding furnaces;
- Cleveland Cliff engineering silicon furnace;
- Ori Martin furnace with annealing rollers;
- Diler bell furnace;
- ABS Luna revamping.

Whereas the final acceptances of the following plants were obtained:
- Marcegaglia pusher furnace;
- JSW walking beam furnace;
- AMKR;
- Las Lomas;
- Novelis;
- Fagersta;
- Marcegaglia galvanising line;
- Acciaierie di Verona;
- Cemtas T3;
- Siderpotenza.

Danieli Centro Combustion continued its research work at the University of Engineering in Savona. In particular, research began on digitising the burners. Furthermore, the research was focused on new regenerative burners and on the substantial changes to the burners for the galvanising lines. The offline mathematical model was completed for the reheating furnaces and is now being validated.
The order book as at June 30, 2022, of 92.6 million euro forms the basis for a further development of profitability in the 2022/2023 tax year and beyond.

Danieli Construction International S.p.A.
This company, based in Italy, specialises in site management for plant installation in the metals sector carrying out all work required to build the civil works, technological foundation, assemble the machine and equipment and start up systems, and it operates on a worldwide basis with an independent operating structure for managing also large construction sites in particular.
Production in the financial year in question of 6.4 million euro is lower than in the previous period (2021: 8.4 million euro), although the operating income for the 2021/2022 financial year shows a profit (loss of 0.4 million euro last year) thanks to efficient management of the available machines.
During the 2021/2022 financial year, the company carried out its service essentially to ensure the start-up of the new work sites in Germany and Uzbekistan, the completion of the new *Corte delle Fucine* reception hub in Buttrio, Italy, and also continued important projects abroad and in Italy (including the QWR mill at ABS S.p.A.), with a positive outlook also for 2022/2023.
Danieli Construction International is an important strategic asset of the Group, making it possible to offer customers in the metal sector the plant assembled and started up, completing the supply chain from initial design to industrial commissioning of the plant, completely carried out by the Danieli Group. This is particularly advantageous for customers who can significantly reduce the risks related to the construction of a new plant or to performing complex revamping.

Fata S.p.A.
The period ending June 30, 2022, albeit still influenced by the shock of the pandemic, was characterised by a significant strengthening of the order book thanks to the acquisition of new orders for a value of 328 million euro. These initiatives are related to the sector of electricity production from traditional and renewable sources and involve:
- Bilancia p.v. S.r.l., construction of a plant in Mezzojuso, Italy for the production of electricity from 4 MW solar concentrate;
- EP Produzione, Combined Cycle Power Plant for 880 MW for the site in Ostiglia, Italy, a contract linked to the capacity market and acquired as part of a temporary association of companies (TAC) with Siemens Energy Global GmbH;
- A2A, Combined Cycle Power Plant for 870 MW for the site in Monfalcone, Italy, another contract linked to the capacity market and again acquired as part of a TAC with Siemens;
- Metaenergiaproduzione S.r.l., construction of an electricity generation plant equipped with motors for the site in Termoli, Italy.

Furthermore, in December 2021, the company was awarded a contract by a local operator for the construction of an 80 MW photovoltaic park in South Africa, expected to begin operating in the upcoming months.
In light of the acquisitions made during the year, the order book as at June 30, 2022 is worth 302.9 million euro.
The operating activities saw the continuation of the works at the sites in Zagreb, Croatia (construction of an electricity generation and district heating plant for HEP) and Trapani, Italy (construction of an electricity generation plant from solar concentrate). With reference to the new Bilancia contract, acquired in September 2021, the planning activity continued, the equipment acquisitions were nearly completed and the construction site set-up was launched.
Revenues for the 2021/2022 financial year amounted to 85.9 million euro (98.9 million euro as at June 30, 2021), with a profit of 0.1 million euro. Revenues that refer almost entirely to the EPC activities, since in the Hunter sector works are limited to the completion of ongoing contracts.

More S.r.l.
The company, which sells technology packages for electric furnaces used at steelworks, reported a value of production of 25.1 million euro (2021: 20.1 million euro), with net profit of 4.3 million euro (2021: 3.1 million euro) and an order book of approximately 20 million euro as at June 30, 2022.

During the year just ended, the company completed the establishment and organisation of the US subsidiary More North America Corporation, based in Kennesaw, Georgia. The new subsidiary will increase the presence and competitiveness of More products on the local market, the supply of spare parts and technical assistance, in particular for customers located in the USA, Canada and Mexico.
The Chinese subsidiary Suzhou More Metallurgy Technology Co. Ltd., based in Changshu, continued its market consolidation and development activities by acquiring various job orders and the production of machinery with a local production and technical assistance unit through a dedicated team.
The company was able to strengthen its market position and acquired several major orders to supply technology packages for Evraz Rocky Mountain, Nucor Birmingham, Nucor Marion and Nucor Utah (USA). Further orders were acquired for major steel groups including Ferriere Nord (Italy), Jindal Shadeed (Oman), and CMC Poland (Poland).
Research and development continued with the aim of developing new innovative solutions to guarantee a reduction of environmental emissions in the production of liquid steel with the collaboration of various Italian universities.
More's reputation, order book, consolidated testimonials and commitment to research and development confirm its leadership role and the likelihood that future results will be in line with those of the year that has just ended.

Group Companies - Europe

Danieli UK Holding Ltd. (United Kingdom)
The company reported a turnover of 38.9 million pounds for the 2021/2022 year, equal to 46.0 million euro. This figure represents over a 100% increase in revenues on an annual basis.
During the financial year, the company continued with the development of its order book in the metal recycling sector, obtaining job orders in new markets for the shredding mills and a series of job orders for heavy-duty inclined shears. There is strong interest in the company's new Plug & Shred technology, which offers metal recyclers the chance to significantly reduce energy costs and to optimise production.
Sales remain geographically diversified in EU27 and South Asia, which continue to be areas of growth. In recent years, Australia has been an increasingly important market for the company and additional job orders were ensured during the year for shredding and pre-shredding mills. In the same period, the company successfully completed various projects in the region and turnover in the Australian market increased by over 400%.
The effects of the COVID-19 pandemic slowed global supply chains, as did the effects of the crisis in Ukraine, the impact of which is expected to continue on the execution of orders for some time yet. Despite this, the company returned to profitability, achieving levels in line with the Group average. The increase in the prices of raw materials seen during the pandemic also remained strong in 2021/2022, which translated into high demand for the company's products and remained high at the start of the 2022/2023 financial year. The company's order book remains solid, allowing for predictions of a good level of profitability in 2022/2023.

Innoval Technology Ltd. (United Kingdom)
The company recorded a turnover of 1.7 million pounds for 2021/2022, equal to 2.0 million euro, with a 4% year-on-year increase which led to a break-even result. The company kept its order book constant for the entire year and the final two quarters showed an improvement in revenues, creating hope for the next financial year.
The company continues to support the growth of aluminium in a wide range of applications, in particular in developing structures for car battery cases and aluminium sheets for use in lithium ion batteries. There has also been renewed interest in the environmental benefits of aluminium in beverage packaging instead of competitor materials and Innoval Technology has recorded significant growth in this area with the provision of consulting services and with research and development activities co-financed by the Innovate UK programme, to assess the life cycle of the products and quantify the environmental impact of new production plants and new products.
The support of the Innoval Technology experts for the sale of new equipment and the support for commissioning has ensured that our customers have access to the most advanced technological progress. Companies with older equipment continue to benefit from this experience in order to improve quality and productivity.
The aluminium industry continues to benefit from the experience of Innoval Technology through a series of training activities centred around the processes and products provided in person and using online platforms.

Danieli Engineering & Services GmbH (Austria)
This company, based in Völkermarkt, Austria, is specialised in the management and sale of components, spare parts and after-sales services for steelworks and rolling mills and its volume of revenues for the period was 115.1 million euro (2020/2021: 89.4 million euro) and a net profit of 25.1 million euro mainly in line with the result of the previous year.
The company has notably increased its business thanks to the development of new fast track procedures to assist customers in the processes of predicting and replacing perishable plant components, ensuring the on-time availability of a large quantity of mechanical parts (even small ones) and the ability to resupply all over the world with very short lead times.
In order to reduce the logistics and industrial lead time, various investments were made during this financial year in the workshops area to increase production capacities, thanks to automated machinery and many others will follow in the next financial year (2022/2023), during which new major investments are expected, including:
– new ERP, entering into operation at the start of the 2022/2023 financial year;
– new automatic warehouse, which will be installed in the logistics area during 2022/2023.
The company's order book is such that sales volumes are expected to remain virtually unchanged in the 2022/2023 financial year.

Danieli Heavy Machinery Engineering LLC (Ukraine)
Based in Dnepropetrovsk, Ukraine, this company has its own design centre that enables it to develop basic and detailed engineering for both steel and aluminium rolling mills.
In the first half of the year, work continued on strengthening its local technical organisation to expand its engineering and design capacity and to diversify available skills, thanks also to the cooperation with the Metalworking Academy, the Academy of Architecture and Civil Engineering in Dnipro by employing the best students for the technical offices and supervision at Danieli sites around the world.
As a result of the conflict, in late February 2022, operations were suspended, since the safety of on-site activities could no longer be guaranteed.
The Danieli Group took action by offering safe accommodation in Italy to the company's employees and their family members and part of the activities resumed remotely, albeit to a lesser extent, in the hopes that the conflict will be resolved as soon as possible so that full on-site operations can return.
Revenues for the year were 58.7 million uah, equal to 1.9 million euro (59.1 million uah, equal to 1.8 million euro as at June 30, 2021) with a profit for the period of 6.9 million uah, equal to 0.2 million euro (profit of 14.2 million uah, equal to 0.4 million euro as at June 30, 2021).

Danieli Czech Engineering AS (Czech Republic)
The company, located in Prague, has an independent project management and expediting structure and it is specialised in EPC (Engineering Procurement & Construction), using, among others, a group of loyal local suppliers for the supply of machinery and equipment of steelworks and rolling mills for quality steel bars.
During the year just ended, the company completed the final acceptance tests with CELSA Nordic (Norway), and launched the process to handover the Spooler Line with the customer Yehuda (Israel) and this project will continue throughout the year.
The company showed operating revenues of 153.0 million czk equal to 6.1 million euro (2020/2021: 17.1 million czk equal to 0.7 million euro) and a substantially break-even result in line with 2020/2021.

Danieli Germany GmbH (Germany)
Danieli Germany GmbH operates in Germany with almost one hundred employees at two premises:
– the head office in Duisburg and
– the largest subsidiary in Meinerzhagen, where the Danieli Fröhling product line is developing new technologies for cold rolling mills and cutting and finishing lines.
Following the restructuring and remodelling of the Danieli Fröhling product line, the synergies achieved led to improved relations with the customers while raising the quality standards.
Danieli Germany GmbH recorded revenues of 48.0 million euro with a profit of 1.2 million euro (30.6 million euro in revenues and 3.4 million euro in losses as at June 30, 2021).
Despite the difficult period (due to the ongoing pandemic in many areas of the world), the company successfully concluded various large projects across the world, achieving the final acceptance certificate and remaining a reliable partner for customers, strengthening its market position and acquiring an important project, the roll bonding line at the Mubea facilities in Vel'ká Ida, Slovakia. The plant produces cooling plates for electric vehicle batteries. This new technology will not only replace various work stages, but will simplify the process and notably improve the quality of the cooling plates.

Danieli Germany was then awarded another green project, a completely new bar mill at ESF Feralpi in Riesa, Germany. This new plant will be the most innovative plant in Europe and will function with zero direct CO2 emissions.
Furthermore, Danieli Germany added another chapter to its success story with the customer ThyssenKrupp. As part of the TKSE 2030 Project, the company was awarded the supply of a completely automated management system for the slab depot, which includes four automatic cranes and two heating furnaces.
The collaboration with the insurance company Euler Hermes in Germany continued and will allow for the consolidation of the financial packages to support additional projects under discussion, for which Danieli Germany is hiring more staff to manage the supply chain and the projects.
Danieli Germany's structure will remain flexible and will adapt to the necessary requirements in relation to the development of such projects, including the use of its own machine shop in Meinerzhagen. To develop further synergies, Danieli Fröhling will merge internally with the Danieli Fata product line into the new Danieli Fata Fröhling product line. An increase in the market volume is predicted, as is a better cost situation thanks to an expected improvement in the products.
The head office of Danieli Germany GmbH in Duisburg was also further expanded to closely monitor the upcoming decarbonisation projects of the German and European steel industry.
Considering the projects mentioned above, Danieli Germany's order book amounts to a total value of about 260 million euro as at June 30, 2022. The outlook for the coming year is positive as the world market is expected to recover.

Danieli Procome Iberica SA (Spain)
Based in Sondica, Spain, this company operates in the sector of machines for the management, handling and charging of additives for electric furnaces (EAF, LF, VD/VOD) and closed the year with production value of 2.4 million euro (2021: 3.3 million euro) and a net profit of 0.1 million euro (2021: 0.2 million euro).
During the year, the company carried out important technological development activities on its products in collaboration with the Danieli Centro MET product line to improve the performance, accessibility, maintainability and cleaning of the Meltshop equipment dedicated to carrying out storage, dosage and input operations, required for the production of liquid steel.
Danieli Procome will continue to operate as a technological centre for the development of additive products and to work to ensure customer satisfaction throughout the Iberian peninsula with the forecast of a positive result in the 2022/2023 financial year.

Morgårdshammar AB (Sweden)
The company's value of production was 85 million SEK, equal to 8.2 million euro (2021: 113.2 million SEK, equal to 11.1 million euro) and showed a loss of 2.9 million SEK, equal to 0.3 million euro (2021: profit of 11.2 million SEK, equal to 1.1 million euro).
During the current financial year, a close operational synergy began with the subsidiary Danieli Engineering & Services GmbH (Austria).

Sund Birsta AB (Sweden)
The company's value of production amounted to 473.1 million SEK, equal to 45.9 million euro (2021: 466.2 million SEK, or 45.6 million euro) and a net profit of 54.3 million SEK, equal to 5.3 million euro (2021: 47.6 million SEK, or 4.7 million euro).
The financial result of Sund Birsta was positive thanks to a growing quota of aftermarket activities with specialist services and remunerative margins. Despite the crisis in Russia and Ukraine and the negative effects due to logistics slowdowns caused by COVID-19 in Asia, there was considerable order acquisition. Nevertheless, revenues proved to be lower than expected due to delays in a number of ongoing projects.
The company managed to:
– increase the quota of sales linked to aftermarket to 50% of total revenues;
– finalise the development, production and inspection of a robot tag-marking system;
– develop a strap head for steel strapping tools from 19 mm;
– kit out a service workshop for internal assistance for machines and basic technology.
Sund Birsta AB recorded an order book worth 27.0 million euro as at June 30, 2022 (2021: 20.6 million euro), allowing for a positive start to the 2022/2023 fiscal year.
Indications in the first part of the new fiscal year are in line with current budget estimates.

Rotelec SA (France)
The financial year reported revenues of 14.7 million euro as at June 30, 2022 (2021 13.7 million euro), a net profit of 2.9 million euro (2021: 2.1 million euro), thanks to the new products developed in recent years and the ongoing renewal process.
The company continued its research activities for new products, using synergies within the Group, in particular with the Danieli Research Centre and Danieli Automation, and the optimisation of production processes.
Rotelec maintains its technological leadership in the global market of electromagnetic stirrers for conventional casting of long and flat products, but also enjoys the success of the DANIELI DUE concept to provide electromagnetic brakes for thin slab casters and induction heaters for hot rolled bars, allowing the company to improve its results in terms of sales and margins, with a positive forecast for the upcoming year.

GROUP Danieli Corus (Holland)
Danieli Corus, based in IJmuiden in the Netherlands, consists of Danieli Corus BV and its subsidiaries in China and India.
By operating in the primary metallurgy industry, Danieli Corus offers the best solutions available for blast furnaces and oxygen converters for steel while creating the least possible CO2 emissions associated with this technology. The financial year ended on June 30, 2022, with a consolidated turnover of 102.1 million euro and an operating profit of 9.8 million euro (after a turnover of 72.6 million euro and a profit of 18.3 million euro in the 2020-21 financial year).
Though the COVID-19 pandemic continued during the year, the impact on the performance of ongoing projects was limited compared to the previous year. Personnel from the local offices acquired additional skills for the finalising of plants, supported remotely by other company specialists.
The main aim for the new financial year is to complete one of the largest orders in the company's history, namely the two blast furnaces in Hazira, India. Based on the experience gained from the mini blast furnace project in India, the decision was made to adopt an integrated approach with a combined project team formed of engineers and designers from the Dutch and Indian offices. These two new furnaces are similar in size to that of another project in India and, since the same engineering company in India is overseeing it, the risks in its construction are even lower.
For 2022/2023, it is expected that demand will continue to remain high, albeit affected by the geopolitical developments due to the ongoing conflict in Ukraine and the commercial tensions between China and the United States.

Danieli Finance Solutions SA (former Danieli International SA) (Luxembourg)
Danieli Finance Solutions SA regularly carried out its activity of managing and investing the Group's liquidity during the period with no more significant limitations related to the COVID-19 pandemic. Management activities are carried out in full autonomy in terms of operations and presence in Luxembourg, ensuring a result in line with the best market benchmarks during the financial year.
The company is recorded as a "Professional of the Financial Sector" (PSF) and as such is subject to the supervision of the Luxembourg Financial Supervision Commission (CSSF) pursuant to Article 13 of the Law of 5 April 1993 on the Luxembourg financial sector. The company's governance calls for a clear separation of roles and responsibilities between the Back Office and Front Office and a financial and operational risk control committee (CRIC) which carries out an analysis and control activity on the work of the two operational managers, including by the directors without powers.
During the period, liquidity management continued according to the principle of absolute prudence in investments and in continuity with the activities carried out in previous years, mainly with investments in industrial, banking and insurance bonds as well as guaranteeing the natural support to intra-group finance.
Cash and cash equivalents and deposits with primary banking counterparties are significant. The low risk tolerance compressed returns, which nevertheless improved compared to the previous year. The high degree of quality and liquidity of the investment activities is pointed out. The counterparties allowed by the investment policy are in fact qualified by an "Investments Grade" rating and the average duration of the investments as at June 30, 2022, was just over 3 years.
The average net profitability of the portfolio managed by Danieli Finance Solutions SA therefore increased on the previous year in the presence of positive short-term interest rates on deposits in euro and with good profitability in the liquidity component expressed in US dollars following the monetary policies of the two main central banks (ECB and FED). As at June 30, 2022, the negative performance related to liquidity management amounted to 1.3 million euro (positive for 10.6 million euro as at June 30, 2021) and the positive component related to exchange rate differences of approximately 18.2 million euro (negative for 5.7 million euro as at June 30, 2021).

GROUP Danieli Henschel (France, Russia)
During 2021/2022, the company completed its operational restructuring with the main objective of restoring its profitability. The effect on margins of this operation was positive, leading to a profit of 0.3 million compared to a loss of 0.3 million in the previous year.
In the future, the company is expected to be able to sustain a similar level of profit as this year, continuing activities in coordination with Danieli UK to serve the metal recycling business unit with valuable technical and process know-how.

Group companies – Russia / Turkey

Danieli Volga LLC (Russia)
Danieli Volga (whose factory is located in the Niznhiy Novgorod region) operates mainly in the Russian market with a completely autonomous production plant to serve the other strategic markets of the former CSI territory.
The company is currently operating to a reduced extent according to the restrictions imposed by the EU.
The production site includes about 10,000 sq. m of covered space and 3,000 sq. m of technical and commercial offices with the goal of designing, manufacturing and marketing equipment and mechanical components of spare parts for the steel industry.
The company is equipped with systems for lifting heavy machinery and uses latest-generation operating machines and technical office, managing on site supplies of spare parts, plant parts reconditioning and environmental equipment and for better energy management in the production process.
Moreover, the company Danieli Volga consolidated its specialisation in plant engineering and construction and environmental certification services in accordance with local regulations, thus expanding its range of services to complete its traditional technological supplies to the Russian Federation/CSI market.
As at June 30, 2022 the company reported a turnover of 2,296.6 million rouble, equal to 27.2 million euro (2021: 2,235.9 million rouble equal to 25.1 million euro) and a profit of 102.0 million rouble equal to 1.21 million euro (2021: profit equal to 71.4 million rouble equal to 0.8 million euro). Exchange differences had a significant impact on the profit or loss for the year.
Despite the difficult social, political and economic situation, Danieli Volga continued its activities to ensure minimum safety maintenance for Russian customers that were not on the list of sanctioned parties and with products with no trade restrictions.
The Group's management team believes that, despite the Russian-Ukrainian conflict, there are no issues in the recoverability of the investments in Danieli Volga and in the Group's other activities in the country.

Termo Makina San.V.T. AS (Turkey)
The company, based in Duzce (Turkey), operates with its own operating structure in a central location with respect to all major Turkish steel producers.
In 2021/2022, the company underwent a significant management restructuring, completing all existing projects to redirect its activities to support maintenance services and services for Danieli customers in Turkey.
As at June 30, 2022, Termo Makina showed a loss at the end of the period, mainly due to financial expenses and exchange rate differences linked to the strong devaluation of the Turkish lira.
The company, now with new capital and a new operating structure, will be able to operate in the next financial year with positive results again.

Group Companies – America

Danieli Holdings Inc. (United States)
The Daniel Group operates in North America with Danieli Holdings Inc., which coordinates the work of several local affiliates.
The United States subgroup, comprised of Danieli Holdings Inc. (holding company), Danieli Corporation, Danieli Technology Inc., Danieli Canada Inc. (Canada) and Danieli Taranis LLC 50% acquired since 2014/2015, shows a consolidated value of production of USD 351.9 million, equal to 311.6 million euro (2021: USD 542.0 million, equal to 454.2 million euro) and a loss of USD 9.0 million, equal to 8.1 million euro (2021: profit of 3.0 USD million, equal to 2.6 million euro).
Sund Birsta Inc. is also in the USA and is directly controlled by the Swedish company of the Sund Birsta AB Group.
The Group's operating companies the United States are:

Danieli Corporation
The company continues to operate as the main operating company in the American continent, covering the entire range of products offered by the Group on the local market and providing assistance to customers for revamping and post-sale maintenance services for metal plants, machinery and spare parts.

Company activities are divided into the following product lines:
– DWU USA – developing sale, design, supply and project management activities for flat product plants;
– DMH USA, DCM USA – with the sale, design, supply and project management of plant and machinery for long product rolling mills, steelworks, casting machines and special handling systems;
– DANIELI SERVICE – with the provision of equipment, services and spare parts for all product lines to the North American market;
– DANIELI FATA HUNTER – with the sale, design and supply of casting machines, rolling and aluminium painting plants;
– DANIELI CRANES and DANIELI ENVIRONMENT – with the sale of special lifting systems and auxiliary systems for steelworks;
– DANIELI CENTRO RECYCLING – with the sale of scrap shredders, shears, packers and complete scrap processing lines as well as a complete line of consumable parts for scrap shredding equipment;
– DANIELI CENTRO COMBUSTION – with sales of reheating and process furnaces for both flat and long products;
– DANIELI SERVICE – with the provision of equipment, services and spare parts for all product lines to the North American market.

During the financial year, the company continued the consolidation of its two service centres in Coraopolis, Pennsylvania and Ashland, Kentucky, as part of its long-term strategy to increase the level of service provided to US customers.
In the 2021/2022 financial year, significant contracts were acquired with important US customers, both in terms of the size of the projects and their high technological and innovative content.
The US steel market remains strong following the anti-dumping measures still confirmed by the Biden administration. As a result, with the economy rebounding strongly after the negative impact of the COVID-19 pandemic, demand for steel has risen sharply to rebuild inventories, driving up steel prices, which thus far are nearly double compared to early 2020 levels.
North American steelworks have posted very positive results quarter after quarter and are expected to continue to post good profits in the coming year in anticipation of a still strong market supported by the infrastructure recovery promoted by the expansionary measures of the new US administration.
Major investments in the steel plant sector are planned for next year where Danieli Corporation is well positioned technically to secure a significant share.

Taranis LLc
Danieli Taranis LLC is based near Birmingham in Alabama, USA. The company operates in coordination with Danieli Automation SpA and directly manages the supply of electrical and automation equipment to Danieli customers in the United States of America and Canada.
Since the establishment of the joint venture in 2014, the company has increased its annual revenues from 14 million USD to over 31 million USD in the last tax year. In the 2021/2022 tax year, the company reported a profit of 1.5 million USD and ended the year with an order intake of 40 million USD and an order book of 25 million USD. These results, together with the robust regional metal market, will enable continued profitable growth in 2022/2023.
In addition to providing after-sales support to Danieli's customers, the company also provides a wide range of services to US metal producers, including electrical and automation system upgrades, high-performance gauges and specialist engineering services.

Sund Birsta Inc. (USA)
The company operates from Jacksonville, Florida, guaranteeing service to customers in North America for support, spare parts sales and technological updating of the machines in this area.
The company's revenues reached approximately USD 9.6 million, equal to 8.5 million euro (USD 9.0 million in 2021, equal to 7.5 million euro) with a positive result in line with the previous year.
During the year, the company was able to:
– further develop the aftermarket sales of parts, services and upgrades;
– transfer the activity into new structures with a larger assistance workshop and reduced rental costs.

Group Companies – South-east Asia

Danieli Co. Ltd. (Thailand)
At the end of June 2022, the company reported a net profit of 20.8 million euro (2021: 10.5 million euro) with a turnover of 230.6 million euro (2021: 195.7 million euro).
The post-pandemic recovery continued throughout the financial year and thanks to preventive measures and the high workload, the operating result was positive and in line with expectations.
During the year, in addition to prudent management of liquidity, the company completed the activities and investments planned in the previous financial year, mainly relating to:

- improving the competitiveness and efficiency in the production of equipment, such as the installation in the workshop of two welding robots for the construction of segments, EAF columns and electrode holder arms, two shifts for casting roller production, a bench saw for crane production, a horizontal CNC for the production of hydraulic collectors;
- increasing the workload and the quality of processes through a controlled distribution of activities between internal and external technical offices;
- strengthening high-quality support for local customers and offering the most advanced technological packages.

As regards the main job orders, various projects were successfully completed across the world with the certificate of final acceptance from major customers, such as the steelworks for Las Lomas (Bolivia), the wide double bar mill for Hoa Phat (Vietnam), the cold rolling mill for PT Sunrise (Indonesia), the scrap shear for Shibata (Japan) and the upgrade of the profile plant for Dongkuk (South Korea), which confirmed the company's importance as a reliable partner in South-east Asia.
Despite the pandemic situation in the first part of the year, the number of orders remained high thanks to the acquisition of important projects, especially in North America (Nucor Corporation, Algoma Steel, CMC Steel) and Asia (Hoa Phat, Nghi Son, Dongkuk, Korea Steel, Bashundara), which helped strengthen the company's market position and competitiveness across the globe.
In addition to the usual support for local schools and universities, during the financial year the company launched a new project with the local Department of Non-Formal Education, intended to help students develop technical skills in quality control processes and welding techniques.
For the 2022/2023 financial year, further consolidation is envisaged of the order book for the entire period, with consequent stable revenues and margins arising mainly from the crane, long product and steel plant product lines, as well as after-sales services.

Danieli Automation Co. Ltd. (Thailand)
Danieli Automation Co., Ltd. (DACO), based in Rayong, Thailand, operates completely independently, with its own structure, offering the local market a superior service for the repair and maintenance of electric motors. Today, DACO is known for its excellent professionalism by all the major industries in Thailand: from steel manufacturers to the sector of rubber and plastic polymers.
During the year, important job orders were completed on the local market and for international customers, the main direct current motors in Bangladesh (BSRM) arriving for complete rewinding, while the business of on-site service activities is growing.
This year, the company made notable progress, introducing various strategic products, from the construction of coils for the transversal flow system in collaboration with Danieli Rotelec to the production of special coils for the Q-One system in collaboration with Danieli Automation.
The company ended the financial year as at June 30, 2022 with turnover that had increased significantly, equal to 74.2 million THB, equivalent to 2.0 million euro (51 million THB, equal to 1.4 million euro in the 2020/2021 financial year), negative EBITDA of 4 million THB, equal to 0.1 million euro (positive EBITDA of 6.7 million THB, equal to 0.1 million euro in the 2020/2021 financial year).
The company's order book as at June 30, 2022 should generate a sufficient sales volume to expect a positive result for the next financial year.

Danieli China
Danieli China is a well-established business serving the local and international market, comprised of three independent companies, located strategically in the Beijing and Shanghai areas.

Danieli Metallurgical Equipment & Service (China) Co. Ltd. (People's Republic of China)
The company, with operating headquarters in Changshu – Jiangsu, has become the Danieli Group's foremost production centre in China with a surface area of over 90,000 sq. m for production and assembly activities using nearly 60 operating machines including boring machines, work centres and vertical lathes for high-precision machining.
Revenues were 2,275.9 million CNY, equivalent to 312.8 million euro (2021: 2,134.2 million CNY, equal to 270.3 million euro) and a net profit of 101.4 million CNY, equal to 13.9 million euro (2021: 82.3 million CNY, equal to 10.4 million euro).
Local production offers a wide range of products including EAFs, continuous castings, long and flat rolling mills, supply lines, extrusion presses, scrap recycling machines, where most of the high value components are manufactured in-house to ensure high quality standards.
This year, the company achieved a significant result in the plant sector and achieved a historic record for orders in the Chinese market. The company was awarded the first QSP by Chinese customer Yunan Yuxi Yukun Iron & Steel Group Co., Ltd., with the highest capacity in the world, equal to 4.6 million/year. The project is expected to begin in August 2023. From the same customer, Yukun, the company also received an order of 7 long rolling lines with advanced ultrafine granulometry technology for commercial steel production.
For the steel production sector, note that eight EAFs with an automatic scrap loading system (ECS) achieved a new record for sales.
The order book as at June 30, 2022, remains solid and is expected to generate a healthy volume of sales for 2022/2023 and a positive result also for next year.

Danieli High Technology (Changshu) Co. Ltd.
The company, based in Changshu, was established for the production of long cartridges for rolling mills, grinding machines for billets and slabs and scrap shredders.
The 2021/2022 financial year was the first year of full operation, with revenues that reached 135.8 million CNY, equal to 19 million euro, and a net profit of 0.9 million CNY, equal to 131 thousand euro.
For the next financial year, revenues and profit should remain stable thanks to a good level of job orders.

Sund Birsta Metallaurgical Equipment Co. Ltd. (Rep. Popolare di Cina)
Sund Birsta Metallurgical Equipment Co. Ltd. is based in Beijing and operates in complete autonomy directly following the Chinese market with the production of binding machines and compactors for high-quality, low-cost steel coils.
The company's revenues were 88.2 million CNY, equal to 12.1 million euro (85.9 million CNY in 2021, equal to 10.9 million euro) and with a significantly better result compared to previous years.
The company managed to:

- achieve ISO 9000 certification;
- carry out preparatory works for the creation of a service centre in the area of Shanghai.

Danieli India Ltd. (India)
The operating activities of the company were concentrated in the main facility in Sri City, in the south of India, while the technical offices are located in Chennai and Kolkata (formerly Calcutta). The company is active in the design and construction of plants for the steel industry, offering a complete range of products for the smelting of metals and casting machines on the hot and cold finishing lines, alongside auxiliary systems, based on customer requirements.
The Indian steel market is the company's main market, though it continues to have a significant presence also in other Asian countries.
A consistent portion of the revenues refers to the spare parts sector and after-sales services, which are constantly increasing in terms of volumes and turnover.
In the 2021/2022 financial year, the company achieved total revenues of 6,480.9 million INR, equal to 76.3 million euro compared to 4,679.2 million INR in the 2020/2021 financial year, equal to 53.2 million euro, thanks to the expansion of the steel industry in the area.
The company achieved a net profit during the year of 653.9 million INR (equal to 7.7 million euro) compared to a net loss of 337.8 million INR in the previous financial year (equal to 3.8 million euro), made possible by an efficient cost control, better use of the Sri City factory and the consequent improvement in the margins.
The company continues to support education in the local community by supporting the construction of local schools.

Danieli Centro Combustion India Pvt. Ltd. (India)
The company operates in India with full autonomy, providing local customers with reheating furnaces for long products, heat treatments, process lines for strip and bell furnaces, locally manufacturing all components required for the products offered.
The company ended the year with revenues of 344.7 million INR, i.e.4.1 million euro (2021: 416.4 million INR, i.e. 4.7 million euro) with a net profit of 44.5 million INR, equal to 0.5 million euro (2021: a profit of 28.0 million INR, i.e. 0.3 million euro). The drop in revenues during the year is mainly due to the substantial lack of company investments carried out in the area of reference in the two previous years.
The order book as at June 30, 2022, will generate a sufficient volume of sales for 2022/2023 and a positive result also for next year.

Danieli Engineering Japan Ltd. (Japan)
The company, which is based in Yokohama, Japan, achieved revenues for 393.6 million yen (equal to 3.0 million euro) (879.7 million yen equal to 6.9 million euro as at June 30, 2021). It has operated for 11 years in the Japanese market, ensuring primary project management with local customers, sales support and engineering development for the Group's product lines.
The company continues its consolidation in Japan with an interesting growth targeting high-tech products and is expected to acquire a good number of orders in 2022/2023.
The company's business is mainly focused on the development of the Q-ONE product for digital control of arc furnaces in Japan.
In addition to this product, Danieli Engineering Japan is negotiating many other opportunities for MI.DA technology and technology in rolling mills and casting systems.

Industrielle Beteiligung Company Ltd. (Vietnam)
The company is based in HoChiMin City, with a service centre located in Hai Phong, Vietnam.
The result at the end of June 2022 recorded revenues equal to 192,306.6 million VND, equivalent to 7.5 million euro (2021: 186,907.6 million VND, equal to 6.8 million euro), an increase on the previous financial year, mainly thanks to the increased workload of the technical office in the second half of the year.
Net profit came to 8,986.2 million VND, equal to 0.4 million euro (2021: 21,059.6 million VND, or the equivalent of 0.8 million euro), which was affected by the appreciation of the local currency against the euro, while revenues were mainly generated in euro, despite the company continuing to maintain a good performance of job orders and better cost management.
The company adequately managed the difficult situation caused by the pandemic during the first six months of the year, which negatively contributed in terms of workload due to the drop in investments in the steel sector in South-east Asia in that same period. In the second half of the year, despite market uncertainty and growing inflation, the demand for steel increased, mainly driven by construction activities, recovering from the delays due to the pandemic.
Despite the start of the new financial year being defined by the emerging rate of inflation and low demand in the local steel market, the business forecast for 2022/2023 remains positive, with a consistent volume of orders for the technical office and the service centre and a new contract, opportunities mainly for the second half of the year.
The company structure will be remodelled and upgraded with the objective to make the group even more cohesive and to confirm the primary and strategic role of Danieli Vietnam as a technological partner for customers in the region. Furthermore, its close relationship and collaboration with universities will continue in order to ensure a highly efficient organisation and to create and provide high-quality and innovative solutions, in line with the Group's vision and customer requirements.

Group companies – Middle East

Danieli Middle East for Engineering & Services LLC (Egypt)

This Cairo-based company operates in the local management of large projects and underwent a major restructuring during the period, ending the year with a loss. A further reorganisation of activities is expected in the next financial year to improve its operational efficiency in serving the Egyptian market and neighbouring areas.

Analysis of/commentary on the economic and financial position of the Danieli Group
At June 30, 2022, the main economic, equity and financial data were as follows:
– revenues: 3,619.0 million euro, an increase of 33% compared to the value of 2,725.5 million euro as at June 30, 2021;
– net profit for the period attributable to the Group: 218.7 million euro with an increase of 171% compared to the value of 80.2 million euro as at June 30, 2021;
– total shareholders' equity: 2,223.0 million euro with an increase of 206.7 million euro compared to the value of 2,016.3 million euro as at June 30, 2021;
– positive net financial position: 1,206.6 million euro up by 204.6 million euro compared to 1,002.0 million euro as at June 30, 2021, including the financial lease liabilities of 40.7 million euro as at June 30, 2022, following the application of the international accounting standard IFRS 16.

The Group order book is well-diversified by geographical area and by product type and as at June 30, 2022, amounted to approximately 5,052 million euro (of which 430 million euro in the special steel making segment) with a substantial improvement compared to 3,534 million euro as at June 30, 2021 (of which 622 million euro for special steels). The order book as at June 30, 2022 only includes the quotas to be completed of the orders received from Russian and Ukrainian customers that were already in force before the outbreak of the conflict. For more details, see the section on the Russian/Ukrainian conflict.
Moreover, some major contracts already signed with foreign customers are not included in the order book: they will come into force only upon completion of the engineering or with the finalisation of the related loan procedures.

The rationalisation process of management in the Plant Making sector continued strongly with a special attention to competitiveness in terms of innovation, technology, quality, efficiency and customer service, with:
– the research and production of innovative products with noble components mainly developed in Europe;
– the design and production of plants with consolidated technologies is carried out in the Asian factories, at a lower cost but with the same European quality, covering both the Western steel making market and the Asian one, which to date accounts for more than half of global steel production.
In the Plant Making segment, investments will be approximately 15-20 million euro per year for new operating machinery and updating of administrative and management software, in addition to those for research and innovation, which are still high, mainly due to the development of new green technologies to produce steel without CO2 and with low GHG emissions.

In the Steel Making sector, a new important investment plan is being launched, involving the construction of an innovative Digimelter at ABS in Pozzuolo del Friuli and a new MI.DA. mill at ABS Sisak, after having completed and successfully launched the new Quality Wire Rod Mill that allowed ABS to expand its range of high-quality products thanks to the use of innovative thermomechanical processes.
These plants are part of ABS's Vision 2.3 programme that includes around 650 million euro of investment in the medium to long term with the aim of increasing production volumes by approximately one million tonnes, with the distinction of being the only steelworks for the production of quality steels, with a product range from 5.5 mm to 500 mm in diameter at a single site, with all the savings on OpEx and logistics that this entails.
The objective is always to raise the technological competitiveness of ABS by increasing production quality and efficiency, reducing the cost of processing and improving the increasingly personalised customer service, rationalising and completing the product range to be able to directly export more than 50% of production.
The sale of the assets of German pipe manufacturer ESW Röhrenwerke GmbH continued during the period, whose operations were interrupted in late 2019, with the aim of completing its disposal by the end of 2022. The sale of land was contracted and insurance settlements collected during the period, linked to the damage caused by the flooding in July 2021 in the entire area of the town of Eschwailer.
The ABS Sisak plant in Croatia worked efficiently, using the new Digital Melter which improved the operating performance of the plants and further important investments are in progress during the 2022 summer shutdown to considerably increase billet production in coordination and synergy with the activities of the new rolling plant for quality wire rod started up by ABS SpA in Italy.

COVID-19 pandemic
As indicated in the Non-Financial Statement, the company continued to approach the COVID-19 issue with great care, promptly implementing in Italy (and at all foreign premises) all the necessary measures to limit any negative impact on its employees.
All Group plants remained open at all times and all subsidiaries in the EU, Asia and the USA continued their activities without any particular restrictions, while taking the utmost care to ensure the safety of their employees.
In the Plant Making sector, the pandemic caused several delays, albeit limited, in the performance of job orders as a result of slowdowns in transportation and the Chinese supply chain. However, this did not significantly interfere with the normal duration of projects in all the Group's main geographical markets.
On the other hand, in the Steel Making segment, the strong recovery in post-COVID-19 demand and the significant increase in the cost of raw materials brought strong impetus to the turnover and related margins in a market that was already attractive, with high volumes of shipments and a good level of orders, which definitely benefited the operating activities of the companies ABS SpA and ABS Sisak doo.

Russian/Ukrainian conflict
Russian military intervention in Ukraine and the consequent sanctions imposed on Russia by the EU generated an increase in the costs of energy factors, impacting only part of the result of ABS Steel Making as at June 30, 2022. However, if they continue over time, this could negatively impact upon the 2022/2023 financial year.
For the Plant Making sector, there are currently no active projects of significant value in Ukraine, while the ongoing projects with non-sanctioned Russian customers and for types of non-prohibited products (for a value of 160 million euro, equal to approximately 3% of the order book as at June 30, 2022), albeit all active, are experiencing slowdowns deriving from the financial restrictions imposed on the Russian banks, while projects with sanctioned Russian customers have been suspended.
Albeit with relevant uncertainties around the current geopolitical and economic environment, it is believed that the Group is not significantly exposed to risks arising from its activities in the Russian and Ukrainian markets, where a production value of 2.5% of the total realised by the Group as at June 30, 2022 was recorded during the year (approximately 102 million euro against 185 million euro in the year ended as at June 30, 2021). The contracts in progress in these markets do not have

material net exposure, the overdue receivables from customers not written down amounted to around 10 million euro and the Group's operations in these countries continues, albeit with slowdowns, merely to conclude the projects launched prior to the conflict subject to receipt of all the necessary authorisations. The orders acquired but not yet in force in the aforesaid markets amount to around 500 million euro, and have been excluded from the value of the order book as at June 30, 2022. The related advances already collected have been cut from the net financial position.
Management is continuously examining the various impacts of this situation on the Group as well as the system of sanctions activated by the EU and still evolving, though the potential negative impact will be more linked to fewer future commercial opportunities with the cooling off of the Russian market rather than the extraordinary expenses on existing projects, which are adequately hedged and secure.
The activities carried out by our design centre situated in Ukraine are currently suspended. However, even before the military conflict with Russia, personnel were mainly working remotely due to safety measures implemented as a result of the COVID-19 pandemic.
The activities at our plant in Russia, focused on spare parts, are currently continuing but to a very reduced extent. The total assets of these companies are equal to around 70 million euro and mainly refer to the buildings, warehouses and machine tools of the production site.
In addition to what has already been put aside in terms of write-downs and discounting of the assets related to specific projects, no further risks have been identified to the recoverability of the Group's assets exposed to the Russian and Ukrainian market and/or customers.

Highlights of the consolidated income statement as at June 30, 2022 and outlook

(millions of euro)	30/06/2022	30/06/2021	Variation
Revenues (*)	**3,619.0**	**2,725.5**	**33%**
Gross operating margin (Ebitda) (**)	**359.2**	**250.2**	**44%**
% of revenues	9.9%	9.2%	
Depreciation, amortization and net write-downs of fixed assets and receivables	(149.6)	(106.3)	
Operating income	**209.6**	**143.9**	**46%**
% of revenues	5.8%	5.3%	
Financial Income and charges	84.6	(11.0)	
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	2	-	
Profit before taxes	**295.8**	**132.9**	**123%**
Income taxes	(68.1)	(34.9)	
Net profit from continued operations	**227.7**	**98.0**	**132%**
Profit and loss deriving from discontinued operations	(8.6)	(17.6)	
Net profit for the period	**219.1**	**80.4**	**173%**
% of revenues	6.1%	2.9%	
(Profit)/loss attributable to non-controlling interests	(0.4)	(0.1)	
Net profit for the period attributable to the Group	**218.7**	**80.2**	**173%**
% of revenues	6.0%	2.9%	

(*) Including the amount reclassified in the consolidated financial statements of 18.0 million euro for supplies sold to the subsidiary ABS SpA, the value of revenues would be 3,637.0 million eur.
(**) The Gross Operating Margin (EBITDA) represents the operating profit as in the consolidated income statement, before depreciation, amortisation and write-downs of fixed asset and receivables.
The Gross Operating Margin (EBITDA) is used by the issuer to monitor and evaluate the performance of the Danieli Group, although it is not defined as an accounting measurement within IFRS. Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

The level of revenues of the Group rose by 33% compared to the previous year with higher turnover in the Plant Making sector and the Steel Making sector, which shows higher production volumes compared to 2020/2021 thanks in part to the good performance of the ABS Sisak plants that supplied billets to the new QWR wire rod mill at ABS SpA in Pozzuolo del Friuli, increasing the company's rolling capacity towards a high-quality premium product, especially for the European market.
Group EBITDA as at June 30, 2022, was 359.2 million euro, an increase of approximately 44% on the previous year, and margins were substantial compared to the turnover for the period, to cover the very high research and development costs incurred in the period.

Revenues for the Plant Making segment are consistent with the forecasts at the beginning of the year and derive from the compliance with the construction programmes contractually agreed with the customers, with an EBITDA of 166.4 million euro, better than the result for the 2020/2021 period, nevertheless recording several provisions made in the period against disputes related to the start-up of some innovative plants and the suspension of several projects in Russia and Ukraine.
Revenues for the Steel Making sector were significantly higher than the budget at the start of the year and show good margins (EBITDA of 192.8 million euro) thanks to the contribution of the new rolling mills now fully operational and which could only be maintained or improved in the next year with coordinated government intervention to normalise the energy costs that have fluctuated violently since the start of the year (also as a result of the restrictions on the supply of Russian gas). These costs are not easily nor immediately reversible in the selling prices, especially if the maximum prices per MWh reached in summer 2022 were to continue.
The production sold during the financial year by the Steel Making segment (ABS Group) reached approximately 1.3 million tonnes (up from last year), with the aim of maintaining or further increasing these volumes in the next financial year by bringing the activities of ABS Sisak in Croatia and the new wire rod and sphere mills at ABS SpA to maximum efficiency.
ABS S.p.A. provides high-quality products and delivery times in line with the best global producers, and its objective is to be the leading operator in Italy in the special steel sector and among the top three in Europe.
Therefore, the 2021/2022 financial year showed an increased consolidated operating profitability (EBIT) compared to the previous year even with some penalties for one-off negative factors but without particular restrictions on production as suffered previously due to the COVID-19 pandemic.
The performances of both the Plant Making (engineering and plant construction) and Steel Making segments (special Steel production) and keeping the order book at good levels mean positive results for next year and an improvement compared to 2021/2022.
In the Plant Making segment, a better operating result is expected in 2022/2023 with higher volumes and a better margin included in the order portfolio with an equal distribution throughout the main product lines (steelworks, long products and flat products), homogeneously in all geographical areas affected by our projects, and an improved contribution to the Group's operating profitability from the Parent Company Danieli & C Officine Meccaniche S.p.A.
In the Steel Making sector, a stable 2022/2023 is expected in terms of production volume, with higher efficiency in the processes thanks to the start-up of the new sphere mill and full operation of ABS Sisak, though the energy variable could impact negatively on production volumes and margins.
Thanks to investments made in both operating segments, the Danieli Group can offer its customers innovative and more environmentally-friendly products and an increasingly better service in terms of quality, price and delivery timeliness, operating with an organisation that aims to optimise company processes in order to reduce waste, striving for maximum customer satisfaction.
Lastly, liquidity management continued during the year in accordance with the usual low-risk and easy to realise investment principles, with higher average return both on investments in euro and on those denominated in foreign currencies (essentially in USD), with a positive effect on the income statement related to the alignment of the exchange rates to the exchange rates in force on June 30, 2022
Net financial income came to a negative 21.2 million euro (before exchange rate alignment) and includes the discounting charges calculated on financial receivables with the expectation of a long deferred payment while exchange rate management was positive for 105 million euro due to the strengthening of the US dollar against the euro as at June 30, 2022. Cash management was in any case handled prudently in the period, maintaining a high solvency profile while closing the year with a satisfactory net cash position, while the expectation for a gradual increase in the interest rates decided by the main central banks also led to predictions of a good financial result for 2022/2023 thanks to higher returns in the bond component of the portfolio.
Income taxes for the period amounted to 68.1 million euro (34.9 million euro in the previous year), essentially deriving from the application of ordinary taxation to the results of consolidated companies without the significant impact of other one-off items.
Net profit for the period attributable to the Group came to 218.7 million euro, more than double compared to 80.2 million euro as at June 30, 2021.

Summary of results by business segment

The results discussed above are broken down by business segment in the following table:

Revenues

(millions of euro)	30/06/2022	30/06/2021	Variation
Plant making (*)	1,940.8	1,788.7	9%
Steel making	1,678.2	936.8	79%
Total	3,619.0	2,725.5	33%

Gross operating margin (Ebitda)

(millions of euro)	30/06/2022	30/06/2021	Variation
Plant making	166.4	153.2	9%
Steel making	192.8	97.0	99%
Total	359.2	250.2	44%

Operating income

(millions of euro)	30/06/2022	30/06/2021	Variation
Plant making	93.0	100.7	-8%
Steel making	116.6	43.2	170%
Total	209.6	143.9	46%

Net profit for the period attributable to the Group

(millions of euro)	30/06/2022	30/06/2021	Variation
Plant making	129.3	62.6	107%
Steel making	89.4	17.6	408%
Total	218.7	80.2	173%

(*) Revenues would amount to 3,637.0 million euro for the Group and 1,958.8 million euro for the Plant Making segment, considering the value of internal constructions developed of 18 million euro related to the supplies sold to the subsidiary ABS SpA (classified as adjustment to costs).

Revenues by geographical area

The allocation of Group consolidated revenues by geographical area is as follows:

(millions of euro)	30/06/2022	%	30/06/2021	%	Variation
Europe	2,462.0	68%	1,635.3	60%	50.6%
Middle East	232.2	6%	282.8	10%	-17.9%
Americas	467.0	13%	436.3	16%	7.0%
South East Asia	457.9	13%	371.1	14%	23.4%
Total	**3,619.0**	**100%**	**2,725.5**	**100%**	**32.8%**

With regard to the Plant Making segment, the geographical distribution of revenues for the period reflects the target area of sales related to shipments made and includes the progress of equipment construction operations at our factories and the assembly and start-up activities carried out at our customers' sites on a worldwide basis.
On the other hand, the revenues of the Steel Making segment are concentrated in Italy and Europe and are included in the Europe geographical area, where they account for 46% of the total value of this area as at June 30, 2022, and for 34% of the total value of this area as at June 30, 2021.

Highlights of the reclassified consolidated balance sheet as at June 30, 2022

(millions of euro)	30/06/2022	30/06/2021
Investments	27.4	24.6
Net tangible and intangible fixed assets	1,013.8	993.7
Right of use	39.4	40.6
Net fixed assets	**1,080.6**	**1,058.9**
Working capital	16.3	33.2
Net invested capital	**1,096.9**	**1,092.1**
Group shareholders' equity	2,219.7	2,014.0
Non controlling interest in shareholders' equity	3.3	2.3
Total shareholders' equity	**2,223.0**	**2,016.3**
Provisions for risks and employee benefits	**80.4**	**77.7**
Current financial assets	(2,173.6)	(1,761.8)
Non-current financial assets	(0.2)	(0.2)
Current financial liabilities	813.9	415.1
Non-current financial liabilities	153.3	344.9
Positive net financial position	**(1,206.6)**	**(1,002.0)**
Total sources of funds	**1,096.8**	**1,092.0**

Net Invested Capital increased slightly compared to the previous year and Working Capital decreased, while the financial management of the period guaranteed adequate coverage of the investments completed in both operating segments.
This situation, with expectations of continuing positive economic and cash flows in the next few years, will allow the Group to quickly repay its debt to banks, which decreased during the period despite having supported new significant investments in particular in the Steel Making segment.

Analysis of the consolidated net financial position as at June 30, 2022

(millions of euro)	30/06/2022	30/06/2021	Variation
Non-current financial assets			
Other financial receivables	0.2	0.2	0.0
Total	**0.2**	**0.2**	**0.0**
Current financial assets			
Securities and other financial assets	657.5	688.9	(31.4)
Cash and cash equivalents	1,516.1	1,072.9	443.2
Total	**2,173.6**	**1,761.8**	**411.8**
Non-current financial liabilities			
Non-current financial liabilities	123.5	313.1	(189.6)
Lease liabilities non-current IFRS 16	29.8	31.8	(2.0)
Total	**153.3**	**344.9**	**(191.6)**
Current financial liabilities			
Bank debts and other financial liabilities	803.0	405.2	397.8
Lease liabilities current IFRS 16	10.9	9.9	1.0
Total	**813.9**	**415.1**	**398.8**
Current net financial position	**1,359.7**	**1,346.7**	**13.0**
Non-current net financial position	**(153.1)**	**(344.7)**	**191.6**
Positive net financial position	**1,206.6**	**1,002.0**	**204.6**

The net financial position remained strong, increasing nicely by 204.6 million euro compared to the value as at June 30, 2021
The net financial position was calculated by including, within "Bank debts and other financial liabilities", customer advance payments on job orders not yet in production, amounting to 400.6 million euro as at June 30, 2022 (174.8 million euro as at June 30, 2021). These amounts are still included as payables for construction contracts and customer advance payments in the consolidated balance sheet. As at June 30, 2022, liabilities, recognised during the year, were also included relating to deferred components of the price for an acquisition made in previous financial years for 11.6 million euro.

Customer advances on job orders in production, net of advances paid to suppliers, amounting to 843.9 million euro as at June 30, 2022, and 886.6 million euro as at June 30, 2021, are included in working capital as they are used to finance job orders in progress. The related amounts are always included as payables for construction contracts and customer advance payments in the consolidated balance sheet.
The diagram shown above includes all the components envisaged for the calculation of the net financial position as indicated in CONSOB communication no. 5-21 of April 29, 2021, which refers to ESMA guideline 32-382-1138. The item trade payables and other non-current liabilities envisaged by the aforesaid guideline, which is a significant component of implicit or explicit financing, is included in the column "Bank debts and other financial liabilities" as outlined in this section above.
For commentary on reverse factor operations, refer to note 18 in the explanatory notes to the consolidated financial statements.
The net financial position therefore remained positive as at June 30 reaching the amount of 1,206.6 million euro. This amount is still important, affected partly by advances collected on current contracts and partly by a careful financial management of production on job orders, enabling the Group to finance the important investments in research and development in the Plant Making segment as well as those for the new QWR mill started up in the financial year in the Steel Making segment.
By maintaining this level of cash, the Group can meet without financial stresses the new technological challenges of building plants with high innovative content, by independently covering all extraordinary expenses that may arise from technical difficulties during their start-up.

Key consolidated financial ratios

Profitability Ratios	Description	30/06/2022	30/06/2021
ROE	Net profit for the period attributable to the Group / Group shareholders' equity	9.9%	4.0%
ROI	Operating income / Net invested capital	19.1%	13.2%
	Gross operating margin (Ebitda) / Total shareholders' equity	16.2%	12.4%
	Gross operating margin (Ebitda) / Financial charges (*)	6.74	24.86
	Gross operating margin (Ebitda) / Operating revenues	9.9%	9.2%
	Gross financial indebtedness (**) / Gross operating margin (Ebitda)	1.46	2.17
ROS	Operating income / Operating revenues	5.8%	5.3%
Financial charges over turnover	Financial charges / Revenues	1.5%	0.4%

Capital ratios	Description	30/06/2022	30/06/2021
Debt to equity ratio	Gross financial indebtedness / Total shareholders' equity	43.5%	37.7%
Financial independence	Total shareholders' equity / Total Assets	36.1%	37.0%
Primary structural margin	Total shareholders' equity / Non-current assets	171.1%	160.0%
Secondary structural margin	Total shareholders' equity+Non Current Liabilities / Non-current assets	191.5%	195.5%
Current ratio	Current assets / Current liabilities	132.4%	140.3%
Quick ratio	Current assets -Inventories / Current liabilities	92.8%	90.8%

(*) net of interests on discounting operations
(**) excluding advances on job orders not yet in production and indebtedness in accordance with IFRS 16

Profit indicators	30/06/2022	30/06/2021
Revenues per employee (thousands of euro)	**397.9**	**314.4**

Note that the figures used to calculate the performance ratios shown above do not always constitute standard measurements in the context of the Group's accounting policies.
Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

Statement of changes in net financial position

The statement of changes in net financial position confirms the Group's ability to generate significant positive cash flows from operations, which were only partially absorbed during the financial year to cover disbursements on investments made, with a decrease in working capital by 34.0 million euro (an increase of 18.7 million euro in the previous year). The cash flow generated from operating activities amounted to 267.6 million euro (279.9 million in the previous period) and allowed the financial coverage of net operating investments of 69.6 million euro (177.9 million euro as at June 30, 2021). Hence, a final net cash increase, after financing operating investments, of 198.0 million euro (102.0 million euro as at June 30, 2021).
The total positive change in the net financial position, up by 204.6 million euro, in any case includes the outlay for the payment of dividends in November 2021, amounting to 13.4 million euro.

(millions of euro)	30/06/2022	30/06/2021
Initial positive net financial position	**1,002.0**	**903.2**
Profit before taxes	287.2	115.2
Adjustment for the determination of cash flows from operations		
Depreciation, amortisation and other non-monetary components	152.7	134.9
Losses/(gains) on disposal of property plant and equipment	(2.3)	(1.3)
Net financial charges/(income) for the period	(84.6)	11.0
Gross cash flow from operations	**353.0**	**259.8**
Net change in working capital	(34.0)	18.7
Collected (paid) interest and income taxes	(51.4)	1.4
Cash flow generated /(absorbed) by operating activities	**267.6**	**279.9**
Investments in tangible and intangible assets	(112.9)	(141.3)
Application of IFRS 16 - Right of use	(12.9)	(10.8)
Equity investments	(1.6)	(8.9)
Realised foreign exchange losses/(gains)	86.7	(32.2)
Disposals of tangible and intangible fixed assets	8.9	7.5
Changes in fair value of financial instruments measured at equity	(37.8)	7.8
Cash flow generated/(absorbed) by investing activities	**(69.6)**	**(177.9)**
Free cash flow	**198.0**	**102.0**
Other changes in net financial position		
dividends to parent company shareholders	(13.4)	(11.1)
Changes in balance sheet items due to exchange rate translation	20.0	7.9
Total	**6.6**	**(3.2)**
Total change in net financial position in the period	**204.6**	**98.8**
Final positive net financial position	**1,206.6**	**1,002.0**

Investments and research activities

The main investments in tangible and intangible fixed assets in the period, totalling 113.6 million euro, were as follows:

- 71.4 million euro in the Steel Making segment are mainly related to the completion of the new liquid steel treatment furnace, the new sphere mill and the one for wire rods (QWR) that will guarantee greater flexibility, diversification and efficiency in steel production, by expanding the range of products offered with improvements to their quality, together with a careful environmental management of all phases of production;
- 42.2 million euro in the Plant Making segment for new automatic machine tools installed in Italy and in production facilities abroad, with the aim of improving efficiency and increasing the manufacturing capacity of our plants.

During the period, the Group moved ahead with research programmes initiated in previous years, with a view to providing customers with new-technology plants capable of superior quality output and lower investment (CapEx) and production costs (OpEx). This process involved expenditure of approximately 25 million euro for direct and indirect research activities (almost entirely supported by the Plant Making segment for approximately 2% of the relevant turnover), with the management of a volume of innovative projects of approximately 150 million euro (approximately 8% of the turnover of the Plant Making segment).

Analysis of/commentary on the economic and financial position of Danieli & C. Officine Meccaniche S.p.A.

Highlights of the income statement as at June 30, 2022

(millions of euro)	30/06/2022	30/06/2021	Variation
Revenues	**872.6**	**927.2**	-6%
Gross operating margin (Ebitda) (*)	**11.5**	**17.6**	-35%
% of revenues	1.3%	1.9%	
Depreciation, amortization and net write-downs of fixed assets and receivables	(28.6)	(20.9)	
Operating income	**(17.1)**	**(3.3)**	-418%
% of revenues	-2.0%	-0.4%	
Financial Income and charges	59.0	3.5	
Profit before taxes	**41.8**	**0.2**	20800%
Income taxes	(12.0)	2.7	
Net profit for the period	**29.8**	**2.9**	928%
% of revenues	3.4%	0.3%	

(*) The Gross Operating Margin (EBITDA) represents the operating profit as in the income statement, before depreciation, amortization and net write-downs of fixed assets and receivables.
The Gross Operating Margin (EBITDA) is used by the issuer to monitor and evaluate the performance of the Danieli Company and Group, although it is not defined as an accounting measurement within IFRS. Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

Revenues for the year were 6% lower than in the previous year, with the gross operating margin for the period also lower than last year.
The financial year shows net operating income that is still negative, having absorbed the lack of progress of several important orders with Russian and Ukrainian customers stopped by financial restrictions imposed by EU sanctions, despite regular development of other orders with no unexpected additional costs. The net financial income was positive and contributed 20.2 million euro, having also benefited from active exchange rate management in the period, essentially due to the alignment of receivables, payables and other financial assets expressed in US dollars to the year-end exchange rate.
Cash continued to be managed prudently to allow the financial coverage of investments while maintaining reasonable subcontractor payment times, with a significant improvement in the year-end net financial position.
The financial year closed with a profit of 29.8 million euro, compared to the profit of 2.9 million euro as at June 30, 2021, net of the tax burden related to the composition of the relative tax base.

Highlights of the reclassified balance sheet as at June 30, 2022

(millions of euro)	30/06/2022	30/06/2021
Investments	1,170.8	1,170.8
Net tangible and intangible fixed assets	76.5	71.2
Right of use	8.8	9.9
Net fixed assets	**1,256.1**	**1,251.9**
Working capital	(285.0)	(169.0)
Net invested capital	**971.1**	**1,082.9**
Total shareholders' equity	**829.0**	**811.8**
Provisions for risks and employee benefits	39.6	37.3
Current financial assets	(564.1)	(392.6)
Non-current financial liabilities	66.8	201.3
Bank debts and other financial liabilities	599.8	425.1
Net financial position	**102.5**	**233.8**
Total sources of funds	**971.1**	**1,082.9**

The Net Invested Capital decreased compared to the previous year reflecting the change in working capital deriving from the collection and absorption of advance payments from customers on job orders in progress and the substantial stability of the other components of working capital (trade receivables, inventories and trade payables).
The net financial position as at June 30, 2022, negative for 102.5 million euro, was determined including financial receivables and payables from/to Group companies.

Analysis of the net financial position as at June 30, 2022

(millions of euro)	30/06/2022	30/06/2021	Variation
Current financial assets			
Securities and other financial assets	10.5	5.1	5.4
Cash and cash equivalents	553.6	387.5	166.1
Total	**564.1**	**392.6**	**171.5**
Non-current financial liabilities			
Non-current financial liabilities	59.0	192.6	(133.6)
Lease liabilities non-current IFRS 16	7.8	8.7	(0.9)
Total	**66.8**	**201.3**	**(134.5)**
Current financial liabilities			
Bank debts and other financial liabilities	598.3	423.5	174.8
Lease liabilities current IFRS 16	1.5	1.6	(0.1)
Total	**599.8**	**425.1**	**174.7**
Current net financial position	**(35.7)**	**(32.5)**	**(3.2)**
Non-current net financial position	**(66.8)**	**(201.3)**	**134.5**
Net financial position	**(102.5)**	**(233.8)**	**131.3**

The net financial position includes, as “Bank debts and other financial liabilities”, customer advance payments on job orders not yet in production amounting to 6.4 million euro, which amounted to zero as at June 30, 2021. These amounts are included in the balance sheet as other current liabilities in the item payables for construction contracts and customer advance payments.
Customer advances on job orders in production (including those from Group companies), amounting to 457.5 million euro as at June 30, 2022, and to 321.2 million euro as at June 30, 2021, respectively, are included in working capital as they are used to finance jobs in progress. These amounts are still included as payables for construction contracts and customer advance payments in the balance sheet.
The net financial position as at June 30, 2022 amounted to minus 102.5 million euro, with an increase of 131.3 million euro compared to the previous year; the position is expected further to improve next year, thanks to the flow of collections expected during the 2022/2023 financial year. Maintaining an adequate gross level of cash enables the company to suitably meet the technological challenges associated with the supply and start-up of innovative plants, with the ability to independently meet all extraordinary expenses associated with any technical difficulties.

Key financial ratios

Profitability Ratios	Profitability Ratios	30/06/2022	30/06/2021
ROE	Net profit for the period / Total shareholders’ equity	3.6%	0.4%
ROI	Operating income / Net invested capital	-1.8%	-0.3%
	Gross operating margin (Ebitda) / Total shareholders’ equity	1.4%	2.2%
	Gross operating margin (Ebitda) / Financial charges (*)	0.50	15.66
	Gross operating margin (Ebitda) / Operating revenues	1.3%	1.9%
	Gross financial indebtedness (**) / Gross operating margin (Ebitda)	48.78	34.64
ROS	Operating income / Operating revenues	-2.0%	-0.4%
Financial charges over turnover	Financial charges / Revenues	2.64%	0.13%

Indici patrimoniali	Descrizione	30/06/2022	30/06/2021
Debt to equity ratio	Gross financial indebtedness / Total shareholders’ equity	80.4%	77.2%
Financial independence	Total shareholders’ equity / Total Assets	29.6%	31.9%
Primary structural margin	Total shareholders’ equity / Non-current assets	59.7%	58.9%
Secondary structural margin	Total shareholders’ equity+Non Current Liabilities / Non-current assets	67.8%	76.4%
Current ratio	Current assets / Current liabilities	75.9%	78.2%
Quick ratio	Current assets-Inventories / Current liabilities	58.4%	58.9%

(*) net of interests on discounting operations
(**) excluding advances on job orders not yet in production and indebtedness in accordance with IFRS 16

Profit indicators	30/06/2022	30/06/2021
Revenues per employee (thousands of euro)	**379.9**	**412.6**

Note that the figures used to calculate the performance ratios shown above do not always constitute standard measurements in the context of the company’s accounting policies.

Management of business risks

The Danieli Group carries out a continuous monitoring of business risks for all corporate functions by carefully managing them, in accordance with risk management methodology and principles, in order to identify, reduce and eliminate risks and thereby safeguard shareholders' rights.

Considering the different operations between the Plant Making and Steel Making sectors and the specific risk profiles of the individual production processes, the Board of Directors defines the nature and level of risk compatible with the Group's short and medium/long-term strategic objectives.

The centrally identified guidelines are valid for both business segments of the Danieli Group (Plant Making and Steel Making) and are followed with a view to standardising and coordinating Group policies.

The main industrial risks monitored by the Danieli Group are the following:

– risks related to the general state of the economy;
– risks related to COVID-19;
– risks related to market conditions;
– risks related to commodity prices (energy and raw materials), the cancellation of job orders and relations with suppliers;
– risks related to climate change and the environmental policy adopted;
– risks related to human resources, to Occupational Health and Safety;
– risks related to cybersecurity;
– risks related to compliance, management and taxation.

For information on financial risks, see the section "Management of financial risks" in the "Explanatory notes" to the consolidated financial statements.

MAIN RISKS		MITIGATING ACTIONS
Risks related to the general state of the economy	During the financial year ended as at June 30, 2022 the financial markets were characterised by growing interest rates and a depreciation of the EUR-USD exchange rate of approximately 10% in favour of the latter compared to June 30, 2021. Real economic performance on a global basis was affected from 2022 by high inflation, mainly caused by the increase in the cost of production and energy factors. The monetary policies implemented by the central banks of the main industrialised countries became more restrictive, while maintaining support for the economies most affected by production restrictions, the fall in consumption caused by COVID-19 and the energy crisis caused by the Russian/Ukrainian conflict. The increase in the rates will penalise the trend of sovereign debt in Italy, which nevertheless remains under control essentially due to corrective measures promoted by the European Central Bank. The bank credit market therefore looks to be evolving, especially in the USA and EU, with possible positive developments in the global macroeconomic context with the exception of negative effects (of a yet unforeseeable extent) linked to the ongoing Russian/Ukrainian conflict.	The earnings and finances of the Danieli Group continue to remain solid, balanced and diversified with product lines and operating activities present in various sectors (steel, plants, energy and finance), nevertheless affected by the various macroeconomic situations of the markets it serves around the world. This solidity represents an element of mitigation of the risk related to the current macroeconomic context that allows the Group to face with reasonable serenity the challenges that this context entails. The current negative evolution of the macroeconomic environment in 2022 due to the energy crisis in the EU could negatively affect the strategies and outlook of the Danieli Group, in particular for the Steel Making segment, which is more sensitive to short-term changes. The Plant Making segment, on the other hand, which operates in job orders extending over several years, is able to plan production over the long term and thereby reduce the short-term impact of market volatility. The economic slowdown in recent years related to the pandemic effects of COVID-19 practically disappeared during 2021/2022, with us now seeing for 2022/2023 an economic boost generated by the sustainable development plans launched by the EU, China and the USA to support the decarbonisation of production, generating positive effects for all economic sectors, including steel-related ones over a time horizon of at least two years. As regards the Russian/Ukrainian conflict, refer to the dedicated section in the Directors' Report.

MAIN RISKS		MITIGATING ACTIONS
Risks related to COVID-19	The effect of COVID-19 on the Group's results remained limited despite the issues related to increases in costs incurred for the transport of raw materials with longer delivery times.	The Group approached and continues to approach the COVID-19 issue with great care, implementing in Italy (and at all foreign premises) all the necessary measures to limit any negative impact on its employees in accordance with the local regulations of reference. The production sites remained open at all time and we continue to adopt prudent conduct in line with the recommendations defined by best practices. Business trips are limited to those that are strictly necessary and smart working is used where possible and recommended. This made it possible to effectively limit infections during the period, leading to a near normal and regular performance of work activities.
Risks related to market conditions	This risk consists of the possibility that there may be no demand from the market for Danieli products, either for technological reasons or because of financial problems.	The Danieli Group's constant focus on the research and development of new solutions to propose to customers to promote decarbonised and environmentally sustainable production while operating with ever better production efficiency is one of our and our products' major strengths. Group Management continuously monitors these aspects so as to safeguard our leadership position. The Danieli Group operates in the engineering and plant making business and in the special steel making business through its subsidiaries ABS S.p.A. and ABS Sisak d.o.o. Manufacturing operations in the Danieli Group are certified to ISO 140001 and ISO 9001 and involve a continuous process of identifying, managing and mitigating the price risk that might have an impact on the Group's performance: • in the Plant Making segment, purchases of the main components used in the facilities due to their nature and/or because of long delivery times are always managed by ordering them as soon as the job orders are effective to fix prices immediately, avoiding unexpected market fluctuations; • in the Steel Making segment, procurement of scrap, ferroalloys and energy is carefully planned to correlate purchases and production with orders received from customers in order to reduce any price imbalances between purchases and sales with the agreed adjustment mechanisms.

MAIN RISKS		MITIGATING ACTIONS
Risks associated with commodity prices, the cancellation of job orders and relations with suppliers	The Danieli Group results can be significantly affected by fluctuations in commodity prices, in particular in the steel making segment, but also in the plant making segment, insofar as they affect the cost of completing job orders.	Management at Group level carries out an ongoing process of identifying, managing and mitigating price, compliance, commercial and reputational risks related to shortcomings in the pre-qualification or performance of technically and qualitatively inadequate suppliers. In the Steel Making segment, purchases of all production components subject to possible unexpected fluctuations (energy, electrodes, etc.) are carefully managed and selling prices include a variable component related to scrap and ferroalloy price trend, which substantially limits commodity price risk. However, the sudden and severe increase in gas prices in recent months and the related cost of energy led to tensions on the market and difficulties in the formation of prices, showing a clear need for coordinated intervention from the European supervisory authorities to define price caps. Demand is nevertheless still good and, albeit with some delays, the higher energy costs are expected to be passed on to selling prices, thus easing pressure on the sales margins. In the Plant Making segment, the management of each project is always structured to align the “expenditure curve” with the “receipts curve”, at least to limit financial imbalances in the event a job order is cancelled; in addition, for unusual projects in terms of type or geographical area, suitable insurance or financial coverage is taken out to ensure the continuity of the project at all times. The Danieli Group is active in several markets around the world. Operating mainly to job order, for each individual contract it sets up a policy for the management of subcontract price volatility, negotiating orders with deliveries exceeding six to eight months as soon as job orders are effective and, in any case, being able to count on a significant manufacturing capacity of its own located throughout the world, guaranteed by its factories in Italy, Thailand, India, Russia, Austria and China.

MAIN RISKS		MITIGATING ACTIONS
Risks related to climate change and the environmental policy adopted	Countries and companies around the world are being called upon to consciously assess and manage the risks related to climate change. The company’s activities are also subject to many national and international environmental protection laws and regulations.	In December 2015, 190 states signed the Paris COP21 treaty with the primary objective of containing the increase in global warming, keeping it below 2°C above pre-industrial levels as a long-term goal. Subsequently, governments agreed to limit the temperature increase to 1.5°C, with a shorter time limit, to curb irreversible consequences on ecosystems. In November 2021, COP26 was held in Glasgow, where, compared to previous meetings, the context widened and the climate emergency became one of the global priorities. Targets were defined to reduce net global emissions to zero by 2050 and limit the temperature increase to 1.5°C. Therefore, there has been decisive determination to invest the necessary resources to revolutionise the entire economic structure. The risk arising from climate change is twofold: • a physical risk, namely that the company assets could be affected by natural events (flooding, drought, rising sea levels, fire) generated by the side effects of rising temperatures and • a transition risk, related to the evolution from the current situation to the prospective situation (with consequent impact on technology, market change and reputation). To mitigate this risk, the Group is working to reduce greenhouse gas (GHG) emissions by supporting the use of renewable energy and developing new technologies to reduce consumption in both the Steel Making and Plant Making segments, where research into new technological solutions is vital in order to be competitive in the market. But, at the same time, the aim is also to adapt to climate change in order to be able to anticipate its negative effects using appropriate measures and to prevent or minimise the damage that may result. Note that for the Steel Making segment, in particular, the adopted environmental policy complies with and often goes beyond the currently required standards. Steel Making produces steel in a sustainable way and works to maintain a constant improvement in the environmental performance of its processes and products while maintaining an important focus on the social aspects of management.

MAIN RISKS		MITIGATING ACTIONS
		The ABS steelworks has received a favourable opinion for the issue of the AIA integrated authorisation, and continues the production of Ecogravel (the EC certified material that — in terms of circular economy — is an excellent substitute for quarry materials used for roadbeds and civil works), confirming the validity of this initiative. Also in the Plant Making segment, developments in environmental policy is seen as an opportunity rather than a risk: it is precisely with the development of more stringent regulations and requirements that concepts such as SustSteel and GreenSteel are being applied, with which the company is exploring new markets by promoting its internally developed technologies and innovative plants using direct reduction technology (DRI) and digital electric furnaces (Digital Melter). Danieli is a world leader in offering plants that produce steel without using coal and with very low CO2 emissions. The impact is that the ecological transition — now necessary across the globe — represents a market opportunity for Danieli for supplying plants that, thanks in part to new patented technologies, have a low carbon footprint. In 2020, the new Dan Green department was established at the Danieli research centre. It aims to find increasingly more innovative solutions with an extremely low environmental impact. In 2021, alongside the other Danieli product lines, the specialists contributed to the verification and calculation of the Danieli plant emissions, also achieving Scope 3 certification from an official external assurance body. This helped to offer certified know-how to customers, who can monitor their environmental aspect reliably. Danieli is part of the programme promoted by the Science-Based Targets initiative (SBTi) to identify its targets to reduce short and long-term emissions. In 2019, it had obtained approval of the near-term objectives in line with the Well Below 2°C trajectory. Furthermore, in November 2021, Danieli sent a Net Zero commitment letter to SBTi, namely to reduce CO2 emissions to zero by 2050 as well as to maintain the trajectory below 1.5°C by 2030. The validation process ended in August 2022 with full recognition of the scientific validity of the process to achieve our targets.

MAIN RISKS		MITIGATING ACTIONS
		In early 2022, Danieli was recognised as a Supplier Engagement Leader (rating A) by the Carbon Disclosure Project (CDP) for its commitment to emission reduction initiatives to offset climate change and move towards a decarbonised economy and sustainable steel production that ethically involves the entire related supply chain in the process. In addition, in late 2021 Danieli entered the Leadership band for Climate Change (rating A-) for the first time thanks to its environmental policies, effective communication of emissions measurements and management strategy for risks and opportunities associated with the effects of climate change. Danieli has been a signatory of the UN Global Compact (UNGC) since 2020, confirming its commitment and shared need to promote and achieve the 17 sustainable development goals (SDGs) promoted by the United Nations. In late 2021, Danieli sent its first Communication on Progress (COP) to the United Nations, obtaining Active Global Compact status and reporting on its policies to pursue the UNGC goals and principles. In 2021, the first certified Non-Financial Statement was prepared on a voluntary basis by the company ABS S.p.A. ABS S.p.A. represents the largest portion of CO2 emissions of the Danieli Group and is carrying out a life cycle assessment with investments to gradually reduce all GHG emissions.
Risks related to human resources, to Occupational Health and Safety	The Group identified the risk of failing to make the most of human capital and poor management of processes aimed at protecting occupational health and safety.	As part of the human resource department, the Group worked to manage normal turnover (with an improvement in education level and a decrease in average employee age), but also to adapt personnel to market requirements related to the rationalisation of the activities in Italy and in other operating units in Europe and in South-east Asia, keeping production shifts in line with the current demand for plants. Work also continued on training and motivating executive managers to ensure efficiency and continuity of operations, in the context of a difficult market caused by general reduction in consumption. At ABS especially but at all other Group companies as well, measures have been taken to reduce injury risks by implementing adequate policies for the management and preventive maintenance of plants with a view to pursuing safety levels in line with the best industrial practices, and by using the insurance market to make sure our units are well protected even in the event construction is halted, against third-party liability and/or as part of the responsibility of directors towards shareholders/creditors. Health and safety compliance at production units and construction sites are the main operational areas where the company developed procedures and processes for the systematic mitigation of related risks.

MAIN RISKS		MITIGATING ACTIONS
Risks related to cybersecurity	The Group has mapped the cybersecurity risks related to the management of computer processes used in operating and management activities.	The topic of IT risks was explored with the help of the external consulting company Accenture, appointed by the Group to implement the cybersecurity programme following a specific assessment, identifying the areas of intervention and defining a roadmap with a time frame of 36 months and the use of around 45 full-time employees dedicated to the prevention of hardware risks within the Group. The intervention times defined in the roadmap developed with the help of Accenture are in line with the risk index for the critical issues detected. Maximum attention is paid to the subject and the cyber risk oversight function operates with great flexibility, with access to a significant annual budget in light of its continuous evolution. The Group uses many tools (software and hardware) to mitigate the risks and outsources several activities to third parties specialised in the research, prompt identification and verification of anomalous behaviours. Periodic reports are prepared and submitted to the CEO. In the upcoming months/years, the Group will implement an even more refined Network Access Control (NAC) system to prevent access to the Group's network using external devices.
Risks related to compliance, management and taxation	The Group is subject to the risk of fraud or illegal activities.	As part of corporate governance, the Group adopted protocols, procedures and operating practices to prevent the risk of corruption and anti-money laundering by defining the guidelines of behaviour and the control measures of active and passive processes potentially involved (in the sales process and in procurement) in accordance with international best practices. In the area of tax risks, note that the Parent Company substantially closed with integrated tax returns all findings present in the report (on the 2013/14, 2014/15 and 2015/16 financial years) delivered at the end of December 2018, covering nearly 100% of the findings disputed (initially approximately 2 million euro net of losses that can be carried forward) by the Trieste Revenue Agency. No disputes remain open.

MAIN RISKS		MITIGATING ACTIONS
		The recourse related to the appeal submitted by the Trieste Revenue Agency to the Regional Tax Commission against the judgment of the Provincial Tax Commission totally in favour of the Parent Company, for the only dispute of a significant amount (with a dispute of around 14 million euro) between the Parent Company Danieli & C. Officine Meccaniche S.p.A. and the Trieste Revenue Agency relating to the (alleged) non-existence of some supply costs was still pending as at June 30, 2022. The enacting clause of the judgment of first instance was, however, very clear and pointed out the correct behaviour of the company in this regard and allowed in September 2022 for a conciliative solution to be found with the Agency, closing also this dispute with an expense for the company of around 1 million euro. On February 26, 2021, the Court of Appeal of Trieste ruled that the Chairman and the Manager in charge of the Group had been acquitted "because the fact does not exist" in relation to the allegation of foreign ownership of the Group's Luxembourg companies. The Court of Appeal also confirmed in the second instance the acquittal of the Chairman, the Manager in Charge and other former managers of the Group already obtained in the first instance regarding the allegation of fraud due to the "non-existence" of costs incurred in foreign sites for which the aforementioned tax dispute is now being closed. The judgment reformed what had been previously decided in October 2018 by the Court of Udine, which had instead convicted the defendants with regard to the offence of "esterovestizione" (setting up foreign companies to evade taxes) of the Luxembourg subsidiaries, a case for which the competent tax commission had instead ruled in favour of the company and then definitively closed in part with self-defence (without the payment of taxes) and in part with settlement to the Revenue Agency. On December 20, 2021, the acquittal ruled by the Court of Appeal of Trieste became irrevocable and the case was closed with the final, total and definitive acquittal of the aforementioned defendants.

Atypical and unusual transactions
There were no significant atypical or unusual transactions during the year.

Treasury shares
As at June 30, 2022, the company held 3,255,603 ordinary shares and 3,953,863 savings shares with a par value of 1 euro each, for a total par value of 7,209 thousand euro (8.87% of the share capital). No further treasury shares were purchased during the period.

Secondary headquarters
Pursuant to Art. 2428 of the Italian Civil Code, the Parent Company declares that it does not have any secondary headquarters.

Management and coordination
Danieli & C. Officine Meccaniche S.p.A. is not subject to management and control activities by companies or organisations and determines its own strategic, general and operating policies on a wholly independent basis.
Pursuant to Art. 2497-*bis* of the Italian Civil Code, the Italian companies controlled directly or indirectly, except for particular cases, identified Danieli & C. Officine Meccaniche S.p.A. as the body that exercises the activity of management and coordination. This activity consists in indicating Group strategic, general and operating policies and is achieved by defining and adapting the internal control system and corporate governance model and company structures, by issuing a Code of Ethics adopted at Group level and by formulating general policies for managing human and financial resources, procurement of production components, and marketing and communication.
The above enables the subsidiary companies, which retain full responsibility for their own managerial and operating independence, to achieve economies of scale, taking advantage of the skills and specialist services with increasing quality levels, and to concentrate their own resources on the management of their core business.

Statement pursuant to Art. 2.6.2 of the Italian Stock Exchange Regulations
Pursuant to Art. 2.6.2 of the Italian Stock Exchange Regulations, to comply with the terms of Art. 36 of CONSOB Market Regulation no. 16191/2007, the company, as the parent of companies established and governed under the laws of countries outside the European Union, declares that:
1. it has made available to the public (as indicated in the provisions set forth in Part III, Title II, Chapter II, Section V of the regulations adopted by CONSOB with Resolution 11971/1999, as amended) the financial statements of its subsidiaries as prepared for drawing up these consolidated financial statements, including at least the balance sheet and income statement;
2. it has acquired from the subsidiaries the Articles of Association and the composition and powers of company boards;
3. it has verified that the subsidiaries have a suitable administration and accounting system for sending, in a timely manner, the necessary profit and loss, balance sheet and financial data to the parent company's management and external auditors for preparation of the consolidated financial statements.

Governance
The "Report on Corporate Governance and Ownership Structure" (hereafter, the Report) required by Art. 123-*bis* of Italian Legislative Decree no. 58/1998 of the Consolidated Finance Act is an independent document approved by the Board of Directors on September 27, 2022 and published on the authorised storage system SDIR & STORAGE, www.emarketstorage.com, and on the company's website, www.danieli.com, in the section "Investors – Corporate documents".
The Report was prepared in compliance with the spirit of transparency and correctness inspired by the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., even though the Company, in 2010, decided not to continue to adopt it.
The Report provides a general and complete picture of the adopted corporate governance system: it describes the profile of Danieli & C. Officine Meccaniche S.p.A. and its guiding principles; it discusses the ownership structure and the main governance practices followed, including the main characteristics of the internal control and risk management system; and it describes the functioning and composition of the governing and control bodies and their committees, roles and responsibilities. It also presents the procedures adopted with regard to transactions involving interests of directors and statutory auditors and transactions with related parties, whose Regulations are available on the company's website in the section "Investors – Corporate documents", and the policy for communications with institutional investors and shareholders, and for the management of corporate information. The values and criteria used to determine the directors' fees are disclosed in the "2022 Report on remuneration policy and fees paid", prepared in accordance with Art. 123-*ter* of Italian Legislative Decree 58/1998 and Art. 84-quarter of the CONSOB Regulations for Issuers, and published online in the section "Investors - Corporate documents" of the company's website.
The Independent Auditor appointed by the Shareholders' Meeting of October 26, 2018, for nine years from July 01, 2019 to June 30, 2028, is Deloitte & Touche S.p.A.

The fees paid to the independent auditor are those approved by the shareholders' meeting of October 26, 2018; only in case of new acquisition or transfers, they can be revised.
For the audit of the financial statements as at June 30, 2022, the consolidated consideration accrued as a whole by Deloitte & Touche S.p.A. and by its network for the external auditing activity was 816 thousand euro. The same network was recognised in the financial year 177 thousand euro for other audit activities and consulting activities.

Remuneration
The company's remuneration policy provides for a fixed fee for the members of the Board of Directors, except for any Extraordinary Bonuses for the Managing Directors against well-defined objectives to be approved by the Board of Directors itself while it envisages, for key management personnel, a fixed remuneration with an additional variable component (according to Management By Objectives) related to the results achieved compared to previously agreed objectives, which does not however exceed 30% of the salary.
Considering the size of the Group and its operating structure, the use of a Remuneration Committee for regulating this matter was not envisaged, assigning this task to the Human Resource Management with the help, if necessary, of the Executive Committee as a leaner and more efficient operating body (for further details, see the Report on Remuneration approved by the Board of Directors dated September 27, 2022).

Events that occurred after the end of the financial year
In a world steel market which is still strong, albeit weakened by the high cost of the energy factors, company operations continued with no significant events occurring since June 30, 2022.
Alignment of currency items to the exchange rate prevailing on September 27, 2022 would have resulted in an increase of approximately 65 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2022.
Except for what has already been discussed, no other events occurred after June 30, 2022, which could have had an impact on the economic, equity and financial position as shown in the balance sheet, the income statement and statement of comprehensive income at said date, or required further adjustments or additional notes to the consolidated financial statements and to the separate financial statements.

Outlook
We believe that, in the second half of 2022, the world economy will show positive growth as a result of the consolidation of the recovery generated by overcoming the COVID-19 emergency, with a cooling off in the EU due to energy costs but an improvement in late 2022, then in 2023 in Asia and the rest of the world.
The new world balances that are forming as a result of the Russian/Ukrainian conflict are defining an unprecedented normalisation of the economy and international trade in two opposing and parallel blocks, with an acceleration in the economic growth process but with fewer interrelations in Asia and western countries, especially for the strategic manufacturing and steel sectors, which remains for both sectors the basis for the development of infrastructure and the metalworking industry.
The forecasts for steel consumption in 2022 and 2023 remain strong in absolute terms, with slight recovery in Asia and a constant production in other countries, partly affected by the increase in energy costs associated with the Russian/Ukrainian conflict.
The trend of the main players in the metals market to make targeted investments to improve production efficiency by starting the de-carbonisation process in steel production and always aiming at quality products is confirmed, also by migrating production to countries where the general competitiveness package (including the presence of domestic demand, energy, ore and transport) can guarantee greater production cost-effectiveness, with good opportunities for new orders in the plant engineering sector to be added to Danieli's current order book.
Based on these premises, the Danieli Group will be able to register steady and positive performance in the next financial year in the engineering and plant making sector, while in the steel making sector 2022/2023 is still expected to be positive, albeit with lower volumes and margins than the year just ended, influenced by the energy issue (and the government measures to limit it) and by a market performance that will perhaps be different.
With these objectives in mind, the Danieli Group, in the Plant Making sector, will continue to consolidate its international structure, while in the Steel Making sector the launch of the new sphere mill will be completed by the end of 2022. In 2023, the new investment plan will be launched to double the installed production capacity, thus improving competitiveness, quality and productivity.
The Group continues to pursue its efficiency objectives such as increased productivity, reduction in structural costs and innovation with the goal of improving competitiveness in the global market and ensuring an improved service especially to South-east Asian customers where steel production is mostly concentrated.
There are no other significant unknown factors for the year ahead, barring unforeseeable events beyond our control.

Reconciliation between Parent Company shareholders' equity and profit for the year and Group shareholders' equity and profit for the year

The reconciliation between shareholders' equity and profit for the year as at June 30, 2022 and June 30, 2021, as shown in the financial statements of the Parent Company and in the consolidated financial statements, can be summarised as follows:

	30/06/2022		30/06/2021	
(thousands of euro)	Total shareholders' equity	Net profit for the period	Total shareholders' equity	Net profit for the period
Balances in the financial statements of Danieli & C. S.p.A.	**828,955**	**29,832**	**811,768**	**2,946**
Elimination of the carrying value of equity investments and of the shareholders' equity of investees	1,399,481		1,209,172	
Share in subsidiaries result		257,935		126,898
Intercompany dividends		(54,141)		(53,881)
Impact of the valuation with the equity method of equity investments not consolidated line-by-line	2,427	1,657	1,085	161
Eliminiation of the effect of intercompany transactions	-10,826	-16,553	-8,005	4,065
Group shareholders' equity	**2,219,744**	**218,715**	**2,014,020**	**80,189**
Non controlling interest in shareholders' equity	3,252	378	2,326	143
Total shareholders' equity	**2,222,996**	**219,093**	**2,016,346**	**80,333**

Proposals by the Board of Directors to the annual general meeting

Dear Shareholders,

We express our appreciation and thanks to all those whose perseverance and professionalism contribute to maintaining our strong competitive position and high technological status in world markets. We rely on their enthusiasm, as well as on our own, as we seek to progress with the serenity, confidence and strength necessary to meet future challenges.
The financial statements of Danieli & C. Officine Meccaniche S.p.A. for the financial year ended June 30, 2022, which we submit for your approval, show a profit of 29,832,034 euro.
Considering the net profit of the consolidated financial statements of the Danieli Group for the year ended June 30, 2022, which amounted to 218.7 million euro, we propose the payment of a dividend of:
– 0.2793 euro for the 37,623,930 ordinary shares;
– 0.3000 euro for the 36,471,170 savings shares.
The entire amount of the dividend is held in available reserves in the shareholders' equity of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2022 pursuant to Italian Ministerial Decree of May 26, 2017.
The breakdown is shown below:

Allocation of net profit for the year	**Total shares outstanding at the period end**	**Dividend per share**	**Total**
Ordinary shares(1)	37,623,930	0.2793	10,508,364
N.C. Saving shares(2)	36,471,170	0.3000	10,941,351
Total			**21,449,715**
To extraordinary reserve			**8,382,319**
Distribution of net profit of the financial year			**29,832,034**

(1) net of 3,255,603 ordinary treasury shares held on September 27, 2022
(2) net of 3,953,863 savings treasury shares held on September 27, 2022

Dividends to shareholders will be payable as from November 23, 2022 (distribution date November 21, 2022; record date November 22, 2022).
You are reminded that the ordinary Shareholders' Meeting has been convened for October 28, 2022, in single call.

Consolidated non-financial statement pursuant to Italian Legislative Decree no. 254/2016.

In the 2021/2022 financial year, the Danieli Group presented its "Consolidated non-financial statement" as required by Italian Legislative Decree no. 254/2016.
This document describes the performance and management of the non-financial topics of the Group, which in more than one hundred years of international activity developed a modern business model with the aim of creating economic value for shareholders, investors and customers, generating at the same time social and environmental value shared with the community of the territories in which the Group operates.

Letter to stakeholders

Dear Shareholders, Customers and Colleagues,
Results for the 2021 / 2022 fiscal year, forecasts for 2022 / 2023

– Revenue 3,637.0 million euro[1]
– EBITDA 359.2 million euro
– Net Income 218.7 million euro
– Net cash 1,206.6 million euro
– Order Book 5,052 million euro

<u>MARKET FORECAST</u>
The past 18 months have been the best in recent decades for the steel making industry and saw the United States as its front runners. This led to consistent revenues which are and will be partly invested in revamping and new plants, with positive effects on the order book of the steel plant manufacturers. Nevertheless, as we know, a cycle of economic recovery is generally followed by a downturn with a reduction in liquidity on the financial markets that also affects investments.
The cyclical economic downturn will have fewer consequences for Danieli's plant making sector thanks to plant innovations in recent years, which are experiencing more and more success on the market. This impact will also be minor for ABS thanks to the recent investments in expanding its range of products and improving its customer services.
And yet, from here on out the cost of energy in Europe will negatively influence the consumption of steel and more.

<u>DANIELI PLANT MAKING</u>
The direct rolling mills developed in the last 10-15 years are gaining ground for both flat and long products. These exclusive technologies are recognised as such by the front runner customers who have purchased them, some for even more than one plant, such as Nucor and CMC in the United States.
These innovative plants, called MIDA QLP and QSP-DUE, were designed with the aim of reducing CapEx and OpEx and have achieved this objective with maximum satisfaction.
There is also an indirect result that was not initially considered: the reduction of CO2 emissions.
As a matter of fact, the cost of steel production is now calculated as CapEx/tonne + OpEx/tonne + CO2 tax/tonne.
So, it could be said that based on our recent experience, when CapEx and OpEx are reduced for steel making plants, CO2 emissions are also automatically reduced.
Another innovation much appreciated by the market is the DigiMelter, which will replace traditional electric arc furnaces. In addition to energy and consumption savings, the benefits of the DigiMelter include the possibility to power it using sustainable solar and wind energy.
Two DigiMelter plants in the USA will be the world's first to smelt steel using also solar energy.
In conclusion, as well as being economically competitive, our MIDA QLP and QSP-DUE plants are also competitive for their environmental impact. This is highly appreciated not only in the classic markets of the United States and China, but also in developing countries like Bangladesh, Egypt and more to come. Furthermore, customers in India and Europe are showing initial signs of interest in these new possibilities.

In addition to the aforementioned economic benefits, there is the ENERGIRON direct reduction (the DRI process technology developed jointly by Tenova and Danieli) capable of being powered up to 95% by hydrogen!

[1] The turnover includes the amount of 18 million euro for internal constructions developed for Group companies.

All these innovations, now tested, can achieve the objectives for economic competitiveness and green steel production thanks to:
– The ENERGIRON Direct Reduction process which uses natural gas as a reducing agent, but which is ready to be replaced by up to 95% hydrogen.
– Hot DRI at 600ºC loaded into the DigiMelter, which can directly use sustainable solar or wind energy for smelting.
– The liquid steel cast continuously and directly feeds into the rolling mills, including the continuous processes, with savings in energy and CO2 emissions.
In short, steelworks designed with the aforementioned innovations can produce green steel with fewer investments, lower production costs and zero environmental impact.
Therefore, we believe that these products will be the driver of our order intake in upcoming years.
Lastly, alongside our subsidiary FATA, specialised in solar energy production plants, we are fine-tuning photovoltaic systems and heat recovery steam generators for energy production, studied specifically for steel making plants.
To conclude, it is important to note that the existing technological benefits, most of which are patented, and the related know-how should make it easier for us to maintain a good level of orders in the next cyclical downturn of the economy so as to remain front runners in Europe for projects aiming to reduce the number of coal-powered blast furnaces in the steel making industry.
And it is thanks to these innovative industrialised ideas with investments in research that we exceeded the expected order book and revenues despite the high supplementary costs due to the drastic increase in the costs of transport, energy and raw materials.

ABS STEEL MAKING

ABS not only benefited from the market recovery, but also from the expansion of its range of products, thanks to the new QWRM, which is proving to be a leading technology to manufacture long products of excellent quality with consequent success on the market.
A high-quality ore-grinding sphere production plant was also launched successfully, and its learning curve should be completed by the end of 2022.
ABS will be the only manufacturer of ore-grinding spheres to produce its own steel as a raw material and this will make it easier to adjust the quality of the grinding spheres to the types of ores to be ground.
The general objective of ABS is to produce 2.3 mtpy of types of high-quality “green” steel. In order to succeed, it launched the construction of a new steel plant which includes a DigiMelter with zero CO2 emissions alongside a new series of investments totalling 650 million euro, intended to increase production capacity and to cut production costs.
Additional objectives include the expansion of downstream facilities and service centres and investments in scrap collection.
Since ABS is an energy-intensive company, the upcoming months will be affected by the current increase in energy costs.

THE GROUP’S VISION

The internationalisation of our service centres and production sites, in combination with *innovaction*, helps to mitigate the highs and lows of the global and regional markets and thus maintain a good average of sales and revenues. Since we believe that this is the right path to take, we will continue to reinforce the international structure of the plant making and steel making sectors and to invest in innovation, in the hopes that more and more new ideas and technologies will emerge.
Our core business remains centred around engineering and the manufacture of steel plants and on the production of quality steels. Diversification is not envisaged, unless there is strong synergy and improvements to our core business.

Based on these considerations and outlook, the objectives for the Danieli Group for the 2022-2023 fiscal year are:
– Revenue 3,500-3,700 million euro
– EBITDA 320-340 million euro
– Net cash 1,200-1,300 million euro
– Order Book 5,400-5,700 million euro

SOCIAL ASPECTS AND EDUCATION / EMPLOYMENT

Priority is given to education, especially for young technicians and engineers.
The activity of the Zerotredici Educational Hub is well established and this initiative is highly appreciated not only by the families of the Danieli Group, but also by the local neighbouring communities near our office. The high quality of education and schedule flexibility are a great help for families where both parents work.
Furthermore, MITS Academy trains mechatronics engineers using study programmes based on AI with robotics and Industry 4.0 technologies plus other disciplines. Its activity is already at an advanced stage and is about to reach the final target of 600 students.
The restoration of historical buildings and art also continues in Friuli-Venezia Giulia. In addition to this, we launched the construction of a new complex in the centre of Udine which will host the MITS Academy for 600 students, in addition to libraries, restaurants and meeting spaces, all mainly intended for students.

Before concluding, we wish to thank our shareholders who have allowed us to reinvest 85-90% of our revenues into the company. This has been perceived as an expression of the trust and esteem the shareholders have for the Danieli team, something we intend to honour to the best of our abilities.
It is a trust which, in any case, has been repaid by the fact that the acquisition of Danieli shares has been confirmed to be a good, long-term investment.
On behalf of the Board of Directors and the shareholders, special thanks go to the Danieli Group Team who, with passion and professionalism, are fully committed to achieving the agreed objectives for our company’s continuous improvement, and to honour the motto “Danieli, the reliable and innovative partner to be a step ahead in CapEx and OpEx”, for the satisfaction of our business partners. Last but not least, we are grateful for the efforts they have made in bringing about the cultural change required by technological and social trends today and which is essential for maintaining competitiveness and market shares in a highly complex global economy with continuously evolving quality requirements.

Gianpietro Benedetti
CHAIRMAN OF THE BOARD OF DIRECTORS

Methodological note

This document represents the Consolidated Non-financial Statement (hereinafter also referred to as “NFS” or “Non-financial statement”), prepared in accordance with Articles 3 and 4 of Italian Legislative Decree 254/2016 and the amendments required by Italian Law no. 145 of December 30, 2018, implementing Directive 2014/95/EU, of the companies belonging to the Group consisting of Danieli & C. Officine Meccaniche S.p.A. (hereinafter also referred to as the “company” or “parent company”) and its subsidiaries (hereinafter also referred to as “Danieli”, the “Danieli Group” or the “Group”).
The purpose of this document is to provide a representation of the Group’s business, performance, results and its impact in relation to the main sustainability issues relating to the 2021/2022 financial year, describing its initiatives and main results in terms of sustainability performance achieved during the period (reporting period: from July 1, 2021, to June 30, 2022).
This document describes the main policies applied, the management models and the results achieved by the Group during the reporting year in relation to the issues expressly referred to by Italian Legislative Decree 254/2016 (environmental, social, relevant to personnel, respect for human rights, fight against corruption), as well as the main risks identified in relation to these issues and the related management methods.
Consistently with one of the two options provided for by Article 5 of Italian Legislative Decree 254/2016, the Non-Financial Statement was integrated into the Directors’ Report. While ensuring that the Group’s activities are understood, some of the contents of the NFS expressly required by Italian Legislative Decree 254/2016 are present in specific dedicated sections of the Directors’ Report, as well as in the “Report on Corporate Governance and Ownership Structure”.

The 2021/2022 Non-Financial Statement was prepared mainly with reference to the “**GRI Sustainability Reporting Standards**” published in 2016 by the Global Reporting Initiative (GRI), while for the specific GRI 403 standard (Occupational health and safety) and GRI 303 (Water and effluents) reference is made to the updates published in 2018. For the specific standard GRI 207 (Tax), the version published in 2019 was used, while for the standard GRI 306 (Waste), the 2020 version was used.
These disclosures are detailed in the appendix to the document in a table that serves as a compass for readers (“GRI Content Index”).

The contents of the report were identified on the basis of the results of the materiality analysis, which made it possible to identify and assess the material aspects for the Group and its stakeholders (described in the section "Stakeholder engagement and Materiality Analysis"). In 2021/2022, the Group's materiality analysis was updated by sending out the questionnaire prepared for the previous materiality matrix, but to which questions were added related to the topics of cybersecurity, procurement and logistics and supplier sustainability assessment. The addition of these latest topics, in particular cybersecurity and procurement and logistics, was made in consideration of their international relevance in the post-pandemic economic structure. The results of the materiality analysis confirmed the material topics, the results of which are line with those from 2020/2021, including the addition of the 3 new topics mentioned above. The Directors confirmed the findings made in relation to the identification of the material topics and adopted the new ones, despite having already expressed their greater attention towards topics such as health and safety and company welfare, also in light of the Covid-19 emergency.
The process of defining the contents of the Non-Financial Statement was based on the principles of materiality, stakeholder inclusion, completeness of data and the context in which the Group operates. The main phases of the process followed involved the identification of possible non-financial topics relevant to the Group (essentially within the main ESG - Environmental, Social, Governance issues), the prioritisation of the topics identified (with the main internal and external stakeholders) and their relative approval by the company's management.
Based on the reporting process already in place, the company set up an internal procedure to formalise the structured process of collecting quantitative data and non-financial qualitative information using the Talentia reporting software, common to all Group companies, indicating the methods of collection, the timing and the figures responsible for the data and information collected and included in the Non-Financial Statement. The aim is to ensure the adoption of standardised methods for reporting and implementing an adequate internal control system with the Parent Company and its subsidiaries for the reporting year and future years.

The principles of balance, accuracy, verifiability and comparability were followed with reference to the quality of the reported information.
The **scope** of the economic data is the same as that of the 2021/2022 Consolidated Financial Statements of the Danieli Group.
The **scope** of social and environmental data and information is made up of the companies belonging to the Danieli Group as at June 30, 2022, consolidated on a line-by-line basis within the Group Consolidated Financial Statements. Note that some Group companies that are not productive or operational have not been included solely in relation to the reporting of data relating, in whole or in part, to energy consumption, emissions, water consumption and waste, because the relevant parameters cannot be measured since they are very small units: any exceptions are expressly indicated in the text.
In order to allow the data to be compared over time and to assess the performance of the Group's activities, a comparison with the previous year was proposed. Any restatements of previously published comparative data (as an indication, where it has been possible to improve the accuracy or completeness of the surveys or methods of calculating the reported data) are clearly indicated as such.
Moreover, for the purposes of a correct representation of the Group's performance and to ensure the data reliability, the use of estimates was limited as much as possible. The estimates, if any, are based on the best available and duly reported methods.
Note that there were no significant changes in the corporate reporting boundary compared to the previous period; in any case, refer to the "Danieli Group Structure" section of this Directors' Report for details of changes within Group companies.
The **frequency** of the publication of the Non-Financial Statement is set on an annual basis.
The analysis updated with the results of the materiality and the identification of the material topics was confirmed by the Executive Committee of the Parent Company on September 14, 2022, and subsequently submitted to the attention of the Board of Directors of Danieli & C. Officine Meccaniche S.p.A. at the same time as approving this Non-Financial Statement on September 27, 2022.
This document was submitted to compliance opinion ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A., which expresses, in a separate report, a certificate of compliance of the information provided pursuant to Article 3, paragraph 10, of Italian Legislative Decree 254/2016. The audit was carried out in accordance with the procedures indicated in the "Independent Auditors' Report ", included in this document. The limited examination did not look at the information required by Article 8 of European Regulation 2020/852.

For any information regarding the Non-Financial Statement, please contact the manager in charge at investors@danieli.it.
The Non-Financial Statement is also available on the Danieli website www.danieli.com, in the Investors section.

THE GROUP

For information on the Group's structure and Governance system, the significant changes that have taken place since the previous reporting year, the geographical areas of operation and the main markets, the main trademarks, products and services and the management of business risks, refer to the specific sections of this Directors' Report ("The steel market", "The market for steel making plants", "Danieli Group operations", "Danieli Group structure", "Highlights of the consolidated income statement as at June 30, 2022", "Management of business risks" sections), and of the Report on Corporate Governance and Ownership Structure ("Information on ownership structures on June 30, 2022", "Board of Directors", "Internal board committees", "Diversity policies applied in relation to the composition of the governing, management and control bodies", "Control and Risk Management System" sections).

The Group's approach to Corporate Social Responsibility
The Chairman of the Board of Directors of the company and his Directors confirm the commitment of the Group to increasingly promote its role of Corporate Responsibility towards the global community not only directly but also indirectly promoting the research and development of equipment and machines for producing steel with "Green Steel" solutions, improving efficiency, safety and reducing waste and the impact of Green House Gas emissions (GHG) to protect the environment.

Danieli has always considered as a priority the issue of protecting human health and the environment, accompanied by a commitment to research, innovation and social responsibility.
Today, it is necessary to operate in a complex global context, with the Group aimed at consolidating its reputation by carrying out business activities increasingly integrating industrial strategies with sustainability issues.
As a further guarantee of the commitments made by the Group, Danieli & C. Officine Meccaniche S.p.A. signed up to the United Nations Global Compact (UNGC) programme at the end of 2020, confirming its commitment and shared need to promote and achieve the sustainability goals (SDGs) promoted by the United Nations. In December 2021, the first Communication on Progress (COP) was prepared and sent. It is available on the UNGC website including the letter of commitment from the CEO of the Danieli Group. For an analysis of the correlation between SDGs and GRI, refer to the section in this document entitled "United Nations Sustainable Development Goals (UN SDGs)".
The increasingly challenging objectives in the metal industry to make conscious use of resources by reducing emissions of CO2, noise and waste production required, and still require, a great commitment from Danieli to develop new technological solutions that guarantee customers sustainable production and, at the same time, a competitive OpEx in plant management. Therefore, on the basis of what has been achieved so far and with a view to continuous improvement, the path taken by the Group in the field of sustainability is based on a continuous implementation of the values and operating practices in implementation of the principles of the Code of Ethics, which inspires the Group, and the main compliance models (primarily the Organisational Model pursuant to Italian Legislative Decree 231/01).

In this context, the Group has set itself some specific objectives for the short term (within the next year), including:

- The monitoring and assessment of non-financial risks, related to the Group's main sustainability issues, and their integration into the business risk management process. In the context of its plant production, the Danieli Group assesses, monitors and directs actions to minimise non-financial risks with particular attention to those relating to the most important and material topics, namely: Worker safety and product safety, as well as steel production plants.
  In particular, during the 2021/2022 financial year, the Executive Committee, set up within the Board of Directors of the Parent Company, reviewed the material topics previously identified, also to update, where necessary, the monitoring and assessment procedures for non-financial risks, linked to the main sustainability issues of the Group, as already identified in the Risk Assessment phase. Non-financial risk analysis and management is delegated to the company functions specialised in the assessment within their area of remit, identifying a multi-disciplinary process. The Danieli Group offers sustainable solutions on the market for green steel production. For this reason, the process has a broad impact on the company functions which collaborate towards a common goal: to pursue the path of innovation to sell innovative plants for green steel production. With reference to Danieli's main sustainability topics, linked to product quality and safety and workplace health and safety, the monitoring and assessment of risks associated with these topics are delegated to the Quality and Security functions as well as individually by product line. When designing the plants it is compulsory and important to always carry out a risk analysis so as to design and build plants with the highest measures of quality and security. The development of the new Quality Wire Rod (QWR) mill delivered by Danieli for the subsidiary ABS during the 2019/2020 and 2020/2021 fiscal years, and which went into full operation in 2021/2022, is an example of technological innovation with extremely high automation, applying the principles of Industry 4.0 where production is controlled and monitored remotely. It is the first and only rolling mill in the world where management is based on a "zero-man-on-the-floor" approach. The entire process is controlled remotely. This is the

benchmark on the market that also aims to maximise quality, duly monitored through KPIs and dashboards that are updated at pre-defined intervals: minimise process costs, such as energy costs and resulting CO_2 emissions, and improve operator health and safety. The "Green Mill" concept produced in house is a concrete example of what Danieli offers its customers, thus contributing in the long term to the green ecological transition of the steel industry with the target to gradually decrease Scope 3 CO_2 emissions. The InnovAction competition was held also in the 2021/2022 fiscal year. It is a contest for Danieli Group employees who present, individually or in teams, innovative ideas and projects on green topics. During the company's Christmas party, a ceremony is held where the winners of the best projects are commended and given awards. One winning project that was then developed as a pilot was the production of Arthrospira Spirulina microalgae in water silos where heat is recovered from steel production, thus promoting the absorption of CO_2, the production of oxygen and the production of an ingredient for the food industry and the supplements market.
The Internal Audit & Compliance (IA&C) function confirmed the mapping of business risks already carried out last year alongside the managers of the various product lines and during the year implemented the Audit Plan prepared in line with the international compliance regulatory framework, which was approved by the Board of Directors in late 2021 together with the Compliance Plan. The scheduled checks began during the year and will be completed from 2021 to 2024.

- the strengthening of the Governance of Sustainability within the Group, thanks to several initiatives undertaken by the Group in the 2021/2022 financial year:
  - the CTO (Chief Technology Officer), who has led the Danieli Group's Research Centre for a long time, was appointed director and co-CEO. It is important to note that the new co-CEO has in-depth knowledge of technology and innovation, and so of "green" innovations. Committed to the development and promotion of technically feasible solutions for green steel production, the co-CEO is a member of the Worldwide Sustainability Committee and a partner of the World Steel Association. The new significant figure has specific skills needed for the transition towards decarbonisation of steel, which will be possible by taking efficient measures on energy consumption. Danieli is both a front runner and provider of BAT (Best Available Technology) in terms of green steel production and aims to pursue an ecological transition capable of responding to the requirements shown by the most recent studies on climate science with technologies for CO_2 reduction and capture.
  - the ABS Sustainability Committee (made up of the main operational function managers) identified the Sustainability Manager, who from September 1, 2021 assumed the position of Sustainability & Innovation Manager. This responsibility was entrusted to this single person reporting directly to the Chief Executive Officer of the company.
  - The Sustainability & Innovation Manager was also appointed to follow the Non-Financial Statement of ABS, the first edition of which was drawn up on a voluntary basis for the previous 2020/2021 financial year.
    In the plant making sector, awareness of future sustainability and governance targets was raised across all product lines of the Group, also thanks to the creation of a new division at the Danieli Research Centre: Dan Green, made up of specialised engineers who became fully operational since 2020/2021 financial year. The Dan Green function represents guidance for the Danieli Group's product lines, who can refer to the specialised skills within the Group's Research Centre. For 2021/2022, Dan Green also involved all product lines in the calculation of the emissions of the plants that began operating during the fiscal year and which represent the main source of Scope 3 emissions. This also shows the Group's commitment to strengthening the governance of sustainability, with specific reference to the activity carried out by the Dan Green Danieli Research Centre, which is essential for fighting climate change. This plant analysis activity allows the executive managers of each product line to gain a reference point on the value of CO_2 per tonne produced using the technologies developed by them.
- The implementation of the new guidelines published on June 20, 2019, by the European Commission on integrating the disclosure of non-financial information with specific information on the control measures adopted in relation to climate change, as well as on the effect of business activities on climate and the impacts of climate change on business activities. Please see the following dedicated section for TCFD recommendations.

In this regard, note that the Group implemented the aforementioned recommendations by including information on the main initiatives undertaken so far on environmental management for the performance of its activities in this Non-Financial Statement. For further details, see also the section below, "Commitment to the environment", and the Directors' Report (section "Management of business risks") for an in-depth analysis of the risks associated with climate change, as well as the company policy adopted. Furthermore, the analysis of the risks arising from climate change led to the identification of a market opportunity for the Danieli Group, which has the possibility to make use of the call to action regarding climate change to incentivise the sale of technological solutions to reduce CO_2 emissions. The Group offers the possibility to produce green steel. Danieli is a leading company in the offer of innovative solutions for the reduction of emissions, thanks to offers such as Q-ONE, Hybrid MI.DA., DRI (Direct Reduction Iron) and other patented technologies. The Danieli Group aims to reduce emissions overall thanks to innovative green solutions with lower CO_2 emissions per tonne of steel produced and to seize the new opportunities offered by a market where the ecological transition becomes more important day by day.
In relation to the adoption of the TCFD recommendations, given the complexity of the quantitative analyses at company level, the Group has suggested carrying out a preliminary analysis, starting from more qualitative considerations as represented in the following section.

Task Force Climate Change Financial Disclosure

In light of the objectives set for the disclosure of information relating to climate change measures, the Danieli Group developed a process of gradual alignment with the reporting recommendations on climate change-related risks prepared by the Task Force on Climate-Related Financial Disclosures (TCFD).
In this regard, this Non-Financial Statement contains an initial analysis of the impacts that climate change might have on its business. This disclosure was developed according to the guidelines of the TCFD (Task Force on Climate-Related Financial Disclosures) adopted by the European Commission in the "Guidelines on non-financial reporting: Supplement on reporting climate-related information". This impact analysis, with resulting report, looked at four thematic areas: Governance, Strategy, Risk Management, and Metrics & Targets.
The Group's analysis initially referred to the IEA 450 transition scenario (International Energy Agency), also aligned with the Science-Based Targets initiative, which used the Below 2 Degrees Scenario (B2DS) to set the targets for reducing greenhouse gases.

Identification of the variables that might influence the business was based on the classification of the risks into physical (acute and chronic) and transition (Regulatory, Market, Reputation, Technology).

Considering the business and the analysis conducted, climate change could represent a market opportunity for the Group, since the transition towards a low-emissions economy could increase demand for green plants. Danieli has developed the necessary technology and skills over the years, but it is only now in this historic moment of transition that it represents an option that was previously not convenient for the market. The increasing urgency to find a response to climate change led to a change in the mix of supplier selection criteria, opting for green characteristics and technologies that Danieli has developed and patented in part thanks to its internal Research Centre. As mentioned, the governance of sustainability-related topics has been strengthened with the assignment of the role of CO-CEO to the CTO, who led the aforesaid Research Centre for years, and has prior experience in the decarbonisation of the steel industry from the perspective of technology and strategy. The management team, on the other hand, is delegated the management of the sale of plants, which, in any case, requires careful analysis of non-financial risks during their design, planning and development.

EVENT	RISK/OPPORTUNITY	MANAGEMENT AND STRATEGY
TRANSITION RISK: Transition of the market towards a green economy	Revenue increase: Market opportunity for the sale of green plants, also supported by macroeconomic incentive policies to speed up the ecological transition.	The market expectation is to propose solutions to improve the environmental footprint. The market is influenced by the government policies needed to promote the ecological transition and to encourage the research and development of solutions that improve the environmental footprint. This factor is relevant from the perspective of climate change since market demand also depends on the macroeconomic policies of the incentives given for ecological transition solutions. Danieli offers the market green solutions that can contribute to the green conversion of the steel industry and to the abatement of CO2 emissions. An increase in demand could lead to an increase in revenue.
TRANSITION RISK: Current national and supranational regulation and legislation on decarbonisation	To produce steel, it is necessary to respect the regulations associated with emission limitation and it is necessary to follow best practices. The topic of regulation represents a risk of higher OpEx linked to EU ETS allowances that increase price per unit. Opportunity to sell more green plants thanks to a shift in the demand for plants towards Danieli green solutions that allow for lower costs for quotas of CO2 emissions.	Failure to follow the regulations (e.g. EU ETS) represents for steel making plants a barrier to entry in production. The regulation involves a payment of quotas that increase as the CO2 released into the atmosphere increases. Regarding climate change, Danieli constantly monitors the direct and indirect environmental impacts of its activities, but also of customer activities by collecting specific data such as energy consumption, the consumption of natural gas and the consumption of other fuels. It processes this data to monitor CO2 emissions. Thanks to this monitoring process, we were also able to define an emissions reduction target. We planned to achieve our target by adequately managing the complex environmental regulations, as well as the social responsibilities of each steel manufacturer to bring their plants into compliance with the standards of the countries. This is the experience that guided Danieli in the development of two basic concepts of the Danieli Green Steel vision: 1) Environmental sustainability; 2) Environmental performance. An increase in costs per individual quota represents a risk but also an opportunity to sell more green plants, chosen over more pollutant solutions that involve higher OpEx linked to the carbon tax.

EVENT	RISK/OPPORTUNITY	MANAGEMENT AND STRATEGY
TRANSITION RISK: Change or introduction of national or supranational regulations or legislation for the transition towards a green economy	Any new regulations such as a carbon tax on steel from countries that are more polluting poses a barrier to the entry for products that do not respect certain thresholds of CO2 per tonne produced. For Danieli, it represents an opportunity because the cost-opportunity ratio of investing in green plants favours the sale of green plants.	The carbon border tax could represent a higher cost for producers from countries where there are not as stringent regulations as Europe, for example. This represents a market opportunity for Danieli in terms of plant making. In terms of steel making, it would represent a strength for ABS because, as it is located in Italy, a European country that already has EU ETS, it would benefit.
TRANSITION RISK: Technological progress	Technological development implies continuous improvement that goes hand in hand with the renewal of infrastructure. This represents an opportunity because, as soon as hydrogen can be transported and supplied in a convenient way, new market opportunities will open for Danieli.	Process owners must develop solutions that keep pace with the technological renewal where a potential plant is located. New infrastructure available for hydrogen for example would lead to a justified increase in R&D costs in order to seize new technological opportunities and develop new solutions to maintain leadership in international supply. It is relevant to the climate because the ecological transition is shifting customer choices towards machines and technological plants with low/zero emissions. Investment decisions on climate change-related topics are made at Board level and managed by the competent managers. An approach to the steel making industry that is respectful of the environment must not only be seen as a compulsory cost required by law, but a new opportunity for investors to make a profit. As a further challenge, the current approach to obtain the relevant authorisations from the statutory authorities in the European Union is not only based on meeting clearly established limits, for example on emissions; rather, it relies more and more on the concept of applying BAT (Best Available Technology) when selecting the least impactful technology to be adopted.
TRANSITION RISK: Change in legal restrictions	Possible higher legal costs due to the management of purchase and sale contracts.	In the context of contracts, it is necessary to follow best practices. In order to maintain high competitive edge, the Financial & Contracting legal experts help the customer to develop strategies and business plans in accordance with the legal restrictions or opportunities of the law (e.g. contributions, subsidies, incentives) and with rules that must be followed.

EVENT	RISK/OPPORTUNITY	MANAGEMENT AND STRATEGY
TRANSITION RISK: Reputation	Climate change represents an opportunity to improve Danieli's reputation, which improves thanks to the green offer developed over the years. At the same time, it represents a cost to keep it as such by continuing to invest in R&D in a process of continuous improvement.	Market reputation to be/remain a leader in the provision of environmental solutions is a key element for the company's reputation. It is important to maintain leadership at international level. It is relevant to the climate because reputation promotes new orders, keeping up new orders from green plants guarantees the possibility to make a tangible contribution to the ecological transition of the steel industry, the reduction of GHG emissions and the reconversion of old plants with high GHG emissions within the steel making industry. Danieli's good reputation could encourage the purchase of green plants to replace older, more polluting ones.
ACUTE PHYSICAL RISK: Extreme natural events	Risk of acute catastrophes such as flooding could represent higher operating costs and higher insurance costs.	The risk of flooding that could affect the offices or areas of the structures involves greater costs. The increase in the frequency of these events with climate deterioration and change could involve high insurance costs. The management team therefore hedges risks with insurance policies against these events.
CHRONIC PHYSICAL RISK: Long-term change in weather and natural conditions	Global warming and gradual and chronic climate change over the years could drive electricity providers to replace infrastructure in order to have a higher percentage of renewable energy. This involves blocks on production and possible higher operating costs to start plants back up again. Unfortunately, global warming has caused long periods of drought and little rain. Paradoxically, this led to better performance of the Danieli photovoltaic systems which generated higher quantities of renewable energy.	The replacement and renewal of the energy supplier's infrastructure could be slowed down by extreme events cause by long-term climate change. Infrastructure change is necessary for a mix between renewable and non-renewable energy that favours renewable, as this is essential to fight climate change and chronic global warming. ABS offers the possibility to suspend its electricity usage but it receives a fixed contribution from the provider. A variable contribution is received in relation to the duration of the electric freeze. Despite the costs, it is necessary to guarantee an increase in renewable energies, especially with investments in photovoltaic technology to meet up to 20-25% of the requirements of ABS. The energy crisis will probably involve a faster conversion of electricity generators with renewable solutions so it is possible that there will also be interruptions in light of the issues linked to the supply of gas. Global warming, low rainfall and long periods of sun led to better performances by the photovoltaic systems on the roofs of the Danieli structures, which continues its projects involving the installation of new solar panels, electric vehicle charging points and replace the vehicle fleet with hybrid or electric vehicles.

To conclude, Danieli operates by integrating strategies and process management that encourage solutions that could make a positive contribution to the environmental sustainability, and more, of its business activities, including with specific reference to plants sold. Many actions are being implemented, including:

- Investment in research and development in addition to investments that make the Danieli Group's approach to corporate social responsibility a reality;
- Implementing parallel transition plans under multiple operating aspects such as: installation of photovoltaic systems, technology for heat recovery from fumes, production heat recovery systems and reuse through district heating, innovative pilot projects for carbon capture and heat recovery from steel production, a project to replace any coal used for steel refinement with components that can provide the same quality at much lower emissions;
- Periodic meetings and sharing of ideas at Board and Management level;
- Monitoring of regulations and alignment with them;
- Joint ventures with technological partners with which to develop green solutions;
- Agreements and projects that could help to limit emissions (e.g. favouring rail transport, agreements for energy from countries with a low mix of non-renewables).
- Producing and selling plants that can be powered by renewable or hybrid energies, equipped with low heat dispersion and energy saving technologies.
- This corporate culture also brings individual employees together in projects to develop new ideas for the reduction of emissions thanks in part to the company's internal competition, InnovAction. Examples: replacement of plastic bottles with water purifiers, dematerialisation and reduction of paper consumption and conscious and responsible use of resources.

In any case, we expect an improvement in the management of climate-related risks and opportunities.

Stakeholder Engagement and materiality analysis

Within this path of sustainability, the communication of non-financial information thus represents a further step in the Group's commitment to work in line with the provisions of the Paris Climate Agreement and to achieve the most strategic objectives (Sustainable Development Goals) for the Group among those defined by the United Nations with Agenda 2030 for Sustainable Development, promoting all ESG issues as well.

The result of the company is not limited to management profits but should be understood also considering the capital strength, the international reputation, the propensity to innovation and protection of the personnel by promoting professional growth and safety in the workplace together with support to local communities in Italy and abroad and attention to culture and youth.

Therefore, Danieli's values for future generations represent an important legacy of skills, knowledge and processes for the creation of value that form a heritage to be preserved and further developed in a logic of long term and continuous improvement.

Given the above, Danieli defined the relevant material topics to be reported in this Non-Financial Statement, taking into account the reference context, the specific nature of the operating sector and the indications received from stakeholders.

The macro areas covered by this statement are:

– Governance and Compliance
– Human capital
– Research, development and product quality
– Commitment to the Environment
– Supply chain
– Community commitment.

Danieli mapped the stakeholders present in the geographical contexts in which it operates, by identifying the most important ones on the basis of the interactions existing with the two main operating sectors of the Group.

The Group adopted flexible and diversified practices of dialogue and involvement in order to share present and future development strategies and objectives with the main stakeholders.

No critical issues and/or significant aspects emerging from stakeholder engagement activities carried out by Group companies are reported. The main stakeholders recognised by the Danieli Group are:

Environment	**Trade associations**	**Local authorities**
Customers	**Local communities**	**Employees**
Suppliers and Business Partners	**Future generations**	**Investors and financial analysts**
Public bodies	**Media**	**Non-governmental organisations**
Trade unions	**Universities and Research Centres**	

The Danieli Group operates in two substantially different industrial sectors:

– Steel production with Acciaierie Bertoli Safau S.p.A. (hereinafter also referred to as “ABS S.p.A.”) and affiliates (Steel Making segment), which use secondary metallurgy (electric arc furnaces) for the production of liquid steel;
– Production of machines to produce steel with Danieli & C. Officine Meccaniche S.p.A. and affiliates (Plant Making segment), by offering a complete range of machines from primary process management to the manufacture of finished goods (essentially from ore to finished product).

The Group has always addressed in a more structured and careful way the management in the territory of issues related to the steel sector in consideration of the greater significance of the social and environmental impacts related to this specific activity.
The process followed by the Group was based on the preparation of questionnaires submitted to the main stakeholders to collect information in an independent manner and across the board.
Note that during the year ABS did not update its materiality analysis, reconfirming the material topics identified in the previous updated analysis in 2021.
On the other hand, for the plant making segment it was considered necessary to update the materiality analysis prepared during previous financial years, by sending out a questionnaire prepared for the previous materiality matrix, to which questions were added related to the topics of cybersecurity, procurement and logistics and supplier sustainability assessment, and those on biodiversity removed. The addition of these latest topics, in particular cybersecurity and procurement and logistics, was made in consideration of their international relevance in the post-pandemic economic structure.
The material topics were assessed with the involvement of top management, the Internal Audit & Compliance Manager, the main production managers and staff, internal and independent directors and the main suppliers and customers, who completed and returned the questionnaire.
The Steel Making segment has also carried out an internal and external stakeholder engagement, involving the people who determine the organisation’s strategy as well as customers, employees, shareholders, suppliers and business partners, environmental associations, the scientific community, trade associations and the local community.
The materiality analyses of each sector were weighted and integrated with each other, identifying a set of common material topics.
The analysis with the materiality results and the identification of the material topics of the Group was then confirmed by the Executive Committee of the Parent Company, which absorbed the main ones considering that the Board of Directors had already previously absorbed as its own the most strategic topics for the Group among the “Sustainable Development Goals” (SDGs) defined by the United Nations.

Material aspects of the Danieli Group

Anti-Corruption	Business ethics and integrity	Governance and management of sustainability
Relations with stakeholders	Creation of economic value	Presence on the market and indirect economic impacts
Occupational health and safety	Training and Development	Protection of human rights
Diversity	Industrial relations	Company welfare
Innovation and R&D	Product quality and safety	Environmental impact of products
Management of energy consumption	Greenhouse Gas Production	Water resource management and quality of wastewater discharges
Waste management and hazardous materials	Cybersecurity	Social and environmental assessment of suppliers
Procurement and Logistics		

Note that the “social and environmental assessment of suppliers” material topic exceeded the materiality threshold, unlike in the previous reporting year, and in this regard is subject to reporting in this document. Furthermore, although the topics of support to local communities and the conscious consumption of raw materials were found to be below the materiality threshold established, and are therefore not linked to a specific GRI Standards indicator, the Group still believed it would be useful to indicate what activities were carried out within these topics. The topic of biodiversity was removed from the materiality questionnaire and therefore removed from the analysis, despite the Group mentioning a number of related activities in this document.

GOVERNANCE AND COMPLIANCE

The Corporate Governance structure adopted by Danieli is indicated in the 2021/2022 Report on Corporate Governance and Ownership Structure (approved by the Board of Directors on September 27, 2022) and envisages a Board of Directors, an Executive Committee, in addition to the Board of Statutory Auditors and the Supervisory Body.
The company adopts a corporate management model based on a system of principles and rules of behaviour outlined in the Group’s Code of Ethics, the internal procedures and the protocols that form an integral part of the Organisation, Management and Control Model adopted pursuant to Italian Legislative Decree 231/2001. These are joined by risk management and control tools related to the financial and non-financial issues also monitored by the Internal Audit & Compliance function. The Danieli Group has implemented a global compliance model to promote policies of integrity, respect for ethics and internal regulations. It operates through a document framework based on the distribution at the Group companies of guidelines that make it possible to monitor compliance issues locally, including in accordance with current legal regulations.

Code of Ethics

The Code of Ethics prepared by the parent company Danieli & C. Officine Meccaniche S.p.A. — in its latest version dated March 10, 2022 — was adopted by all Group companies and sets out Danieli’s guiding principles and values. Their observance by the recipients contributes to business development and the growth of a working environment based on ethics and integrity.
The Code of Ethics describes the Group’s business approach, based on innovation and customer satisfaction, and represents an effective tool for the prevention, detection and countering of legal violations. Integrity, protection of human resources, sustainability, safeguarding of company assets and transparency in accounting and financial reporting represent the founding values of the company policies.
The Group companies adopted the new text of the Code of Ethics with minimal adjustments due, only in some cases, to their unique organisational aspects.
The Code of Ethics also contains codes of conduct for relations between the Danieli Group and its stakeholders; in this context, special emphasis is placed on the rules aimed at prohibiting acts of corruption, private or otherwise, and the provisions on the prevention of conflicts of interest.
The new version of the Code of Ethics was brought to the attention of employees using ad hoc information campaigns for the different company functions and is available at all times in digital format on the company intranet. New employees, on the other hand, receive the Code of Ethics when they are hired and are specifically trained in the topics covered therein.

Organisation, management and control model pursuant to Italian Legislative Decree 231/2001

The Parent Company Danieli & C. Officine Meccaniche S.p.A. has adopted and implemented its own organisation, management and control model for the prevention of offences pursuant to Italian Legislative Decree 231/2001.
The parent company set up an internal control and risk management system consisting of a set of rules, procedures and organisational structures that allow the identification, measurement and management of the main business risks in order to protect the correct management of the company’s operating activities with:
– orderly management of powers and decision-making;
– segmentation of activities separating operational and control activities;
– traceability of the choices and decisions taken;
the whole thing maintaining confidentiality and compliance with the regulations for the protection of privacy.
The organisational model is formed of:
• a General Section, which explains the company’s profile, the reference legislation, the recipients, the disciplinary system, training and information methods as well as the whistleblowing channels of the Model; and,
• various Special Sections containing protocols and control measures relating to the risk areas identified within the Company in relation to the type of predicate offences envisaged by the Decree.
The Supervisory Body oversees the updating and verification of compliance of the Model. This body has autonomous powers and consists of internal and external personnel with impartiality and specific skills.
During the 2021/2022 fiscal year, the parent company updated its Model based on the new legislation introduced and the organisational changes made over time.
Danieli Automation S.p.A., Fata S.p.A., Danieli Centro Combustion S.p.A, Danieli Telerobot Labs S.r.l. and ABS S.p.A., subsidiaries with registered offices in Italy, have implemented their own Organisational Model.
The internal regulations aimed at preventing environmental crimes are particularly important, considering that 35% of the Group’s production sites with ISO 14001 certification cover 87% of the volumes produced. In addition to the Parent Company, the most significant production sites are also ISO 14001 certified: ABS S.p.A., Danieli Met. Equipment & Service (China) Co. Ltd., Danieli Co. Ltd and Danieli India Ltd. Moreover, the companies ABS S.p.A. and ABS Sisak d.o.o. are members of the ETS (Emission Trading System) for the calculation and certification of direct greenhouse gas emissions.

The 83% of the companies' employees are located in subsidiaries with an occupational health and safety management system certified by international standard ISO 45001.
The Parent Company and Danieli Germany GmbH achieved the transition to ISO 45001 certification in the 2019/2020 financial year, while the companies ABS S.p.A., Danieli Met. Equipment & Service Co. Ltd., Danieli Automation S.p.A., Danieli India Ltd., Danieli Co. Ltd, Danieli Corporation (a US company following the local market) achieved it in the 2020/2021 financial year. The companies Danieli Centro Combustion S.p.A. and Danieli Systec Engineering d.o.o. Smederevo also achieved ISO 45001 certification, completing the transition from the old standard.

Compliance programme
In September 2019, the Parent Company established a unique Internal Audit & Compliance function, assigned to the Group Compliance Officer. This figure must support the various business functions in relation to the adjustment of company processes from the perspective of mitigating possible risks arising from violation of rules on anti-corruption, administrative responsibility of entities, export control, international sanctions and antitrust.
The topics are currently monitored via policies, guidelines and procedures, including:
the Gift and Hospitality Policy, a Group policy that defines the rules of conduct to be upheld in relation to the receipt and donation of gifts and hospitality and related control measures implemented;
the Third Party Compliance Management Policy, a policy that defines which control measures are to be implemented in relation to specific commercial counterparties during qualification;
the Conflict of Interest Policy, a Group policy that defines the rules of conduct and control measures intended to govern the risk of conflicts of interest;
Controls, Records and Screening over Intermediaries, Agents and Sales Consultants, a procedure that defines the rules of conduct and control measures to be implemented when signing particular types of contracts (intermediation, agency and commercial consulting);
the "Plant Orders Management" Export Control Procedure, a procedure that defines the rules of conduct and control measures to be implemented in order to guarantee compliance with legislation on export control;
the Antitrust Policy, a Group policy that governs compliance with antitrust legislation. The policy is inspired by the principle – already expressed in the Code of Ethics – according to which the Group aims for maximum competitiveness on the market and, therefore, its commercial policy is developed in full compliance with all applicable laws and regulations on competition.
During the 2021/2022 fiscal year, the Internal Audit & Compliance function also held internal training courses intended to raise the awareness of employees in the interested departments in relation to anti-bribery, sanctions and export control topics.

Whistleblowing
The Danieli Group promotes the collaboration of workers and third parties for the purposes of detecting illegal, fraudulent or suspicious phenomena, violations of the Code of Ethics and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 and any other irregularity in the business or conduct in breach of the law and the Group's internal regulatory system. To this end, in March 2022 the Board of Directors of Danieli & C. approved the whistleblowing management guideline and then decided to adopt a whistleblowing platform.
The guideline issued by the Parent Company – adopted by the companies in the plant making sector – illustrates the methods for sending reports, the standards used to protect reporting and reported parties, the related management process as well as any possible action arising from the violations found, all of which also complies with the Directive of the European Parliament and of the Council no. 1937/2019.
In the 2021/2022 fiscal year, the Whistleblowing Committee (formed of the General Counsel, the HR Manager and the IA & Compliance Manager of the Danieli Group) received 2 reports, both unrelated to topics of the Code of Ethics, Italian Legislative Decree 231/2001 or non-compliance with environmental, social and economic issues. Both reports were closed by taking the appropriate measures.

Privacy
During the 2021/2022 fiscal year, the Group's interfunctional privacy committee supported the compliance initiatives and carried out activities in accordance with the plan shared with the Data Protection Officer. Priority was given to the acquisition and implementation of the new whistleblowing system in accordance with the provisions of Directive (EU) 2019/1937 as well as training for Parent Company employees. As regards the whistleblowing system, the activities focused on the analysis of segregation duties and data tracking, including data flows to the supervisory body, with associated anonymisation measures, removal of tracking data and updating of the main policies.
In relation to data protection as a governance process, the green light was given for training sessions focused on third parties, outsourcing contracts and cybersecurity, for the ICT Worldwide, Marketing, Indirect Procurement, Health & Safety, Legal and Internal Audit & Compliance departments.
Lastly, the assessment of the general level of data protection compliance of the subsidiaries was completed and the related improvement actions were planned.

Digital documents
In accordance with the update to the guidelines on training, management and storage of digital documents issued by the Agency for Digital Italy, the company, with support from external consultants, first identified the relevant processes and, following an assessment stage that also looked at third parties, prepared a specific storage manual with related identification of the most adequate organisational model.

Internal Audit
The plant making and steel making divisions each have an Internal Audit function, the purposes of which are:
– to assess the adequacy and efficiency of the systems, processes and procedures;
– to assess that the internal control and risk management system is functioning and adequate;
– to formulate recommendations based on the results of the works carried out in accordance with the audit plan defined and to verify their compliance.

The Internal Audit function also provides support and assistance to management, other control bodies and parties in the internal control and risk management system in order to guarantee the continuous improvement of governance processes in addition to a sound, consistent and correct management of the company with the set goals.

Regulation on related-party transactions
The applicable CONSOB regulations were adopted and, in particular, the CONSOB regulation on related-party transactions is implemented, with the obligation of reporting by senior management of each company of the group any commercial/financial transaction with related parties of significant value.

Metals Technology Initiative (MTI): anti-corruption initiative for the metals industry
Danieli & C. Officine Meccaniche S.p.A. is part of the Metals Technology Initiative (MTI), a collective action initiative in the Metal Technologies sector coordinated by the Basel Institute on Governance and intended to maintain fair competition between the main operating competitors in the sector (SMS Group, Primetals Technologies and Tenova). The aim of participation in this initiative is to promote the adoption by all participants of standard internal rules to prevent corruption and other improper practices.
Danieli also adopted the Business Principles for Countering Bribery as its own transparency principles.

Environmental policy
With reference to environmental topics, the Group's organisational model:
- clearly identified the roles, tasks and responsibilities of the management team involved in the management of the two main operating segments: Danieli Plant Making for the production of industrial machines and ABS Steel Making for the production of special steels
- defined the short, mid and long-term objectives to be achieved related to environmental topics for both operating sectors:
  a) the development and marketing of new technological solutions to produce steel with lower environmental impact for the Danieli Plant Making sector (DRI, MIDA, DUE and Q1 HYBRID technologies);
  b) the reduction in the average energy consumed per tonne of steel produced in the ABS Steel Making sector using the latest generation plants to increase production with a very limited environmental impact;
  c) external certification was carried out on the targets to reduce the Scope 1, Scope 2 and Scope 3 emissions of the Danieli Group in FY 19-20. These targets to reduce CO2 emissions are science-based, namely they are approved by the Science-Based Targets initiative (SBTi), which is also affiliated with international entities and organisations such as the CDP (Carbon Disclosure Project) and the WWF. The targets envisage maintaining global warming at 1.5°C above pre-industrial levels by 2030. The Science-Based Targets initiative (SBTi) also envisages the Net-Zero Standard target by 2050. In any case, please refer to the dedicated paragraph in the section "Commitment to the Environment" for details.

With regard to the process of identifying and assessing risks related to climate change, the Group is developing an important action towards the market to promote new technologically advanced products to produce liquid steel with low environmental impact and lower CO2 emissions. Of these innovative products, green steel guarantees less energy expenditure per tonne produced and rolled, thanks to the use of new technologies that reduce the related CO2 emissions in other phases of production. The improvements resulting from the green management of Danieli's direct production activities will in any case not be very significant in view of the high operating standard already present in the group in both the Steel Making and Plant Making sectors, while the overall improvements that can be achieved by modifying our customers' plants are, on the other hand, very significant. With specific reference to new technologies and being able to act directly on customer plants, it is estimated that the change in CO2 per tonne of steel produced with traditional blast furnaces would drop from 2,000 to 350 kg if hydrogen-powered direct reduction (DRI) plants and new hybrid smelter systems (DIGIMELTERS)

powered by renewable energies and developed by Danieli were used, with an 80% reduction in emissions.
The parent company set up an internal control and risk management system consisting of a set of rules, procedures and organisational structures that allow the identification, measurement and management of the main business risks in order to protect the correct management of the company's operating activities with:
– orderly management of powers and decision-making;
– segmentation of activities separating operational and control activities;
– traceability of the choices and decisions taken;
– the whole thing maintaining confidentiality and compliance with the regulations for the protection of privacy.

PEOPLE

Human resources, prime origin and driving force behind all innovation, are in Danieli the central pivot of the organisation of the work that aims to ensure excellence and quality in customer service. Consistently with this concept, they are always the subject of constant attention: from enhancing the individual employees' potential and aptitudes, to promoting the professional development of teams and individuals, with instruments and initiatives to improve and enrich managerial skills, technical and specialist competencies, ethics and dedication to perform.
With a structured simplification, the values with which it is desirable for the Danieli Team to identify itself were identified:
– customer-oriented approach;
– passion;
– team spirit;
– respect for people, health and safety;
– consistency and reliability;
– excellence;
– sustainability.
These values are built every day with concrete actions and are transmitted by setting an example with transparency and trust.
Personnel management is developed in accordance with the principles included in the Code of Ethics and in compliance with the laws and regulations applicable in the countries in which the Danieli Group operates.
The approach of the company with regard to the personnel aimed at:
– attracting talented people through scouting activities and in particular graduates also with the collaboration of the best educational institutions;
– enhancing individual skills through development and training programmes by supporting an extensive and shared culture that also allows the consolidation and transfer of skills between employees;
– promoting a culture of safety at all levels of the organisation and always maintaining the highest level of health and safety protection for workers by using appropriate measures for the protection and prevention of occupational risks;
– motivating and retaining professional resources with an incentive and fair remuneration system based on meritocracy following market best practice.
Danieli operates on a worldwide basis and the planning of human resource requirements (according to a standardised process for defining organic plans) is carried out centrally in coordination with the production units, while selection, recruitment and contracting are then managed independently by the individual Group companies, also taking into account the different national legislations applicable on site.
The recruitment process also uses a computer tool that allows an initial evaluation of soft and hard skills.
Danieli's remuneration policy follows:
– all practices and procedures necessary to comply with the provisions on minimum wages where required by applicable local regulations;
– a careful management of remuneration in order to obtain the loyalty of key figures, encouraging them to remain and stabilising collaboration in the medium to long term in the interests of the company and its stakeholders.
In particular, during the 2020/2021 Fiscal Year, the Italian companies fully implemented what was envisaged by the renewal of the CCNL (National Collective Labour Agreement) signed on June 01, 2021, both in terms of salary, with the payment of the one-off bonus and the increases of the minimum amounts according to the pay-scale - and in terms of supplementary health care.
In the 2021/2022 fiscal year, Danieli was officially recognised as a "Top Employer" in Italy by the Top Employers Institute.
This certification is the result of various months of analysis and verification by the Top Employers Institute, a global certifying body of corporate excellence in the context of HR.
The assessment looked at six HR macro areas within the entire spectrum of processes related to human resources.

The recognition is the result of Danieli's commitment to the creation of an innovative working environment, aimed at the promotion of personal and professional growth and recognition of merit and excellence.

"To be recognised as a Top Employer is a source of pride for all of us at Danieli. It is the result of the entire Team's commitment and it motivates us to strive even harder for improvement", confirmed Rolando Paolone, co-CEO of Danieli.
Founded more than 30 years ago, the Top Employers Institute has certified over 1857 companies in 123 countries/regions.
Through the Top Employers Institute's certification programme, the participant companies can be validated, certified and recognised as Employers of Choice.
Furthermore, in May 2022, the Danieli Board of Directors approved the Group's Gender Equality Plan (GEP) for the 2022-24 two-year period, which is the formalisation of the strategic actions intended to achieve gender equality, through a concrete commitment and implementation of well defined initiatives.
The approach of the Gender Equality Plan is based on concrete data and measurable objectives, intended to make the progress due to the initiatives implemented and monitored over time objective.
To date, Danieli has already launched the following activities:
– Endorsement of the Women's Empowerment Principles as part of the United Nations Global Compact;
– Monitoring of gender equality indicators within the non-financial statement
– Management of all processes related to human resources in terms of recognition of merit, regardless of other personal factors;
– Projects/actions intended to actively support gender equality: Danieli 0-13 Project, recruiting, communication on social media channels.
The Company also intends to implement the following activities:
– formalisation of the Plan by including new initiatives, with particular attention on communication and training;
– internal and external communication of Danieli's commitment;
– completion of the monitoring system.

The Group adopts a remuneration policy with incentive systems: the remuneration of personnel holding positions of greater responsibility is subject to assessment based on shared objectives with personal plans every three years (Management by Objectives of a financial nature but also sustainability with the development of plants for steel production with zero CO_2 emissions).
Therefore, the variable component of remuneration, which usually never exceeds 30% of remuneration, is related to the achievement of the set objectives (of the company as a whole and/or of individual product lines) compared to the budget values.
In the Steel Making segment, environmental objectives are assigned for some positions that result in the achievement of production efficiency while at the same time improving environmental impact.
The Group also uses a management application called MET YOU to assess performance, the progressive development of skills and to have a complete view of the resources used by the Group ensuring transparency and traceability of what has been done.
The objective is to fill all company positions with qualified and back-up profiles so as to always guarantee the continuity of operations, always taking into account the induction period necessary for the assimilation of company policies and procedures and the need for training for specific technical alignment.
The Group points out that the workforce used in its factories and construction sites is highly specialised and that the risk of using child labour or the risk of forced labour is minimal.
For all employees, projects were started in the business and staff areas through the Hoshin method to disclose and measure the application of Danieli's values with continuity.
As explained in the Code of Ethics, Danieli also confirms its commitment to respect human rights, against discrimination in the workplace and child, irregular or forced labour by promoting equal opportunities (in terms of gender, origin, religion, age, political orientation, sexual orientation, disability), protection of diversity, freedom of association and the development of knowledge and professionalism of its own employees to better express their talents and the responsiveness to problem solving.
Danieli's position on human rights refers to the principles promoted by the United Nations (United Nations Guiding Principles on Business and Human Rights), fully in line with the Universal Declaration of Human Rights, with the commitment to require the entire chain of subcontractors used to be treated equally in their structures.
Danieli protects the integrity of its personnel by protecting workers from acts of physical, psychological or mobbing violence and by guaranteeing working conditions that respect the dignity of the person in compliance with the labour laws applicable in the countries in which it operates and with national collective agreements where present.

The company deals, where applicable, with organisations representing workers with an attitude that is always open and constructive where required.
The working conditions, working hours and economic treatment of employment relationships are established on the basis of the national rules envisaged with the aim of ensuring compliance with the applicable legislation in each country ensuring full transparency of information on contractual terms and conditions of employment for candidates.
Danieli never received any reports from employees or third parties in charge for well-founded violations of working conditions, not even through national or foreign trade unions.
In this context, Danieli joined the UN Women's Empowerment Principles initiative in 2021 to confirm its commitment to ensuring equal employment opportunities for all its employees.
There are no significant risks in terms of personnel management and in relation to the protection of diversity, duly referred to in the Company's Code of Ethics and in the Report on Corporate Governance and Ownership Structure regarding the composition of the board and the independent control bodies.
This continuous investment, together with the constant offer of career opportunities and prospects tied to merit, engenders a strong pride of place among our personnel, stimulating all of them to do their part in maintaining their companies' efficiency, effectiveness and competitiveness.

Total number of employees by contract category (fixed-term and permanent), gender and geographical area

	30/06/2022			30/06/2021		
GRI 102-8	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Europe and Russia						
Fixed-Term contracts	239	55	**294**	189	35	**224**
Permanent contracts	4,903	677	**5,580**	4,844	661	**5,505**
Total	**5,142**	**732**	**5,874**	**5,033**	**696**	**5,729**
Middle East						
Fixed-Term contracts	55	7	**62**	31	4	**35**
Permanent contracts	21		**21**	11	1	**12**
Total	**76**	**7**	**83**	**42**	**5**	**47**
Americas						
Fixed-Term contracts	37	3	**40**			**0**
Permanent contracts	131	25	**156**	108	16	**124**
Total	**168**	**28**	**196**	**108**	**16**	**124**
South East Asia						
Fixed-Term contracts	329	73	**402**	248	73	**321**
Permanent contracts	2,262	278	**2,540**	2,180	267	**2,447**
Total	**2,591**	**351**	**2,942**	**2,428**	**340**	**2,768**
Total personnel	**7,977**	**1,118**	**9,095**	**7,611**	**1,057**	**8,668**

The figures include only internal employees of the Danieli Group and not external workers.
The Group makes use of an external workforce for certain specific activities, such as the installation of special equipment at foreign sites.
The figure for female personnel accounts for about 12% of the total at Group level and is influenced by the characteristics of work in the steel and metalworking sectors (historically dominated by men) without, however, showing significant deviations in the average ratio of women's remuneration to that of men for similar functions and levels of seniority.

Total number of employees by type of employment (full time, part time), by gender

	30/06/2022			30/06/2021		
GRI 102-8	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Full time	7,930	1,049	**8,979**	7,591	1,000	**8,591**
Part time	47	69	**116**	20	57	**77**
Total personnel	**7,977**	**1,118**	**9,095**	**7,611**	**1,057**	**8,668**

Total number of employees entering the Group and the entry rate by age group, gender and geographical area

	30/06/2022					30/06/2021				
GRI 401-1	**Male**	%	**Female**	%	**Total**	**Male**	%	**Female**	%	**Total**
Europe and Russia										
Under 30 years	346	43%	82	64%	**428**	229	32%	21	19%	**250**
30 - 50 years	289	10%	82	18%	**371**	151	5%	40	9%	**191**
Over 50 years	47	3%	14	9%	**61**	49	3%	6	4%	**55**
Total	**682**	13%	**178**	24%	**860**	**429**	9%	**67**	10%	**496**
Middle East										
Under 30 years	1	50%		0%	**1**		0%		0%	**-**
30 - 50 years	33	47%	1	14%	**34**	2	5%	-	0%	**2**
Over 50 years		0%		0%	**-**		0%		0%	**-**
Total	**34**	45%	**1**	14%	**35**	**2**	5%	**-**	0%	**2**
Americas										
Under 30 years	18	69%	5	63%	**23**	11	52%		0%	**11**
30 - 50 years	40	46%	6	46%	**46**	16	36%	1	11%	**17**
Over 50 years	14	25%	2	29%	**16**	8	19%	1	25%	**9**
Total	**72**	43%	**13**	46%	**85**	**35**	32%	**2**	13%	**37**
South East Asia										
Under 30 years	201	59%	39	55%	**240**	85	35%	13	24%	**98**
30 - 50 years	288	14%	29	11%	**317**	173	9%	39	14%	**212**
Over 50 years	5	2%	1	8%	**6**	7	4%	1	10%	**8**
Total	**494**	19%	**69**	20%	**563**	**265**	11%	**53**	16%	**318**
Total	**1,282**	16%	**261**	23%	**1,543**	**731**	10%	**122**	12%	**853**

Total number of outgoing employees and exit rate by age group, gender and geographical area

GRI 401-1	30/06/2022 Male	%	Female	%	Total	30/06/2021 Male	%	Female	%	Total
Europe and Russia										
Under 30 years	144	18%	38	30%	**182**	136	19%	23	21%	**159**
30 - 50 years	289	10%	80	18%	**369**	306	11%	68	16%	**374**
Over 50 years	145	10%	17	11%	**162**	196	13%	23	15%	**219**
Total	**578**	11%	**135**	18%	**713**	**638**	13%	**114**	16%	**752**
Middle East										
Under 30 years		0%		0%	**-**		0%		0%	**-**
30 - 50 years	9	13%	1	14%	**10**	14	38%	-	0%	**14**
Over 50 years		0%		0%	**-**	3	75%		0%	**3**
Total	**9**	12%	**1**	14%	**10**	**17**	40%	**-**	0%	**17**
Americas										
Under 30 years	4	15%	2	25%	**6**	5	24%	2	67%	**7**
30 - 50 years	14	16%	1	8%	**15**	8	18%	2	22%	**10**
Over 50 years	3	5%		0%	**3**	7	16%	4	100%	**11**
Total	**21**	13%	**3**	11%	**24**	**20**	19%	**8**	50%	**28**
South East Asia										
Under 30 years	65	19%	14	20%	**79**	94	39%	11	20%	**105**
30 - 50 years	257	13%	44	16%	**301**	243	12%	56	20%	**299**
Over 50 years	14	7%	1	8%	**15**	39	23%	5	50%	**44**
Total	**336**	13%	**59**	17%	**395**	**376**	15%	**72**	21%	**448**
Total	**944**	12%	**198**	18%	**1,142**	**1,051**	14%	**194**	18%	**1,245**

Note: the data shown does not take intercompany steps into account.

Percentage breakdown of effective members of corporate governance bodies by age group and gender

GRI 405-1	30/06/2022						30/06/2021					
Board of Directors	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Male**	**%**	**Female**	**%**	**Total**	**%**
Under 30 years	0	0.00%	0	0.00%	**0**	0.00%	0	0.00%	0	0.00%	**0**	0.00%
30 - 50 years	1	16.67%	1	25.00%	**2**	20.00%	1	20.00%	1	33.33%	**2**	25.00%
Over 50 years	5	83.33%	3	75.00%	**8**	80.00%	4	80.00%	2	66.67%	**6**	75.00%
Total	**6**	**60.00%**	**4**	**40.00%**	**10**	**100.00%**	**5**	**62.50%**	**3**	**37.50%**	**8**	**100.00%**
Board of Statutory Auditors	**Male**	**%**	**Female**	**%**	**Total**	**%**	**Male**	**%**	**Female**	**%**	**Total**	**%**
Under 30 years	0	0.00%	0	0.00%	**0**	0.00%	0	0.00%	0	0.00%	**0**	0.00%
30 - 50 years	1	50.00%	0	0.00%	**1**	33.33%	1	50.00%	0	0.00%	**1**	33.33%
Over 50 years	1	50.00%	1	100.00%	**2**	66.67%	1	50.00%	1	100.00%	**2**	66.67%
Total	**2**	**66.67%**	**1**	**33.33%**	**3**	**100.00%**	**2**	**66.67%**	**1**	**33.33%**	**3**	**100.00%**

Note: the figures shown consider the chairperson and the standing auditors.

Percentage breakdown of employees by category and gender and by age group

GRI 405-1	30/06/2022						30/06/2021					
	Male	**%**	**Female**	**%**	**Total**	**%**	**Male**	**%**	**Female**	**%**	**Total**	**%**
Apprentices	171	2%	29	3%	**200**	2%	138	2%	23	2%	**161**	2%
Blue collars	2,779	35%	71	6%	**2,850**	32%	2,690	35%	55	5%	**2,745**	32%
White collars/ Managers	4,833	61%	1,009	90%	**5,842**	64%	4,599	60%	968	92%	**5,567**	64%
Executives	194	2%	9	1%	**203**	2%	184	2%	11	1%	**195**	2%
Total personnel	**7,977**	**88%**	**1,118**	**12%**	**9,095**	**100%**	**7,611**	**88%**	**1,057**	**12%**	**8,668**	**100%**

GRI 405-1	30/06/2022						30/06/2021					
	Under 30 years	**%**	**30 - 50 years**	**%**	**Over 50 years**	**%**	**Under 30 years**	**%**	**30 - 50 years**	**%**	**Over 50 years**	**%**
Apprentices	193	14%	7	0%		0%	158	14%	3	0%		0%
Blue collars	422	30%	1,685	29%	**743**	38%	375	33%	1,686	30%	**678**	36%
White collars and middle managers	769	56%	3,994	69%	**1,079**	55%	607	53%	3,903	69%	**1,067**	57%
Executives		0%	77	1%	**126**	6%	1	0%	69	1%	**121**	6%
Total personnel	**1,384**	**15%**	**5,763**	**63%**	**1,948**	**21%**	**1,141**	**13%**	**5,661**	**65%**	**1,866**	**22%**

Company welfare

The development and expansion of the welfare platform dedicated to all Italian employees and other similar formulas for other employees abroad continued where required by current local regulations. Specifically, the Group signed an agreement with a number of specialised operators for the management of the flexible benefits provided for in the trade contract of Italian companies, which envisage the use of these portions for the purchase of goods and services or the reimbursement of health or education-related expenses.

The personnel are covered by an insurance programme against accidents, travel and reimbursement of medical expenses in case of business trips to mitigate the risks of these events.

Moreover, both the Metasalute Fund for health care and a general coverage programme against accidents of the working personnel operate whereas the Danieli Foundation provides support to former employees in case of any situation of emergency. The Steel Making sector was characterised by a number of initiatives that were carried out at the ABS plants, such as the “heart of steel” initiative (free annual cardiology check-up for employees over 50) and the management of company uniforms (the cleaning of which is taken care of directly by the company, guaranteeing employees savings on washing and at the same time providing them with a garment that is always clean and in line with safety standards).

In order to protect the health of employees and prevent the spread of seasonal epidemics, the flu vaccine is given free of charge each year to employees who request it, however due to Covid-19, it was suspended and will resume in 2023 if possible.

The Danieli Foundation provides support and assistance in the event of mournful events or serious needs to former employees and their families.

The Turismo 85 S.r.l. travel agency, a company belonging to the Group, following the period in which tourism activities were severely constrained by the limitations imposed by the Covid-19 pandemic, once more offers attractive prices to employees, proposing monthly tourist destinations that can be reached at discounted prices and day trips, thus promoting, when possible, co-worker socialisation outside working hours.

Many initiatives have been developed in the past by Danieli for its employees and will be proposed again within the current limitations:

– Invitations for employees and family members to concerts, shows and cultural events sponsored by the company;
– MetYou project for the management of Soft and Hard Skills of personnel;
– “Pink” (gender) parking (at the Parent Company and in ABS S.p.A.);
– Family party and open factory in ABS S.p.A.;
– Parent company Christmas party and lottery;
– Blood donation with mobile blood bank;
– Support activities for personnel employed in operating units in Thailand, China and India.

Health care – Donation of new mobile blood bank to the Italian Blood Donors Association

Once administrative obligations have been fulfilled, and hopefully quickly, the vehicle funded by Danieli will be managed under a convention with the regional health service.

The new mobile blood bank is modern, high-tech and above all useful for improving blood donations. It was delivered to AFDS Udine in 2022 and, once administrative obligations have been fulfilled, can begin to operate in the region. The vehicle was tailor made by a specialist company in Somma Lombardo, not only on the basis of technical requirements that guarantee maximum safety when processing blood, but also by introducing the most recent technological innovations so that the vehicle can carry out its mission properly.

"When Covid-19 restrictions were harming blood collections at normal donation centres in Autumn 2020, it was clear to everyone the importance of being able to rely on a vehicle like the mobile blood bank", said the president of AFDS.

"So Danieli came up with the idea of providing us with a second unit, an idea reinforced when the numbers confirmed that the mobile blood bank already in use had in the meantime become the second donation point in the province of Udine.
We also studied the best way to meet donors halfway, especially those in employment, who struggled to come to hospitals due to time constraints and the distance from their home. Essentially, we did not wait for the end of the pandemic, but we began to think about the future when it was not yet possible to predict when the pandemic would end".
The idea was supported immediately by the Danieli Group, which in addition to financing the purchase and outfitting, also provided its technical experts. Just 18 months were needed to commission, design, construct and kit out the mobile blood bank, which is now waiting at a dealership in Pradamano for the definitive go ahead.
The other vehicle, in use for over twenty years, will continue to be operational following a service. In addition to the donation of the new mobile blood bank, Danieli employees continued to donate blood at the office entrance, a simple move in terms of logistics and time constraints.

Occupational health and safety

Danieli defined a company management model identifying the roles, operational responsibilities and methods for carrying out the main production processes, paying the utmost attention to the health and safety of workers.
In particular, specific guidelines and company procedures were prepared for each operating unit and the activities carried out by them in order to:
– identify and assess any possible exposure to the hazard;
– use the prevention and protection systems made available by the company;
– identify potentially exposed persons;
– implement risk mitigation measures and control their application;
by training personnel at the time of recruitment and with subsequent periodic updates by making available to them (for easier consultation and use) on the company website all the safety and prevention documentation to avoid dangerous situations at work. Moreover, continuous awareness-raising is carried out with information campaigns and specific communications to alert and remind people of the need to comply with safety protocols.
Employers and Safety Managers are responsible for the implementation of health prevention activities and the implementation of safety in the workplace using specialist personnel who devote particular attention to the training and education of personnel assigned to specific operational tasks. In the 2021/2022 fiscal year there was a significant increase in the hours of safety training, because numerous courses were carried out for specific risks that could not be carried out via webinar during the pandemic, such as works on electric material, overhead cranes, etc. Furthermore, in order to preserve the highest number of current employees possible during the pandemic, a decision was made to relocate employees to different functions using internal mobility rather than terminating employment contracts. The role change required more courses for the specific skills required in their new field of work.

Risk Assessment Documents are prepared and coordination meetings are held between third-party companies and site managers, verifying the health and safety issues of external workers.
The health of workers is guaranteed in the workplace also with the help of an internal Company Health Service present in all production units that carries out a health surveillance program with prevention and control procedures, information campaigns and periodic inspections.
As early as December 2019, ABS S.p.A. received the Fire Prevention Certificate of the Cargnacco Plant, which represented the crowning achievement of 6 years of work and over 7.5 million euro of investments, broken down in 340 detailed projects, positively passing 6 inspections by the Fire Brigade and making it possible to affirm that ABS is one of the safest steelworks in Italy.
During 2020/2021 and 2021/2022, the company approached the Covid-19 issue with great care, promptly implementing in Italy (and at all foreign premises) all the necessary measures to limit any negative impact on its employees.
Comprehensive information on the Covid-19 infection situation was immediately made available on the company's intranet system to update all employees in real time for the entire group and in full transparency.
The Group's Italian plants were completely closed for only two weeks in March 2020, completing only urgent activities, while the Russian and Indian plants carried out limited closures in April and June of the same year; the Chinese plants (although far from the Wuhan area) were also closed for only two weeks in February 2020 to coincide with the New Year holidays.
The Italian companies remained in constant contact in the initial period of the pandemic with the Prefect of Udine from whom the authorisations to continue the most delicate activities considered of strategic importance for the national economy were obtained, as envisaged by Article 1, par. 1, letter h) of the Italian Decree of the President of the Council of Ministers of March 22, 2020.
During 2022 and in line with the law, in order to ensure the most effective and efficient verification of Covid-19 green passes in the workplace, the Company monitored workplace access using a specific function provided by the Italian Ministry of Health on the INPS portal ("GreenPass50+") pursuant to Article 9-*quinquies* and 9-*septies* of Italian Decree Law no. 52 of April 22, 2021, converted with amendments by Law no. 87 of June 17, 2021.

With the reopening of the production sites, we continued to pursue a very prudent approach in 2020, 2021 and 2022, as was already done in the period immediately prior to closing, by checking the temperature of personnel before each entrance, equipping them with medical safety devices and re-launching the work stations in a distanced and protected manner, installing hand sanitisation stations in the offices, prohibiting physical meetings and closing the canteen and refreshment points.
Smart working was activated in all possible cases while, in other cases, the available hours of leave were used, only making minimal use of the ordinary redundancy fund when deemed necessary.
Overall, in a population of almost 9,000 employees, the cases of Covid-19 infection were limited; during the 2021/2022 financial year there were no serious Covid-19 cases in the company and in the case of hospitalisation they always ended in recovery.
By April 2020, smart working had been used for 50% of our employees' working hours. These then gradually returned in person until they reached a smart work rate of around 35% in June 2020. In the 2020/2021 financial year, work activities returned to full capacity with an attendance rate of 80% and during the year 8% of the employees' working hours were carried out in smart working. Work was therefore mainly in person and the smart working tool was essentially used to preserve the health of employees, especially in the case of fragile subjects, paternity or maternity, where this method of working was allowed in an extended form. The remaining 12% of the hours refers to other types of absence, mainly holidays, while only 1% refers to the CIG (income support fund), which was anyway closed in June 2021. The Danieli Group also used smart working with similar methods during the 2021/2022 financial year, where it proved to be a valid tool to combat the various waves of Covid-19. The workers of the Danieli Group spent 9% of their time during FY2021/2022 working remotely, mainly during winter. Furthermore, the tool was used according to laws and where legislation allowed to reconcile the personal, family and health needs of Danieli employees.

Similar safety and control procedures were applied to workers of subcontractors who work on sites for which the Group implements the same procedures for monitoring the risks of employees and checks and controls the technical and professional requirements of the operating companies.

As mentioned, the following companies have an occupational health and safety management system certified by international standard ISO 45001: the Parent Company and Danieli Germany GmbH achieved the transition from OHSAS 18001 certification to ISO 45001 certification in the 2019-20 financial year, while the companies ABS S.p.A., Danieli Met. Equipment & Service Co. Ltd., Danieli Automation S.p.A., Danieli India Ltd., Danieli Co. Ltd, Danieli Corporation (a US company following the local market) achieved it in the 2020-21 financial year and Danieli Centro Combustion S.p.A. and Danieli Systec Engineering d.o.o. Smederevo achieved ISO 45001 in 2021/2022, replacing the old OHSAS 18001, no longer in use.
The company approach to the prevention of accidents and injuries achieved positive results on average over the years, with only one serious employee accident during the 2021/2022 period which was ultimately resolved and the colleague involved returned to work as normal.
The injury indexes are calculated in accordance with the procedures established by UNI 7249: 2007 "Statistics on injuries at work", indicating the number of injuries that occurred per million hours worked.
The positive results, which improved slightly, were achieved also thanks to the pursuit of the project entitled "Alcohol and the workplace", directed at contrasting alcohol abuse in the company, which is often a contributing cause in unacceptable accident situations both from the viewpoint of the frequency of events, and of their severity.
During the 2021/2022 Fiscal Year, training activities on safety were carried out totalling approximately 46,015 hours. The increase between 2020/2021 and 2021/2022 is due to the following factors: resumed in-person training courses previously postponed due to Covid-19, with reference to courses that were impossible to carry out remotely (working at height, electric materials)
The company provides education, information and training courses with the aim of educating all employees on issues related to occupational health and safety, correct emergency management practices and the use of equipment in the company. In view of the situation related to the pandemic, SPP (Health Prevention and Protection) in collaboration with Danieli Academy used the e-learning/webinar tool to provide important training/information on the Covid-19 issue, in order to disseminate the company directives and the correct behaviour required by the mandatory regulations. A special focus is also placed on regular training for workshop technicians on the procedures to be used in their daily work.
The company continuously ensures that personnel are trained in accordance with safety regulations by constantly surveying the training requirements of employees, e.g. when changing jobs. Therefore, during the year, the activity related to the five-year compulsory retraining of the basic training for all workers continued.
The personnel are covered by an insurance programme against injuries, covering travel and reimbursement of medical expenses in case of business trips, to mitigate the risks of these events.
If local needs require a special control unit, the company equips foreign sites with a Security structure with specialised personnel that:
develops an action plan to protect the job order,
operates in line with local regulations and standards,
in order to guarantee the continuity of operations, the integrity of personnel and that of the company assets used, operating in compliance with the company's Code of Ethics.

Number of injuries in the workplace, occupational diseases, fatalities and main injury indexes[2]

Work-related injuries - Employees GRI 403-9	**30/06/2022**	**30/06/2021**
Number of recordable work-related injuries	79	98
of which:		
Total High consequence work related injuries (>180 dd recovery time)	1	-
Total Work-related fatalities	-	-
Total worked hours by employees (number)	15,063,071	15,842,147
Rate of recordable work-related injuries	**5.24**	**6.19**
Rate of high-consequence work-related injuries	**0.07**	**0.00**
Rate of fatalities as a result of work-related injuries	**0.00**	**0.00**

Main types of work-related injuries Employees GRI 403-9	**30/06/2022**	**30/06/2021**
Bruises and lacerations	41	42
Sprains and fractures	24	14
Muscle strains and joint pains	3	28
Others (loss of consciousness, burn, fume inhalation)	11	14
Total Main types of work-related injuries Employees	**79**	**98**

Work related injuries - External workers GRI 403-9	**30/06/2022**	**30/06/2021**
Number of recordable work-related injuries	23	9
of which:		
Total High consequence work-related injuries (>180dd recovery time) Externals	1	
Total Work-related fatalities -Externals		

Main types of work-related injuries Externals GRI 403-9	**30/06/2022**	**30/06/2021**
Bruises and lacerations	16	6
Sprains and fractures	2	1
Muscle strains and joint pains	2	2
Others (loss of consciousness, burn, fume inhalation)	3	
Total Main types of work-related injuries Externals	**23**	**9**

The external serious injury involved a contractor, who is not an employee of the Group but whose place of work is controlled by the organisation, and is attributable to a fracture.

[2] The data include internal employees of the Danieli Group and external workers who are not employees but whose work and/or workplace is under the control of the Danieli organisation where it is possible to monitor at the main production sites.
The Rate of work-related injuries represents the ratio between the total number of injuries and the total number of hours worked in the same period, multiplied by 1,000,000; injuries while travelling to/from work are included only when transport was organised by the organisation.
The Rate of high-consequence work-related injuries represents the ratio between the total number of injuries that have caused more than 180 days of absence and the total number of hours worked in the same period, multiplied by 1,000,000.
The Rate of fatalities as a result of work-related injury represents the ratio between the total number of fatalities and the total number of hours worked in the same period, multiplied by 1,000,000. In the table on injuries in the workplace of external workers, the rates of injuries in the workplace with serious consequences and death due to work are not calculated because the data for the hours worked by this category of workers is not available, since the Group has no direct control over the data provided by the employers of these workers, who are not employed by the Group.

Training

The "Danieli Academy" is the kingpin and the organisational centre of the corporate training system and it pursues the dual objective of promoting and improving the growth and development of human resources and of fostering and consolidating corporate vision and values.

The "Danieli Academy" is a business school in the company to support both the process of change and the organisational development, as well as a place of learning where resources are enhanced through professional consolidation and team work with the support of Universities and of local High Schools.

Danieli Academy maintains lasting and fruitful collaborations with Italian and foreign Higher Technical Institutes and Universities thanks to the Talents area. Internships are promoted and organised with a view to alternating schoolwork both within the Academy and at the various product lines. During the curricular internships, trainees are followed daily by the company tutors in a constant training activity alongside and "on the job" which involves thousands of hours of personnel dedicated to the training of the new generations. Thanks to these activities, the hosted students develop school projects or thesis in the company.

Also in 2021/2022, such initiatives have been carried out with schools, technical and industrial high schools.

In continuity with the past, the Danieli Academy continued the INDE18 programme for hired trainees, young newly-qualified students from technical and industrial high schools and post-secondary schools, and new graduates. This is a dedicated training course lasting 8 months, from September to April.

The Danieli Globe project was launched to allow talented young people to follow a project abroad, which was temporarily suspended due to the restrictions and constraints on international mobility linked to the pandemic situation.

The Talents area of Danieli Academy also deals with the recruitment, selection, management and development of young graduates and new graduates in the company. At Schools and Universities, company presentations, lectures and Career Days are organised with the aim of attracting the best talents within the Danieli company organisation.

Abroad, the Group is equally determined to contribute to the creation of new development opportunities, with particular reference to technology and employment. In this context, it actively collaborates with the main universities and education bodies of reference by sponsoring innovation projects and offering concrete guidelines to help young people as they venture into the world of work for the first time.

Training by category	30/06/2022		30/06/2021	
GRI 404-1	Male	Female	Male	Female
Average hours of apprentice training	86	45	80	50
Average hours of blue-collar training	13	6	12	23
Average hours of staff training	15	12	13	11
Average hours of manager training	25	20	11	12

The refresher and training courses for employees (2,366 courses equal to about 144,840 hours) represent a company investment and are of different types with multiple goals:

– sharing the basic technical and technological knowledge that constitute the company's value and uniqueness today, and will increasingly do so in the future;
– development of specific technical – specialist knowledge and skills, including managerial ones, both general and running across the entire organisation, and tied to a specific role/function;
– consolidation of language skills;
– training and updating of workers on rules of behaviour and company procedures related to safety. As mentioned, the increase in safety training hours is linked to more courses for specific risks that could be carried out in person post-pandemic.

In addition to the security measures put in place to counter Covid-19, a blended mode of training was adopted, reducing the physical load of attendance and providing remote activities.

In March 2021, a training project (MET3) was started, targeting managers and executives and aimed at fostering entrepreneurship, work culture, exploration of new areas related to digitalisation and organisational strategy. The initiative was continued with a 2021/2022 horizon.

New resources are introduced through an onboarding process that includes in-person and online training on the specific role and company policies. In continuation of what has been done in the past, training was provided on travel security, cybersecurity, company policies, code of ethics, model 231, Gift and Hospitality policy, specific security measures related to Covid-19 prevention.

Collaboration with institutions for school and university education

The Parent company constantly collaborates with high schools, post-secondary schools and Italian and foreign Universities, organising and managing each year approximately 100 work-related learning projects and about thirty curricular internships with related thesis.

Moreover, the company actively takes part in the study programmes of high schools, post-secondary schools and Universities as follows:

– frontal lessons;
– organising guided tours in the company;
– taking part in vocational meetings aimed at student work placement;
– taking part in career days.

The Parent Company is a founding member of the Fondazione ITS Malignani of Udine and sponsors each year the Mechatronic Course that has various classes totalling over 100 students. Furthermore, Danieli is about to invest in redeveloping the areas of the former Dormisch factory in the heart of Udine in order to build a new multi-functional centre open to the local community and younger generations. It will act as a bridge and a point of connection between the historic centre of the city and the new study centre and will be home to the ITS Malignani, alongside a restaurant/bar, an auditorium, a library and various laboratories also open to local businesses as a driver of innovation and research. This investment will provide a strong boost to urban rebirth and regeneration and has been strongly promoted by the chairperson of the Danieli Group, Gianpietro Benedetti, who initially trained at the Malignani technical institute. He now holds an internationally important role. The plan for the rebirth of the Dormisch area therefore represents a strong driver of hope and innovation that will positively influence the Friuli community in a wider sense, from the public with schools and universities, to the private sector and business people, with the aim of innovative and sustainable development. The buildings will be powered by hydroelectric energy recovered from an adjacent waterway using a turbine. The aim is to recover and develop the turbine to make the entire complex independent. Danieli will convert the area into a hub designed for young people, where there will be space for ITS Malignani. Nevertheless, it will be a space open to the city. Inside, there will be a restaurant, an auditorium, a library and laboratories, one of which open to companies that strive for innovation and research.

Each year, approximately 100 newly-qualified students and new graduates are hired by Danieli & C. Officine Meccaniche S.p.A. with a professionalising training contract.

This initiative focuses on young people to stimulate them in a training course that essentially gives them four perspective elements of development, which are of crucial importance today:

– a highly specialised career, within a multinational context;
– guarantee of recruitment at the end of the training and work placement course;
– a remuneration aligned with that of the personnel of the same level from the beginning of the training course;
– the possibility of taking a highly specialising training course thanks to the support of expert business tutors (training on the job) and to the participation in training courses (Danieli Academy).

The focus on young talents is also emphasised by the annual sponsoring of scholarships and graduation awards for worthy newly-qualified students and new graduates in technical and scientific branches.

The Group actively participates in the organisation of specific Masters courses for the metallurgical sector and economically supports Masters courses in economic/administrative subjects in which some employees take part at advantageous economic conditions.

Company Portal

In addition to the company website, the Danieli Synapse company portal is also available for each employee, allowing immediate interaction with the company, guaranteeing up-to-date information on topics of specific interest, as well as services and assistance on safety and governance in the broadest sense.

Each employee can customise the service that is continuously updated and guaranteed even on smartphones. The "Danieli Synapse" portal during the Covid-19 emergency and the simultaneous lockdown were particularly important, allowing Group companies to inform their employees about the various activities and tools put in place to combat the effects of the virus and to keep employees up to date with the effects of the epidemic in the various countries in which the Group operates. A weekly report is also provided with the Covid-19 cases reported, divided by each company of the Group, each country and region, to inform employees about the spread of Covid-19 in the nearby area, so that they can organise and conduct themselves in such a way as to lower the risk of infection, inside and outside of work.

In 2021/2022, the Danieli web portal was also supplemented with a News section with information about various and interesting items of news, used not only for the spread of Covid-19 but also the weather, climate alerts or real-time traffic conditions on neighbouring roads.

IT Security
Particular attention was paid by the company to protection from cyber risks. In the 2021/2022 fiscal year it launched a programme of initiatives with the aim of continuous improvement, including:
– security assessments by an external consulting company on the existing architecture, intended to verify the state of the art of the company's security services and confirm any improvement plans;
– systematic training for personnel hired at all integrated companies of the Group through a multimedia platform and targeted workshops for those in charge of cyber risk;
– workshops dedicated to increased business management awareness around cybersecurity risks;
– review of the BIA (Business Impact Analysis) document, qualifying and categorising the IT services of the company based on the Business Impact Reference Table (BIRT) Matrix;
– creation and maintenance of operating procedures in response to the most common security incidents to ensure their correct management;
– simulation of external attacks to assess the security procedures and reaction capacity of the company's IT service (so-called "red team activities");
– introduction of improved technological services for protection from external threats (identity governance, network access control, next-generation antivirus and vulnerability management).

All the above-mentioned activities are covered by a dedicated budget and personnel training beyond the high standard of our systems (as Danieli is a world leader in the development of Hi Tech technologies) and updating existing firewalls has prevented any intrusion into the internal network to date.
Danieli adopts measures to ensure the protection of the personal data collected and archived. Danieli's Information Communication Technology (ICT) function manages IT security centrally with a dedicated team. In the 2021/2022 fiscal year, no data leaks, thefts or losses were recorded, therefore the Group did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

RESEARCH, DEVELOPMENT AND PRODUCT QUALITY

Danieli concentrates its research and development activities exclusively in the technological areas falling within the Group's operating sector (metal production and production of machinery for the metal working industry), starting with the development of the primary process and ending with the finished product (in practice, from ore to finished product).
In summary, the following process areas are covered:
– reduction of iron ore;
– melting;
– casting;
– rolling;
– finishing;
– management of non-ferrous metals.
The ability to develop new technologies and technological packages in the sectors indicated above is for the Danieli Group a fundamental ability to maintain competitiveness in the steel and aluminium market.
The research process usually develops in an orderly manner:
– starting from the collection and analysis of data from existing plants;
– then developing studies on the physics, chemistry and mechanics of products validating the conclusions with mathematical models and laboratory tests;
– continuing with the 3D engineering of the plants (operating them also in a virtual manner);
– and completing with the implementation of prototypes and/or industrial equipment in the laboratory or at customers where to carry out tests of production and performance.

Research results in the form of ideas, concepts, technological approaches and operational capabilities represent an important intangible asset to ensure Danieli's technological leadership in the market.
To this end, the Group created the Danieli Innov-Action Award, a competition open to all employees and collaborators to stimulate and encourage the development of new technologies, applications or processes to improve environmental sustainability with four main themes:

• Energy saving;
• Energy recovery;
• GHG emission reduction
• Waste reduction;
• Improving workers' safety.

The proposed innovations, after examination by a technical commission, are tested in the research laboratories and, if they are considered valid, applied to the plants in production. The "innovators" (teams or individuals) are awarded during the company's annual meeting with employees and families around the Christmas holidays.
Again with a view to research and development, Danieli Digi&Met Lab continued its activity (inaugurated in February 2020) at the University of Udine (Uniud Village Labs), the first private laboratory set up at a university centre with the aim of stimulating the interest of students, researchers and professors in the search for concrete innovative solutions in the field of metallurgical production.
The protection of intellectual property plays a strategic role for the company that every year invests countless resources to develop new products and new technologies to be applied in industrial solutions offered to customers.
The maintenance of know-how and existing patents requires a constant updating activity that is also carried out with dedicated projects and with the involvement of the main local universities.
The total annual expenditure of about 200 million euro includes both prototype and direct research and related expenditure for innovative projects without margins and the first industrial applications that require a strong commitment for the company in start-ups and performance tests.
A Danieli Research Centre operates in Italy with 85 people employed directly at the new structure opened in 2017, serving the machinery and plant sector. Since 2021, this site has also included the new Dan Green division, with five R&D employees dedicated specifically to green sustainability topics from an engineering, systems, and technology statndpoint. Furthermore, an ABS Research Centre is operational in Metz, France with around 15 employees in the steel sector, to offer customers new alloys for industrial applications. Globally, research activities are carried out within the Group by another 35 employees in the various product lines, giving a total of 140 people dedicated to R&D, equal to 1.5% of the Group's total employees, a sign of strong commitment to this issue. One example is in the UK, where the company Innoval Technology Ltd. operates with its own laboratories. It offers innovative solutions to customers operating in the aluminium sector.
In France, ABS Centre Métallurgique ACM obtained accreditation according to the international standard ISO 17025 (General requirements for the competence of testing and calibration laboratories).

Product quality
Meeting deadlines and quality of the products supplied in line with the obligations contracted towards the customer is the main objective of the company and of its employees to obtain customer satisfaction.
To achieve these results, the Group adopted a Corporate Quality Policy based on company values and culture that defines construction methods, quality standards and performance indicators to be followed in order to prevent product non-conformities and provide quality goods and services contractually required.
Therefore, the Danieli quality system operates in compliance with the standards required by the certifications:
– ISO 9001:2015
– ISO 3834-2:2005
– EN 1090-1:2009 + A1:2011
ensuring that the products supplied are manufactured in accordance with the customer's expectations and in compliance with contractual, safety, statutory or regulatory obligations.
The standardised application of rules and processes across all Group units represents company know-how available to all employees to identify best practices to be followed in all Group factories, always guaranteeing the same level of quality and safety.
The production of machinery for the metal industry and the production of steel both require compliance with regulations, laws and requirements issued by national and international directives whose observance is required and regulated by the production specifications envisaged by the company and ABS S.p.A. that envisage the use of technical personnel trained and aware of the limits envisaged and imposed by applicable standards and regulations.
Finally, the company's quality system envisages verification plans and controls to ensure compliance with the followed production standards.
To ensure the prevention and mitigation of health and safety risks to which customers are exposed, the Group obtained certifications attesting to compliance with the required standards on product quality (the company ABS S.p.A. obtained the ZF certificate), prepares accurate manuals for the use and maintenance of the plants, organises training courses for customers' personnel who will work on the plants built by the Group.
Moreover, note that ABS S.p.A., which represents the main operating site of the Group's Steel Making sector, checks compliance with legal requirements for incoming and outgoing materials and has undertaken to purchase material that does not contain minerals from conflict zones.

COMMITMENT TO THE ENVIRONMENT

Environmental protection is not only a priority for the Group in relation to the production activities directly carried out in both the Steel Making and Plant Making sectors, but also an opportunity for the latter to be promoted to customers to enable them to comply with applicable legal requirements, and a conscious use of resources as part of a continuous improvement process in line with best practices.
Danieli is an active participant in the ClimateNeutralEU process to achieve a substantial reduction in GHG emissions in 2030, raising the awareness of European authorities on the need to achieve these objectives promoted by the general commitment of the main European companies.
As mentioned, Danieli also defined science-based targets to reduce long-term emissions by 2050, approved by the SBTi, in line with the Net-Zero Standard. The objective is to abate direct and indirect greenhouse gas emissions and those deriving from the value chain, guaranteeing an active contribution for the green conversion of the steel industry, in particular by offering technological solutions for green steel production to its customers. The demand for a concrete and urgent response to climate change represents an opportunity, in part thanks to the Danieli green plants, to invert and slow the trend of gradual global warming over time. Recent climate science studies by the IPCC (Intergovernmental Panel on Climate Change) show that it is still possible to limit the temperature increase to 1.5°C compared to pre-industrial levels, but that we are close to the point of no return.
The Group's environmental protection approach is aimed primarily at ensuring compliance with the legal requirements applicable to its own production activities by identifying, monitoring and mitigating all related environmental aspects:
– using appropriate safety procedures and efficient technical prevention systems;
– developing new technologies (also with Hoshin projects) that allow a rational use of natural resources (raw materials, energy, water and waste management);
– achieving an increasingly effective mitigation of pollution, GHG emissions, waste, noise and any inconvenience to the local communities concerned;
– by raising personnel awareness through specific training and education.

Moreover, the Danieli Group defined reference targets in order to maintain high environmental protection standards:

- promoting a culture of health and environmental protection in all workers and their families;
- designing plants with ever better performance from the viewpoint of the environment and workers' health and safety;
- constantly informing and training workers on general and specific risks, on rules of behaviour and company procedures;
- investments of economic, technical and human resources to achieve environmental protection goals for Danieli and for customers;
- promoting knowledge of environmental regulations and generating widespread awareness of their importance, by example and through systematic oversight of their compliance also along the supply chain used by the group;
- improving waste management by providing specific labelled containers and dedicated areas bearing appropriate signs, and through more accurate separation of waste for disposal;
- improving hazardous materials management by identifying and labelling all containers, providing containment basins and suitable absorbing materials in case of spills, conducting practical emergency simulation exercises.

In the production of metals, the "green technologies" are those that allow to limit waste and emissions with lower consumption of raw materials in the production process, resulting not only in benefits for producers but also in reductions in the use of water and GHG emissions.
In new projects and in the modernisation of existing ones, the use of innovative design, logistics and plant layout using "Best Available Technologies" (BAT) make production more efficient and cleaner, above all by reducing energy consumption, which is one of the main sources of CO2 emissions.
Products such as the Q-ONE, which allow to digitally power the electric furnaces preventing disturbances on the network will allow their better sizing at the service of the whole community reducing consumption, waste and Flicker disturbances and allowing the direct connection of the systems with renewable energy sources.

The development of processes that continuously manage the casting and rolling phase for long and flat products (MI.DA. and QSP-DUE) and the rolling of semi-finished products at lower temperatures with quick induction heating systems (QHEAT) already allow us to obtain quality products with a substantial increase in efficiency compared to the past.
The lower consumption of natural gas with the use of controlled flame burners and the use of hydrogen in direct reduction plants will lead to steel production with a very significant reduction in CO2 emissions (to almost zero).
The future will be even better thanks to "green" research using predictive models and artificial intelligence, transferring the know-how developed through Danieli's research to the service of customer plants for highly efficient production and low waste.
In this context, a new *DanGreen* product line has been launched with three main objectives:

– develop and market machines and plants that will allow a significant reduction in CO2 related to steel production by 2030 and a cancellation of CO2 produced by 2050;
– build steel plants with HYBRID technologies that allow the use of renewable energy;
– use new Green technologies within the steel production cycle reducing the environmental impact of the production itself by recovering the related GHGs.

During the launch of new projects (especially in the Plant Making segment), the company always carries out a risk assessment, which also identifies significant environmental issues related to the development of the job order at its customers' production sites, and identifies the measures needed to mitigate the impact on local communities, which in most projects are manageable and extremely limited.

The Parent Company (which covers both the operating unit at the head office and the headquarters of the Research Centre), ABS S.p.A., Danieli Met. Equipment & Service (China) Co. Ltd., Danieli Co.Ltd and Danieli India Ltd developed an ISO 14001 certified Environmental Management System. The subsidiary ABS S.p.A., whose business activities are highly energy-intensive, also implemented an ISO 50001 certified energy management system in which an energy audit is carried out every 4 years. ISO 50001 certification was also obtained by Danieli Germany Gmbh for its three premises.

Energy consumption, emissions and water withdrawals are the main indicators of the environmental impact of the Group's production processes. In particular, as part of energy efficiency initiatives, the Parent Company and Danieli Automation S.p.A. installed some photovoltaic systems covering the roofs of industrial buildings and the company ABS S.p.A. installed an ORC (Organic Rankine Cycle) system to produce energy using the heat from the fumes of electric furnaces used in the production of steel. For the 2020/2021 and 2021/2022 financial years, albeit operational and functioning, the plant did not work for production requirements. Also in ABS S.p.A., a district heating system was built to recover heat from hot fumes from the Rotoforgia's Walking Beam oven to heat some buildings, including the office building, canteen and dressing room. It is planned to extend this plant to other buildings on the Pozzuolo site. Therefore, by recovering the heat generated from steel processing, it will be possible to heat surrounding factories and avoid the consumption of methane gas. Renewable heat with district heating offers clear benefits: low or even zero CO2 emissions.

ABS continued during the year with the development of the LCA (Life Cycle Assessment) project to measure and validate the impacts of its processes/products from birth to end of life, since sustainability must necessarily be a supply chain sustainability, and attention to the environmental and social performance of suppliers is therefore fundamental.

The purposes of the project aim to:
- identify areas for improvement on the technical, management and logistics level;
- compare the environmental loads related to the processes;
- study alternative technical solutions to help reduce the environmental footprint throughout the supply chain;
- guide the re-design of products and processes in order to minimise their impact through efficient consumption of natural resources.

The project was successfully completed in 2021/2022, guaranteeing a useful map to optimise the company's energy consumption.

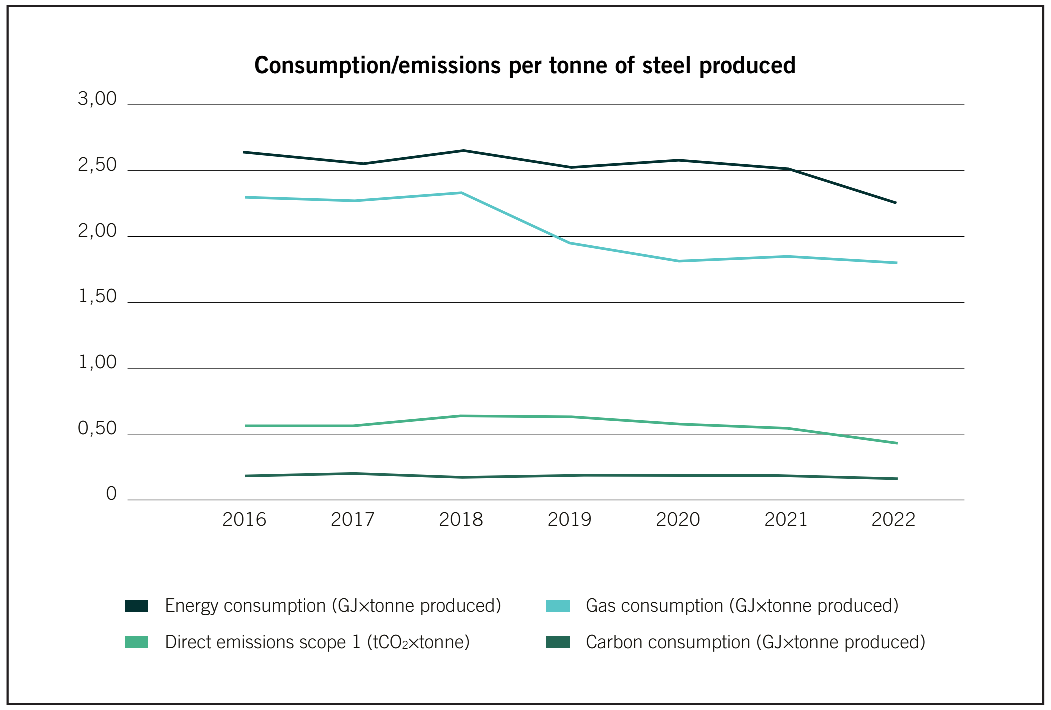
The Group's energy consumption is presented below:

Energy GRI 302-1	30/06/2022	30/06/2021
Energy consumption by type of fuel and process		
LPG (GJ)		
By production process (GJ)	13,199	11,137
Methane Gas (GJ)		
By production process (GJ)	3,096,721	3,364,096
Industrial carbon (GJ)		
By production process (GJ)	686,738	720,435
Diesel (GJ)		
For non-production process (GJ)	15,282	11,755
Petrol and other fuels (GJ)		
For company cars (owned and rented) (GJ)	21,091	16,075
Electricity consumed (GJ), of which	**4,204,907**	**3,818,234**
Electricity purchased from the grid (GJ)	**4,173,959**	**3,806,573**
Internally produced and self-consumed electricity (GJ), of which	**30,948**	**11,661**
produced by photovoltaic plant (GJ)	31,301	11,661
produced by an ORC (Organic Rankine Cycle) (GJ)	0	0
Total energy consumption (GJ)	**8,037,939**	**7,941,731**

The conversion factors used are taken from the document "UK Government – GHG Conversion Factors for Company Reporting 2022". Some items that contribute to the determination of the Group's energy consumption were partly estimated, using criteria that can provide as accurate and exhaustive a representation as possible. Note that the figure relating to industrial coal consumption has been supplemented. Industrial coal is used as an additive in the production processes and therefore represents an energy carrier; these values were reported in line with the new format of compulsory diagnoses required for steelworks by Italian Legislative Decree no.102/2014, which was amended following a round table led by Federacciai. Furthermore, ABS S.p.A. and ABS Sisak included it in the list of energy carriers that are monitored as part of the ISO 50001 Energy Management certification. Note that with reference to electricity purchased from the network, 84% (86% in the previous year) of it comes from a supplier that declares that its energy mix used for the production of electricity sold is about 38% from renewable sources (data referring to 2020, latest available).
Environmental data refers to the Danieli Group. As regards the Parent Company, in addition to its head office, the main Italian local units are also included.

The Group's energy consumption has slightly increased in absolute terms, mainly due to higher production in the steel making sector, though thanks to actions to lower consumption, it decreased in relative terms when considered per tonne of steel produced (as indicated in the following graph).

The launch of the new wire rod mill at ABS S.p.A. led to a decrease in overall gas consumption by the company during the year and a decrease in unit consumption per tonne of steel produced thanks to the greater efficiency associated with the increase of around 20% in total production.
Specific electrical consumption on the other hand decreased significantly thanks to the high load of the steelworks and the efficiency measures on systems and management.



Note: Please note that the graph refers to the Steel Making sector and that the data source is an internal report comparing energy consumption and emissions to tonnes produced. The time series shows the data of tonnes produced understood as tonnes laminated with steel production processes.

The Steel Making continues its course of improvement in the main consumption and emission indexes per tonne of steel produced thanks to the investments made to increase production efficiency, always applying the best available technology. In particular, the decrease in energy consumption per tonne is due to the improvement in efficiency in scrap casting and liquid steel treatment over the last four years. Furthermore, the figures updated to the 2021/2022 fiscal year include the Sisak information, which previously did not produce at the sustained levels of 2021/2022. Sisak uses a Digimelter powered by Q-ONE which allowed for a decrease in gas and electricity consumed per tonne produced. The effect can be seen in the decline of the curves in the graph. Due to the specific nature of its activities, this sector uses a series of procedures to identify all the environmental topics that may suffer a beneficial or negative impact as a result of interaction with the production activities of the plants:

– Under normal operating conditions;
– In abnormal or extraordinary operating conditions;
– In case of emergency.

and manage any substantial changes to the internal and external context of the factories, in particular with regard to the quality of environmental components and compliance requirements.

The identification of environmental topics and the assessment of their significance is carried out by following a matrix assessment methodological approach, identifying both direct (compliance with laws/regulations and impacts on all parties involved) and indirect (regulatory, economic based on the influence related to Danieli's activities) environmental topics.

Procedures and assessments are periodically updated and every time interventions are made on the plants that modify their characteristics and performance.

The Group's water withdrawals are presented below:

Water withdrawal by sources (Megaliters ML) GRI 303-3	30/06/2022	30/06/2021
Water withdrawal surface water (ML)	375	283
Water withdrawal groundwater (ML)	1.534	1.389
Water withdrawal third-party water (ML)	393	332
Total water utilisation	**2.302**	**2.003**

Note: Data partly estimated, using criteria that can provide as accurate and exhaustive a representation as possible.

The water resources used are almost entirely fresh water. With reference to water withdrawals in areas subject to water stress, the Group uses the Aqueduct Tool developed by the World Resources Institute[3] to identify areas potentially at risk. According to this analysis, no production plant is located in water-stressed areas. Water withdrawals mainly pertain to the steel making sector, primarily ABS S.p.A. with fresh water withdrawal from underground waters. Water withdrawals from surface water sources mainly refer to the company ABS Sisak d.o.o. The 2020/2021 and 2021/2022 fiscal years were characterised by a gradual increase linked to the gradual recovery in production of ABS Sisak d.o.o. following the market crisis associated with Covid-19. Therefore, water withdrawals from underground water sources by ABS S.p.A. show an increase resulting from higher production post-pandemic. At ABS S.p.A., water is mainly withdrawn for make-up of the tanks for the industrial cooling circuits. All the withdrawal points converge in the loop system. Wastewater discharges are authorised in the AIA (Integrated Environmental Authorisation, Italian Decree 4918/2020) and are subject to limits and provisions which ABS S.p.A. controls periodically in order to guarantee compliance. All discharges meet the effluent limits envisaged by Annex B of Italian Decree 4918 and the controls follow the indications of the monitoring and control plan contained in Annex C to the same Decree.
At ABS Sisak d.o.o., water withdrawals are taken from the Sava river in full compliance with the regulations and authorisations. After treating the water resource used in the process, it is discharged back into the river following processing at a cleaning station to remove any grease/oil. ABS Sisak d.o.o. is authorised to operate in this sense; it has never received any complaints and is in compliance with the regulations. Furthermore, water quality tests are carried out regularly at an external certified laboratory.
On the other hand, in the plant making sector, a saving was made in water withdrawals for around -7% by Danieli & C. Officine Meccaniche S.p.A. Furthermore, in Asia, specifically at the main companies Danieli Co. Ltd. and Danieli Changsu Metallurgical Equipment & Services Co., there is standardised water management in full respect of local legislation in place in terms of usage and effluents. Lastly, at the Parent Company Danieli & C. Officine Meccaniche S.p.A., the water resources (from third parties) are exclusively for civil use (toilet facilities, showers, company canteen) and consumption is accounted for using dedicated internal use meters for each building, while in production there are small closed-circuit cooling systems (with towers for cooling, heat treatments and chillers for office air conditioning). There is a purification system provided for the treatment of urban water; as often as indicated in the discharge authorisation from the FVG region, analyses are carried out on the legal parameters of the incoming and outgoing water.

Data relating to the Group's atmospheric emissions are shown below:

Greenhouse gas emissions into the atmosphere GRI 305-1	**30/06/2022**	**30/06/2021**
Scope 1 CO2 direct emissions tCO2e	285,694	294,061
GRI 305-2	**30/06/2022**	**30/06/2021**
Location-based Scope 2 CO2 indirect emissions tCO2	368,436	356,428
Market based Scope 2 CO2 indirect emissions tCO2	520,394	473,683

The emission factors used for calculating direct CO2 emissions - Scope 1 are taken from the document "UK Government - GHG Conversion Factors for Company Reporting 2022", with the exception of those relating to ABS S.p.A. and ABS Sisak d.o.o., the calculation of which was estimated based on the certification issued by the Emission Trading System (ETS).
The emission factors used for the calculation of indirect emissions are those proposed by Terna for Location-based Scope 2 indirect emissions (Terna, International Comparisons 2019), and the residual mixes for Market-based Scope 2 indirect emissions (AIB 22, European Residual Mixes 2021).
Emissions of Scope 2 are expressed in tonnes of CO2; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO2 equivalent) as can be inferred from the technical literature of reference. Note that the consolidation approach to emissions for Scope 1 and Scope 2 is the operational control.

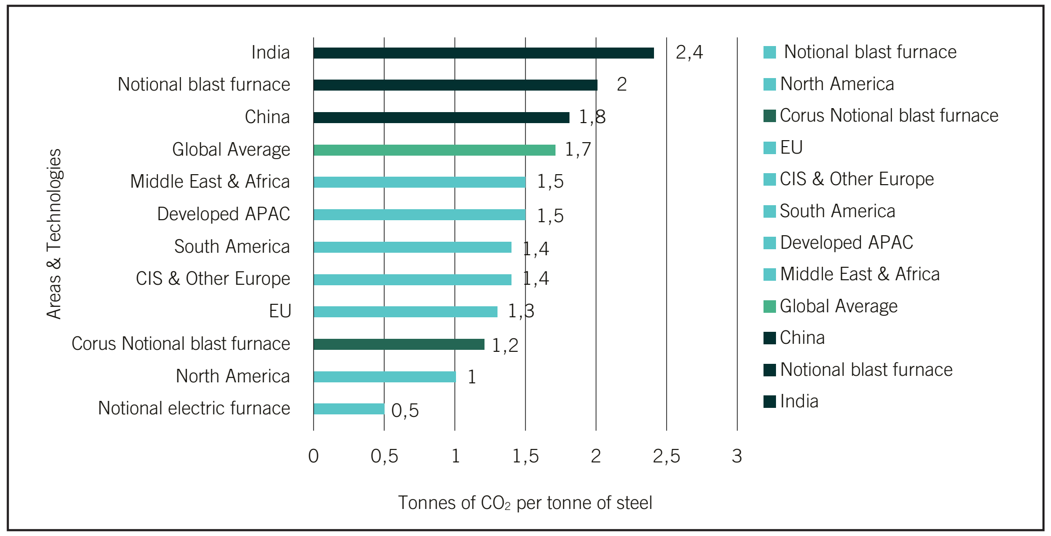
[3] The WRI tool is available online at the webpage: https://www.wri.org/our-work/project/aqueduct. For the analyses, the results in the "baseline water stress" column and the "high stress" and "extremely high stress" levels were taken into account. Moreover, note that the main portion of withdrawal is freshwater, where ABS accounts for almost all water use.

Indirect Scope 3 emissions are counted using the Quantis method, except for CO2 values related to steel production on an annual basis from plants commissioned in the year for use by our customers, specifically counted according to the technologies applied and the production factors used. Emissions relating to plants sold covered about 88% of the value indicated in Scope 3 and were directly affected by the type of plants sold by Danieli's various product lines and used in different phases of the steel industry (production of liquid steel from ore or scrap, direct reduction and/or rolling plants, etc.). In the 2020/2021 financial year, plants were delivered with a theoretical annual production of around 32.5 million tonnes and an average CO2 emissions ratio of around 500 Kg per tonne. In 2021/2022 there was a theoretical annual production of around 17 million tonnes with an average CO2 emissions ratio of around 43Kg per tonne.

Greenhouse gas emissions into the atmosphere GRI 305-3	**30/06/2022**	**30/06/2021**
Purchased goods and services	1,634,150	1,455,493
Capital goods	63,476	157,838
Fuel and Energy-Related activities not included in Scope 1 or Scope 2	140,385	144,801
Upstream transport	271,206	213,633
Waste generated in operations	24,398	17,253
Business travel	22,922	17,343
Employee commuting	12,750	12,750
Upstream leased assets	62,766	45,398
Downstram transport	79,407	68,066
Use of sold products	16,986,426	304,001,423
EoL of sold products (intermediate product if relevant)	79,941	73,607
Scope 3 CO2 indirect emissions tCO2	19,377,826	306,207,605

The increase in Scope 3 values for 2020/2021 was affected by the deliveries started by the Danieli Corus product line for 6 new blast furnaces for customers in Asia used in the primary metallurgy sector (where steel production takes place with the use of coke) and thanks to Danieli technologies they can operate with emissions per tonne of liquid steel produced well below the world average of plants operating today. The commissioning of these plants resulted in an increase in the Group's Scope 3 in the 2020/2021 financial year compared to the previous year. However, the emissions per tonne of steel produced by these plants are significantly lower than the same type of blast furnace in India and China. As a result, Corus achieved average emissions of 1.2 t CO2/tonne, providing a reduction in the range of 40-50% compared to similar plants in the geographical areas concerned.

The following graph shows the t CO2 e emissions per tonne of steel produced, by geographical area and by type of plant, in the form of blast furnace or electric arc furnace. In addition, note that the Danieli Digimelter technology has 300 kg of CO2 emissions per tonne of product.



Source: internal report by Danieli Corus using data published by BHP, J.P. Morgan Estimates, 2021, Asia Pacific Equity Research.

Other pollutant emissions into the atmosphere GRI 305-7	30/06/2022	30/06/2021
NOx Nitrogen oxide (t)	439	486
SOx Sulphur oxide (t)	0	0
Dust (t)	25	10
CO (t)	1,408	1,283
Dioxin and furans (PCDD/F) (g)	0	0

Note: The data for other pollutant emissions into the atmosphere was estimated based on the measurements and analyses carried out at the emission points. The figures of the previous Fiscal Year have been restated with a refinement of information.

It can be seen that 95% of energy consumption, 89% of water utilisation and 96% of direct CO2 - Scope 1 emissions are related to the Danieli Group's Steel Making segment, while the residual portion is related to the Plant Making segment, which has a much lower environmental impact than the steel making segment, which requires careful and continuous assessment of all the environmental parameters associated with production.

Environmental sustainability

The steel industry accompanies the economic growth of the world community contributing to social welfare with an increasing respect for the environment following the guidelines defined by the United Nations (UN-SDGs) and in line with the commitments undertaken with the COP21 Paris Treaty.
The World Steel Association identified eight main parameters to measure the sustainable performance of steel production divided into three families:

A) environmental sustainability
 — reduction of Greenhouse Gas Emissions (GHG);
 — reduction of energy consumption;
 — efficiency in production;
 — environmental protection;
B) social sustainability
 — safety in production;
 — development and training of human capital;
C) economic sustainability
 — innovation in new technologies;
 — equitable distribution of value added.

The trend of these indicators in the past years shows a progress related to constant commitment in the protection of the environment and in social responsibility with an improvement in economic sustainability thanks to increased investments in new technologies with an increased value added distributed to the community.

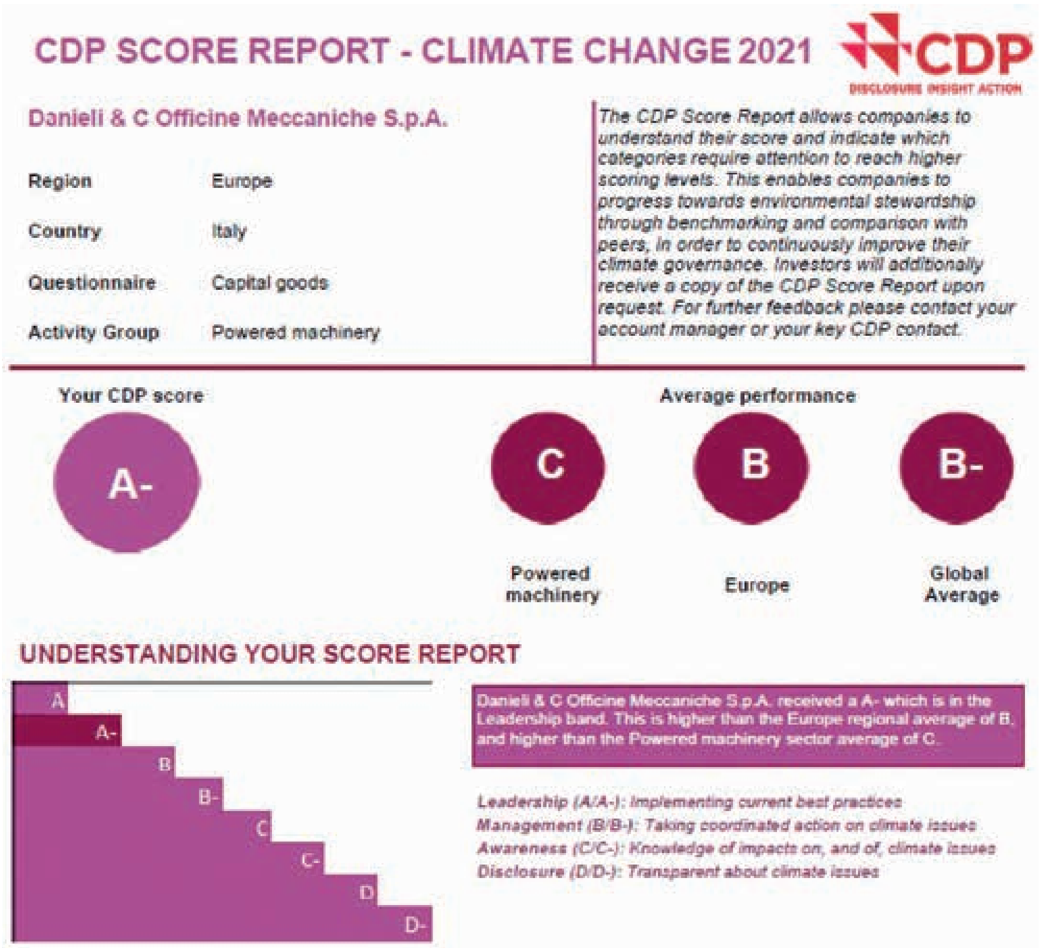
Danieli became an integral part of these results by accompanying (with the equipment supplied) customers in the process of technological and productive improvement with innovative and sustainable solutions.

In the construction of plants, Danieli guarantees the principles described above also to customers by implementing technical solutions in line with the contractual obligations undertaken and with those envisaged by the various regulations in force, both in terms of energy performance and in terms of reduction in emissions, in order to minimise their environmental impact.

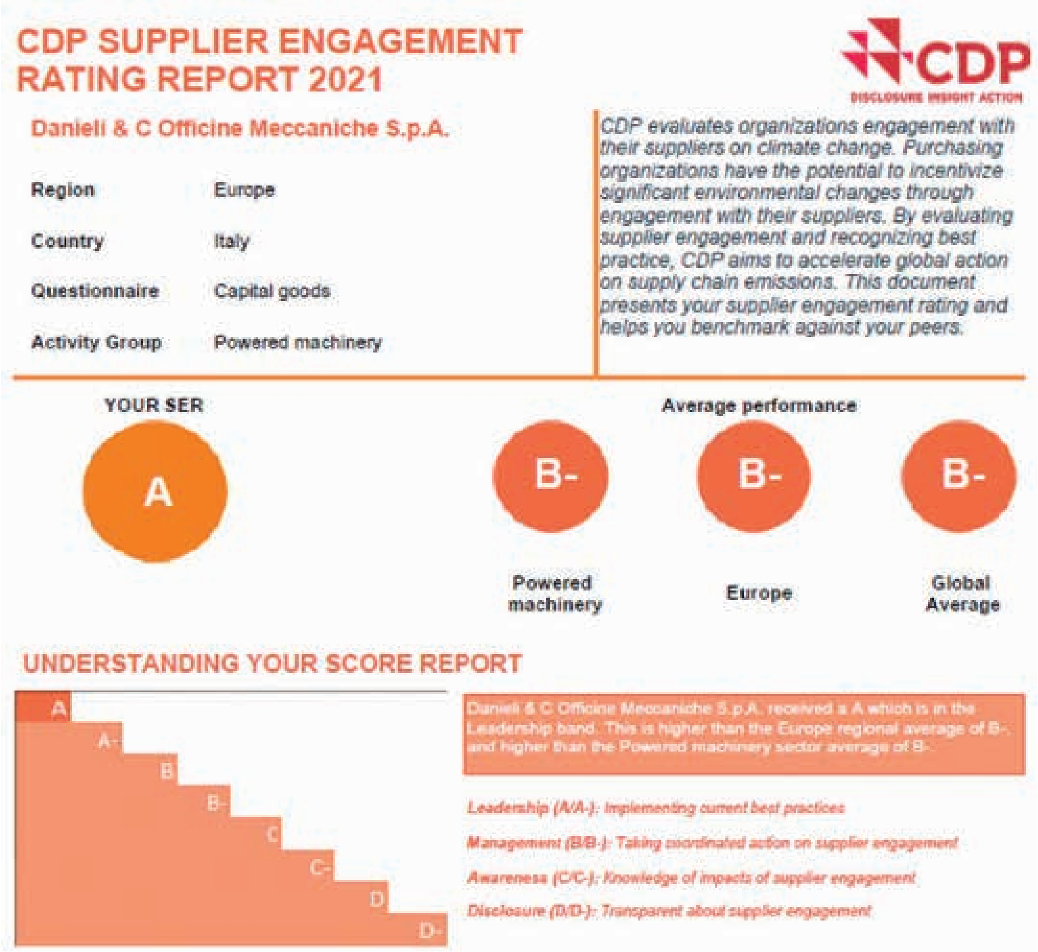
Also in the Steel Making sector of the group, the ABS S.p.A. subsidiary has built, as part of the protection of biodiversity and to mitigate the environmental impact of the steelworks, about 2 kilometres of mitigation hills over the last two years, natural noise barriers and visual filters towards the industrial core. The hills were made using Ecogravel, i.e. the inert slag resulting from the production process, an example of circular economy. The ABS Forest, with an extension of more than 13 hectares and with the presence of more than 10,000 medium-sized and tall trees, has been for years a green area at the disposal of the community and an oasis of conservation of the local biodiversity, ideal refuge for the small local fauna. The piezometric tower, converted to a vertical wood, with the presence of ornamental plants and plants typical of the Friulian countryside also contributes to creating an oasis of refuge, especially for birds.
These measures actively contribute to improving air quality, absorbing around 200 tonnes of CO2 per year.

During the 2021/2022 financial year, measures continued to be implemented to improve the acoustic impact caused by production activities on the surrounding area, with a view to meeting the needs of the inhabitants of neighbouring municipalities and the commitment, which over the years has always distinguished ABS, towards the territory that hosts it.
Moreover, as part of the reuse of processing stocks, production of Ecogravel continued, using the new cooling area built in 2020 with even better mechanical characteristics of the product (EC certified) which, in terms of the circular economy, is an excellent substitute for quarry materials used for roadbeds and/or bituminous conglomerates.

The Parent Company also participated in the Climate Change Program of the Carbon Disclosure Project, a programme that aims to monitor the reduction of greenhouse gas emissions and involves both the public sector and private companies with the ultimate aim of mitigating the risk of climate change. It joins the 19% of companies that achieved Leadership level in the Activity Group, by implementing best practices.



In 2021, the Parent Company was in an excellent position in the international rankings of the sector, better than the European and world average. This target was achieved thanks to our commitment to developing *SusSteel* (increasing efficiency in steel production) and *Green Steel* (minimising environmental impacts in steel production) solutions for the Group and our customers.
For 2021, Danieli also obtained the A rating for "Supplier Engagement", resulting in a significantly better leadership position than the sector and geographical area average, compared to the Europe and the rest of the world.



In June 2019, Danieli already obtained confirmation from SBTi (Science Based Targets Initiative) that its GHG emission reduction targets by 2030 fell within the global "well-below 2°C trajectory" decarbonisation target, i.e. in line with the level of decarbonisation required to keep the global temperature increase below 2 degrees compared to pre-industrial temperatures. This certification was obtained on the company's 2030 objectives of reducing emissions related to Scope 1 and Scope 2 by 36% compared to 2017 levels and by 62% per dollar value added compared to 2017 for indirect emissions related to Scope 3. Note that while the Scope 1+2 target refers to absolute targets, in absolute value overall, the Scope 3 target is an intensity target, i.e. related to the dollar value added metric. The calculation method is based on the Quantis standard affiliated with the GHG Protocol.
In 2021/2022, the Scope 1 and Scope 2 targets were also certified to obtain alignment with the more challenging trajectory of 1.5°C compared to pre-industrial levels in a short-term period by 2030. The reduction target is 55% by 2030 for Scope 1 and 2.
Danieli also achieved certification of the targets to reduce long-term emissions by 2050 based on the Net-Zero Standard. These are science-based targets that aim for the reduction of Scope 1, Scope 2 and Scope 3 emissions. The reduction target is 97% by 2050 for Scope 1 and 2 and 93% by 2050 for Scope 3, respectively.
The baseline for the targets is the 2020/2021 fiscal year.
Danieli was the very first Group to achieve this, a sign of its strong commitment to the pursuit of targets to limit global warming, the cause of increased temperatures, natural disasters and resulting economic damage.

The use of specific parameters prepared by Quantis Evaluator guaranteed a refining of data entered for the completion of the CDP questionnaire, above all in defining the information related to indirect emissions (Scope 3), by obtaining a better quality of data presented; moreover, by joining the Science Based Initiative, Danieli received further validation for long-term targets for Scope 1 and 2 emissions related to direct and/or directly manageable activities. The achievement of emission targets results in the objective of reducing greenhouse gas emissions to keep the global temperature increase below 2 degrees compared to pre-industrial temperatures. The definition and achievement of Science Based Targets allow, on the one hand, to make a contribution to the challenge against climate change and, on the other, to stimulate innovation and increase competitiveness. The most recent science-based targets approved by the SBTi are shown below:

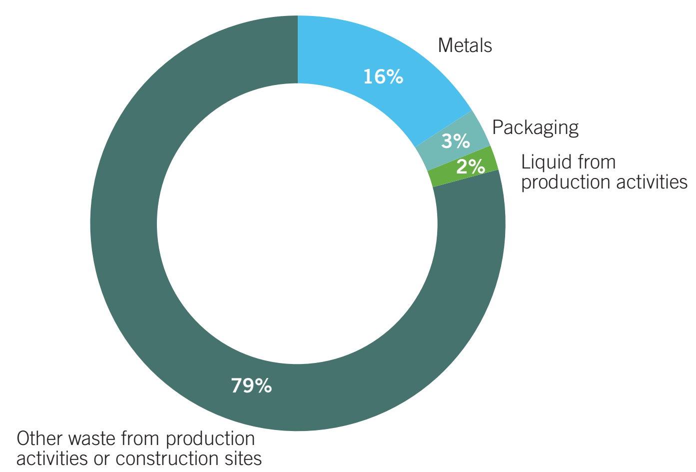
Overall net-zero target
The Danieli Group is committed to achieving net-zero GHG emissions along the value chain by fiscal year 2050.
Near-term targets
The Danieli Group is committed to reducing absolute Scope 1 and 2 GHG emissions by 55% before the 2030 fiscal year, compared to the baseline of 2017. The Danieli Group is also committed to reducing Scope 3 greenhouse gas by 62% per dollar added value by the 2030 fiscal year compared to the baseline of 2021.
Long-term targets
The Danieli Group is committed to reducing absolute Scope 1 and 2 GHG emissions by 93% before the 2050 fiscal year, compared to the baseline of 2017. The Danieli Group is also committed to reducing absolute Scope 3 GHG emissions by 97% per dollar added value before the 2050 fiscal year, compared to the baseline of the 2021 fiscal year.

The Science-Based Targets initiative (SBTi) is a global partnership between the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI) and the WWF which aims to translate an objective to limit global warming into a science-based target to reduce emissions. Its call to action is one of the commitments of the We Mean Business Coalition. The We Mean Business Coalition is a global non-profit organisation that works with the most important and influential businesses to fight climate change. Danieli is proud to have obtained from SBTi the independent validation of its net-zero targets and encourages its business partners to start their own journey with SBTi. Note also that the target to reduce Scope 3 CO_2 emissions has been calculated using an analytical verification of the emissions of the plants sold during the period with a certified calculation based on ISAE3410 certification achieved in July 2021. This is a significant step towards awareness, follow-up and improvement of performance with the objective of providing solutions to help the ecological conversion of the steel sector, confirming the competitive edge of the Danieli Group, recognised for its years and years of R&D, technological development and patents in this field.
Waste management is carried out in compliance with the regulations in force, following their methods of disposal and destination envisaged by the law classification for each specific category of waste. Disposal activities are carried out by certified external companies where permitted by the relevant regulations and with the use of the most up-to-date and efficient technological solutions on the market.
Furthermore, the waste collection and treatment activities are carried out by qualified third-party suppliers in accordance with the local directives of each state in which the Group operates.

The waste generated by the Group is mainly formed of:
• metals
• packaging
• waste from production activities or construction sites.

The following diagram shows the main types of waste produced by the Group as at June 30, 2022:

GRI 306-3 Waste generated by material



Waste (t)	30/06/2022		30/06/2021	
GRI 306-2	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Reuse	1,070		122	1,177
Recycling	24,114	60,990	22,176	58,085
Landfill	12,658	56,389	5,050	27,659
Incineration	478	139	148	58
Recovery	5	155	935	606
On-site storage	0	0	449	44
Other	1,371	122	9,737	7,250
Tons of waste production	**39,695**	**117,795**	**38,617**	**94,879**

This Non-Financial Statement reports the data relating to waste using the new GRI 306 Standard, published by the Global Reporting Initiative (GRI) in 2020, with sole reference to the reporting year 2021/2022, since it was not possible to collect the data relating to FY 20-21 quickly enough. The comparable data from the previous financial year have been shown according to the methodology envisaged by the GRI 306 (2016) indicator and compared with the data relating to FY 21-22.
The following tables show the FY21-22 data according to the new GRI 306, with the separation between on and off premises and separation between sent for recovery and disposal:

Waste (t)	30/06/2022	
GRI 306-4 Waste to recovery	**Onsite**	**Offsite**
Hazardous		
Reuse	15	1,055
Recycling	822	23,357
On-site storage		
Other recovery operations		18
Hazardous Waste directed to recovery operation (t)	**837**	**24,430**
Non-hazardous		
Reuse		1,100
Recycling	7,047	58,764
On-site storage		
Other recovery operations	3	8
Non-hazardous Waste directed to recovery operation (t)	**7,050**	**59,872**
Waste directed to recovery operation (t)	**7,887**	**84,302**

Waste (t)	30/06/2022	
GRI 306-5 Waste to disposal	**Onsite**	**Offsite**
Hazardous		
Incineration		1,644
Landfill	75	12,552
Other disposal operations		1,535
Hazardous Waste directed to disposal operation (t)	**75**	**15,731**
Non-hazardous		
Incineration		835
Landfill	247	56,146
Other disposal operations		289
Non-hazardous Waste directed to disposal operation (t)	**247**	**57,270**
Waste directed to disposal operation (t)	**322**	**73,001**

Note: Hazardous and non-hazardous waste disposal operations listed under “Other” concern physical-chemical treatment (D9) or preliminary storage (D15) in authorised plants.

Over the years, the Danieli Group implemented a policy of reducing the consumption of raw materials that enabled it to optimise them; last year, heat treatment activities increased and improved product quality by using the plants efficiently with integrated and waste-free production cycles.
In particular, the company ABS S.p.A. and the entire Steel Making sector are the Group's most impactful companies in terms of raw material consumption, as a result of the nature of the business. The following table shows the materials used during the year by the Group's main production companies. Specifically, materials included in the production process include, under the first heading, gases such as oxygen and nitrogen, under the second heading, refractory materials, steel plant machinery and other consumables, while the last heading includes scrap metal and metal machine parts used in the production process.

Materials used in the Group production process	30/06/2022	30/06/2021
Gases used in the production process (m^3/000)	69,908	86,241
Materials used in production process (t)	449,077	313,336
Scrap and ferrous materials used in the production process (t)	1,636,751	1,526,829

Note: Methane has not been taken into account for data related to the used Gases.

Sustainable projects

Plastic Free Water
Danieli has implemented a project to remove plastic bottles by replacing the water bottles provided daily to employees with reusable aluminium bottles. Free still and sparkling water dispensers were installed and are available at all times, with dry residue monitoring. This helps the environment and employee health and makes savings on the transport costs of thousands of plastic bottles. The pilot project was developed at D&C.

Solar energy
Danieli continues development projects for the installation of solar panels. Danieli uses solar energy where possible to power its offices and buildings in order to reduce its reliance on the grid.
There are two main benefits to solar energy:
a) lower electricity bills (invoices receivable). Sunlight is free, so once the initial installation is paid, electricity costs will be reduced. The payback period for the solar panels installed is around 10 years.
b) reducing our carbon footprint. Solar electricity is a renewable energy with low carbon emissions.
Solar panels were installed above the main production sites in the Plant Making segment in Italy, China and Thailand. They were also installed above the schools and the hotel of the Danieli Group.

Electric vehicles & company charging points
The use of electric vehicles for short-distance services is promoted and electric vehicle charging points have been installed on company premises. The company also has solar panels to meet energy requirements.
The electricity can be used to power all electric vehicles. These vehicles can be charged by taking electricity directly from the grid and from other external sources of electricity. The use of electricity to power vehicles can have significant benefits in terms of energy security and emissions. The emissions of the life cycle of an electric vehicle depend on the sources of electricity used to charge it. In areas that use relatively clean sources of energy for electricity production (e.g. solar panels), electric vehicles generally have an advantage in terms of life cycle emissions compared to similar conventional vehicles powered by petrol or diesel. Danieli has installed electric vehicle charging points in the car park, which removes the issue of waiting times because charging takes place during working hours.
The pilot project was developed at D&C.

Don’t Do List – Employee Empowerment

Teams are formed periodically for specific issues (Tidiness and Cleanliness, Clean Desk, Energy Saving, Be Safe (ICT), etc.) and act as ambassadors for environmental sustainability and corporate social responsibility initiatives. As a result, a policy of awareness and employee empowerment is distributed so that employees can proactively contribute to reducing indirect CO2 emissions by behaving more responsibly and sustainably. Some examples of Don’t Do behaviours include:

leaving the lights on all day;

leaving the tap running;

treating all waste the same;

using multiple paper towels to dry your hands;

printing emails.

We inform, educate, empower, mobilise and act so that all colleagues can become visionary enablers of sustainable change and positive environmental and social impact.

We inform and educate with the passion to “change the world”. We support environmentally sustainable and socially responsible decisions, practices and actions. We look at facts, promote ethics and assess the office and industrial environment by investigating impact and sharing practices and solutions.

We believe that an informed mentality and a conscious and thoughtful perspective are fundamental. We collaborate and create connections between colleagues so that they can consciously choose “connected” products and services relating to the environment. We also provide colleagues with the knowledge, resources and tutoring to lead change on the Danieli campuses and as a result in the local communities and area. This challenge and invitation to action will change the company mentality that resources are infinite and require no management.

The “Green Challenge” plastic free project aims to inform, inspire and mobilise all colleagues of the Danieli Group in Italy on the following topics:

– Energy efficiency;
– Use of renewable energies;
– Tidiness;
– Cleanliness;
– Sense of citizenship;
– Ethics.

The project is advertised on the Synapse intranet and involves the Group. Nevertheless, spot checks are carried out at the head offices for example the application of thermostats in rooms to identify wasteful energy use and to recalibrate radiators.

Other campaigns

Also in this FY, all the campaigns that involved giving goods or services to collaborators were carefully designed to have an extremely low impact on the environment. For example, the “Christmas Gift”:

– all levels of “packaging”, from primary to tertiary, were designed and made to be recycled or reusable;
– “zero kilometre” products from local companies;
– assembled internally, “zero transfers”;
– distributed with 90% internal resources (excluding only transfers to subsidiaries not in the FVG region), “zero sub-contracting”;
– and lastly, all waste materials or uncollected gifts were donated to charities in the FVG region.

All the campaigns that involved delivery of PPE associated with the Covid-19 pandemic were designed to prevent impact on the environment and to help local charities. For example, masks, gloves, etc.:

– Products with formal defects (e.g. missing stamp, damaged packaging, etc.) were not returned (lorry, bureaucracy, etc.) but donated to charities in the FVG region;
– New products with an imminent expiry date were not thrown away but donated to charities in the FVG region.

These initiatives took place at the head offices.

CO2 offsetting

Danieli is part of the Lufthansa Group’s project to promote the purchase of environmentally sustainable fuel for flights. The project, followed by myclimate protection, follows rigorous standards such as CDM, Gold Standard and Plan Vivo.

In 2021/2022, offsetting was recorded for flights between November 2021 and April 2022 which, given the pandemic, was limited to 25 tCO2. However, with resumed travel and international trips following the normalisation of the pandemic, it is expected that this project promoted by Lufthansa in affiliation with myclimate will lead to more significant results in the upcoming years. Myclimate is a leading organisation in consulting for emissions offsetting.

This initiative involves the entire Group because Danieli has a dedicated company called Turismo 85 for central management of all air travel by employees.

SUPPLY CHAIN and LOGISTICS

The quality of the supply is a key element for Danieli and the supplier is an important asset with which to build relationships based on principles of transparency, integrity and trust that can last in the long term.

The Group manages its activities with suppliers selecting them correctly and impartially based on quality/competitiveness checking of the offers and without taking advantage of any situations of weakness or dependence.

In the Plant and Steel sectors, the Danieli Group uses a total of around 3,700 suppliers to service its activities and factories in the West and the East:

– in the steel sector, there are about 200 important strategic suppliers for about 1,000 customers;
– in the machinery sector, there are around 3,500 consolidated suppliers for around 500 customers.

Suppliers are subject to pre-qualification to verify their technical capacities, financial stability and integrity.

The Parent Company and the main companies that manage production sites have implemented a specific procedure to guarantee that all suppliers have read the Code of Ethics, which includes the Danieli Group’s sustainability topics.

The procedure is implemented within a platform. Within the platform, mapping is carried out for new suppliers and for active ones that accessed the platform after June 4, 2022. Therefore, there is 100% mapping for new and active suppliers in the platform. Those that are not currently in the platform will be migrated over. As things stand, there are 13 thousand main suppliers uploaded into the platform.

Furthermore, as regards the assessment of new suppliers according to social and environmental criteria, in FY 21-22 Danieli Co. Ltd. in Thailand launched a related process by sending an ESG checklist to new suppliers in order to assess their sustainability practices.

Danieli invested significant resources to use only technically and ethically qualified operators in the supply chain to prevent procurement risks and to ensure their compliance with applicable environmental and social regulations.

The choice and management of Group suppliers for the Plant Making segment follows a guideline that envisages:

– segregation of duties;
– the use of a Vendor list managed by a computer system;
– acceptance of general conditions of supply including security, environment and human rights issues;
– reading the Group’s Code of Ethics, which includes the Danieli Group’s sustainability issues;
– getting through a Supplier Quality Development (SQD).

Danieli is increasingly using qualified and certified suppliers to limit the occurrence of technical, qualitative, environmental and safety problems in its supplies, reducing commercial and reputational risks for the company.

The qualification process of strategic suppliers is managed by the Parent Company's Procurement Department and envisages:
– the completion of questionnaires to identify their company structure, governance and financial data, certifications, environment and safety and human rights;
– specific in-depth sessions with visits to the production units to assess the technical and operational capacities and quality procedures followed in general and specifically for the types of products and services of interest to the Danieli Group;
– scheduled Quality Audit and Verification Sessions at suppliers even without prior notice to the latter.
Supplier performance and compliance monitoring activities are carried out by Danieli personnel during the order Expediting sessions.
In the Plant Making segment, there is a high presence of high-tech knowledge-intensive suppliers that are part of a "make or buy" strategy with an impact on noble components and on solutions offered to customers.
In the Steel Making sector, suppliers are mainly engaged in continuous deliveries and large handling volumes where the quality and punctuality of the service are crucial to ensure a rational and efficient production process.
In order to maintain long-lasting and solid relationships with suppliers, and to bring sustainable long-term added value to the company, a process was developed for the constant qualification, selection and monitoring of supplier performance.
The qualification process involves the assessment of various parameters: economic and financial soundness (immediately and in the medium/long term), technical and quality management requirements, compliance with standards applicable to the sector of reference and sustainability criteria such as protection of the environment and occupational health and safety, energy impact and ethics. The initial assessment of the above parameters is followed by the approval stage which includes verification of the quality of test supplies and the company procedures including through audits at supplier premises.
In addition, as early as last year, the vendor rating process was implemented for all new suppliers, while the revaluation of all existing suppliers is under way and is expected to be completed in the next two financial years.
An integrated approach was adopted in order to guarantee sustainable logistics.
The main areas of intervention were:
• Improvement to the integrated planning process with the production departments;
• Optimisation in the use of the available spaces for sea and road transport;
• Reduced use of packaging materials and their recycling;
• Research and use of transport solutions with a low environmental impact;
• Digitisation of operating processes.

The implementation of the Logistics Planning function allowed for better synchronisation of the flows, guaranteeing a consolidation of shipments with clear benefits in terms of environmental impact, punctuality and reduction of logistics costs.
In the last two years, strategic logistics engineering projects were launched and completed, which led to a general optimisation and improved sustainability of shipments through the development of simulation tools and monitoring of container load factors, the review of machine transport drawings, the review of packaging specifications (increased ability to stack packages, use of recyclable, less bulky and lighter materials) and the use of surface protections with low environmental impact. These actions also made it possible to offset the impact of the notable increase in logistics costs recorded from the start of 2021.
We believe that the digitisation of logistics is necessary in order to obtain better efficiency in the processes, a higher level of customer service and to guarantee better flexibility, agility and capacity for response in contexts that are more and more variable and subject to upheaval. On this front, Danieli has invested and is investing significant resources, for both warehouse and shipment logistics. Automatic warehouses were installed at D&C which guarantee operations at extremely high levels of efficiency. This template will also be replicated within the next two FYs at the Group's other main plants. As regards shipments, implementation of the Transport Management System will be completed at D&C by FY 22/23 and at all the Group's main plants by FY 23/24. The TMS is a collaborative platform that will make it possible to manage the entire logistics life of a project, from transport costing to execution, and will guarantee a clear jump in quality in terms of planning, efficiency, service level, optimisation and cost monitoring, performance monitoring and governance.

With regard to conflict minerals, ABS is also committed to eliminating supplies of raw materials from Countries involved in conflicts. The Danieli Group does not produce war material and is in line with the most recent measures adopted by the European Union.

Danieli continues to participate in the "Corporate Social Responsibility" qualification procedure on the ECOVADIS platform, having obtained a Silver rating in 2022 with 60% positive parameters and a ranking better than 82% of the companies surveyed in 2022; the result is an improvement compared to 2021 and new targets have already been defined for 2023 to integrate the current profile and further increase the company's ranking in the next financial year.

COMMUNITY COMMITMENT

The Danieli Group believes in its social role within the complex systems in which it operates at a global level and contributes to the development of the areas in which it is involved with projects in favour of the social communities present there (social initiatives, sponsorships and philanthropic donations) by following the guidelines and counterparty checks and with budgets approved by company management.

Humanitarian Projects – Ukraine

The Company is committed to doing its part for the humanitarian emergency by providing tangible aid to the population involved in the war in Ukraine. Families of the employees at the Danieli Group's technical office in Dnipro (currently closed) were brought to safety in Italy in early March 2022. The Company organised transportation and accommodation for around 100 people at the Danieli Campus in Friuli Venezia-Giulia

All of this was made possible by the support and help from the Danieli Team with donations from colleagues and the company.
Furthermore, the Danieli Group implemented all the necessary measures to bring its activities into compliance with the measures adopted by Italy and the European Union, following the tragic events associated with the ongoing war in Ukraine.
These measures were applied without hesitation to the people, entities and companies subject to the sanctions.
Note that the Group's activity does not involve the direct production of war material in any way.
For more details about the conflict and risk management, please refer to the dedicated section in the Financial Report.

The aim of the "**Ukraine Emergency**" project (DHNE) is to help the families of colleagues at our operating affiliate in Ukraine following the war. On March 9, 2022 we welcomed 26 Ukrainian families to the Danieli Factory Campus (DFC): This included 30 babies/children. The very next day, various company teams with different focuses were established. The TDMS team oversaw and continues to oversee accommodation at the DFC, fundraising for families to stay together and the collection of primary needs items.
The numbers at a glance:
– Over 150 days of accommodation;
– Total of 39 Ukrainian families: Including 44 children;
– Over €100 K in cash distributed between employee and D&C donations;
– Over 5,000 days/person of accommodation at the DFC – equivalent to out-of-pocket costs of over €100 K;
– Over 9,000 lunches/dinners at the company canteen – equivalent to out-of-pocket costs of over €30 K;
– Medical/dental support – weekly and upon request – equivalent to out-of-pocket costs of around €2K;
– Weekly spending – equivalent to out-of-pocket costs of around €5K;
– Weekly and specific logistics support – equivalent to out-of-pocket costs for around €0.6K);
– Linguistic, cultural and psychological support with local associations such as the Municipality of Buttrio, sports associations, the Scouts, Udinese Calcio, Gruppo Sportivo, Polo Formativo and more.

During the year, new social initiatives were undertaken with a focus on younger generations and local communities. The Danieli Group will convert the former Dormisch factory in the heart of Udine, currently abandoned and run-down, in order to build a new multi-functional centre open to the community and younger generations. A space will be created for ITS Malignani with a restaurant, an auditorium, a library and various laboratories also open to local companies to enable innovation and research.

Source: rendering of the environmental redevelopment project promoted by Danieli for the local community and younger generations.

Most of the actions carried out can be classified into 3 macro areas of intervention:

– social and charitable;
– culture, art and education;
– sports and entertainment.

Danieli takes an active role in the development of positive relations with local communities, defining and managing initiatives in their favour (including initiatives to restore the historical and architectural heritage on buildings of public interest in the city of Udine, participation in the Telethon marathon in Udine, several charitable initiatives to support local communities and medical research, contributions to local music events, support for schools through grants to expand classrooms/improve learning tools, etc.).
To support the fight against Covid-19, Danieli also donated a new ultrasound scanner to Udine Hospital in 2020/2021.
During the 2019/2020 financial year, Danieli signed several sponsorship contracts for cultural and sporting events that unfortunately had to be postponed or cancelled due to Covid-19. Some of these were recovered and took place in the 2020/2021 financial year. In particular, it sponsored events linked to the Para Swimming World Series held in Lignano Sabbiadoro before the Tokyo Olympics in Summer 2021, with support of 25 thousand euro. In financial year 2021/2022, the Danieli Group contributed 40 thousand euro to the concert season at the Giovanni da Udine theatre. In 2020/2021, it renewed its sponsorship of the International Symposium of Stone Sculptures in Friuli Venezia Giulia through the acquisition of three sculptures at the Vergnacco cultural association and in 2021/2022 it gave another 30 thousand euro in support of the production of new works of art. Danieli continued its support for the Illegio Exhibition, which has been attracting thousands of people to the small village of Carnia for many years, with a contribution of 7 thousand euro from the Danieli Group. Other economic contributions during the year just ended included donations to the following recipients:
• Casa Cavazzini Civic Museums in Udine;
• Udine Academy of Organ Studies;
• the Ruda Choir;
• the Libertas sports centre in Udine;
Danieli Group for the Luigi Bon Foundation.
During the period, Danieli continued its work to promote architectural restoration in the main sites of cultural and historical interest of Udine.
The support guaranteed was of particular significance in terms of entity and destination with a donation to the municipality of Udine for the conservative restoration of the covering of the municipal Castle of Udine, which began in 2019 and was completed in 2021. Furthermore, a 580,000 euro (five hundred and eighty thousand) donation was made to the restoration of the Duomo di Tricesimo, one of the main architectural monuments in the FVG region, built in 1771. A donation was also made to the Clarisse di Attimis Monastery (Udine).
Over the years, the Parent Company, together with Confindustria Udine, supported the Sa.Pr.Emo - Salute Protagonisti Emozioni Project, an initiative consisting of various coordinated actions for the prevention of the distress and illegality of narcotic substances. The activity was aimed at new generations, high school students, teachers and more generally young citizens and families in the area. Various initiatives have been put in place, including meetings to promote informed choices on health, legality and the fulfilment of individuals, with the participation of qualified speakers, and a competition to stimulate the imagination and the involvement of young people through cooperative learning with the aim of overcoming the challenges they face.

In financial year 2020/2021, the project for the redevelopment of the “Locanda alle Officine” area in Buttrio, acquired at the end of 2019, was launched. The activities continued in 2021/2022 and are nearly complete with the total renewal of the hotel and restaurant structure, the renovation of the existing sports facilities and the construction of other accommodation facilities that will also be available to the local community, with a focus on sustainability.
In May 2021, the first works were completed and Le Fucine Caffè & Bistrot was opened. This dining area is the result of the redevelopment of a building with great artistic value and used many years ago as a refuelling area. In 2021/2022, Le Fucine became fully operational, serving the local community with the sale and promotion of quality products from local Friuli farms and businesses, with a focus on sustainable development not only in terms of quality products but also customer service, while carefully avoiding the use of plastic.

The company Telefriuli S.p.A. is part of the Danieli Group and working in the region for more than 20 years with the aim of providing the community with local television and news report highly dedicated to and rooted in the territory, while the weekly magazine “Il Friuli”, also related to the same publisher, is distributed free of charge in the region and also made available to Parent Company employees.
As part of the support to local communities, Danieli participates in the “Think Tank Fvg >2030” project, an initiative that aims to be a fundamental contribution to the need for modernisation in Friuli-Venezia Giulia, with the aim of envisaging actions to adequately manage the socio-economic developments and changes taking place, with a time horizon of 2030. The objectives are:

• Foresee possible scenarios between now and 2030 in relation to the actions that will be implemented to maintain and improve the current per capita income level, development and social services;
• Identify the factors that currently delay the development process;
• Present the results to the Regional Government to share the implementation of improvement actions in the fields of education, family, environment and energy;
• Configure the “optimal system” for the FVG Region and then carry out a further optimisation in the North-East context (Veneto and Trentino Alto Adige), creating a favourable environment for investments in logistics and especially for start-up projects with high added value.

Danieli provides the children of its employees and of contractor workers with the support of the company nursery school, accommodating family needs through work schedule flexibility and opening days, and kindergartens, providing the possibility of caring for children from 3 to 6 years of age with the same flexibility of working hours and hospitality. The traditional training offer is supplemented by permanent English language labs, outdoor activities of contact with nature, the weekly proposal of psychomotor practice sessions according to the Aucouturier method, music sessions with a maestro and only for kindergarten children, an annual course that provides a day every other week to spend at a teaching farm in the area.
The officially recognised primary school “Cecilia Danieli” (now with a new school building), both for the families of the employees and for the families of the local community, where the Italian tradition blends with an innovative approach to the English language and to new technologies was opened in September 2016. An innovative teaching path based on lectures with mother-tongue teachers and on the laboratory approach to science and new computer technologies.
The English Plus course envisages 5 hours of weekly English Language from the first class and modules of Science, Geography, Art and Computing (3 to 5 hours a week) with mother-tongue teachers (CLIL - Content and Language Integrated Learning method).
The Tech Plus course consists of specific programming and educational robotics (Scratch and Lego Wedo) enabling the approach of the child to “coding” and to technology through the construction of animated objects. It ensures a certification of skills released by Eipass Junior (European Informatics Pass).
In June 2019, the Primary School was certified as a “Cambridge Exam Preparation Centre”. The recognition means that the prestigious English institution recognises the specialisation of the language

preparation of the students thanks to the quality of the training offer and to the structured approach to the learning of the English language.
During the year, the Group continued with the construction of the new structure that will house the Middle School, as a natural development of the teaching path already created, which will come into operation with the 2021/2022 school year. Precisely on September 16, 2021, the Middle School welcomed its first students. Therefore, the Danieli Group completed the training offer identified in a process called "Educational Hub ZERO TREDICI".
The Danieli Group seeks to help families and workers to look after their children by providing high-quality education services with economic subsidies as well as flexible working hours, from nursery to middle school.
In addition to direct sponsorship of Group companies with a number of local sports teams, the Danieli Sports Group has also been operating in Italy for over 40 years. It is an association open to the community (with more than 2,000 members) founded to promote aggregation, physical fitness and Group spirit, while maintaining a healthy sense of sporting competition. The latter has also promoted a series of agreements with various commercial and service operators in the area to ensure favourable conditions for its members (employees and non-employees).

Participation in trade associations
The Italian companies of the Group are registered with Confindustria in their own local areas whereas Danieli is also registered with the World Steel Association with headquarters in Brussels, Belgium and with the European Engineering Industries Association with headquarters in Brussels, Belgium, while the subsidiary ABS S.p.A. is registered with the Italian association METALFER.
The Chairman of the Danieli Group, Gianpietro Benedetti, also took up the role of President of the Udine branch of Confindustria in December 2021. He was unanimously elected by the General Meeting of Confindustria Delegates following nomination by the Governing Council. He is the legal representative of the association, he implements its strategic guidelines including through delegation, he coordinates the association's activities, he oversees the performance of the offices and regularly monitors the association's operations, he convenes and chairs the association's decision-making bodies.

Direct economic value generated and distributed
The following tables show the distribution of economic value among stakeholders through the reclassification of the figures of the consolidated income statement. In particular, the determination of the generated value added shows the wealth created by the Group and its method for distributing it to the identified stakeholders.

(millions of euro)

Directly generated and distributed economic value	30/06/2022	30/06/2021
A. Directly generated economic value	3,651.1	2,755.4
B. Distributed economic value	3,315.6	2,581.3
(A-B) Economic value retained	**335.5**	**174.1**

Note: The economic value retained includes the values related to the assets held for sale.

The distributed economic value is divided among the following beneficiaries: personnel (direct remuneration consisting of wages, salaries, employee severance indemnity and indirect remuneration consisting of social security contributions); Public Administration (income taxes and other taxes and duties); venture capital (dividend distribution); third parties (non-controlling interests); remuneration to lenders (interest on loans) and donations and sponsorships (sponsorships, donations and other forms of contribution), suppliers (operating costs).
Non recurring ancillary components derive from net financial income and expenses (excluding the expenses relating to payables to banks), gains and losses from foreign currency transactions and income and expenses on equity investments.

(millions of euro)

Analysis of the distributed economic value	30/06/2022		30/06/2021	
Operating costs	2,783.2	83.9%	2,044.7	79.2%
Personnel remuneration	475.1	14.3%	441.4	17.1%
Public Administration remuneration	76.2	2.3%	40.4	1.6%
Venture capital remuneration	13.5	0.4%	11.1	0.4%
Non controlling interest remuneration	0.4	0.0%	0.1	0.0%
Ancillary components	(37.8)	-1.1%	38.3	1.5%
Lender remuneration	2.9	0.1%	4.0	0.2%
Donations and sponsorships	2.1	0.1%	1.3	0.1%
Total	**3,315.6**	**100.0%**	**2,581.3**	**100.0%**

EU Taxonomy
For years, Danieli has followed and aligned with the objectives set out by the European Union in the Paris Climate Accords (COP21), which were signed in 2015 and ratified in 2016. Furthermore, in 2022 it formalised its alignment with the Sustainable Development Goals of the United Nations by subscribing to the UN Global Compact initiative and sending its first Communication on Progress with the results from the 2020/2021 fiscal year. Danieli's targets have short-term time frames by 2030 and long-term ones by 2050 in order to achieve climate neutrality in line with the ambitious expectations of the European Union. In order to achieve these targets and objectives, the EU intends to promote investments in assets and sustainable activities through the use of public and private resources. In this context, the action plan for financing sustainable growth adopted in 2018 by the European Commission established the classification system or "taxonomy" of sustainable activities, as per Regulation (EU) 2020/852 (hereinafter "the Regulation"), which defined the criteria to determine whether an economic activity could be considered environmentally sustainable and thus identify the level of sustainability of an associated investment. In particular, the Taxonomy Regulation classifies the economic activities which could potentially be aligned with the 6 environmental objectives defined by the European Union:
1. Climate change mitigation;
2. Climate change adaptation;
3. The sustainable use and protection of water and marine resources;
4. The transition to a circular economy;
5. Pollution prevention and control;
6. The protection and restoration of biodiversity and ecosystems.

Currently, legislation (Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021) has only defined technical screening criteria for the first two goals and these require an adjustment by the financial and non-financial companies falling within the scope of the Regulation. In order to classify an activity as "environmentally sustainable" pursuant to the Taxonomy, it is first necessary to distinguish between Taxonomy Eligibility and Taxonomy Alignment. In detail,
- Taxonomy-eligible activities are those described in the Delegated Regulations, since only these can be considered taxonomy-eligible.
- Taxonomy-aligned activities are activities carried out by the company, which must meet the technical screening criteria indicated in the delegated acts. They must not harm any of the targets and must be carried out in accordance with the minimum safeguards.

Pursuant to Art. 10 of Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021, as of their 2021 financial statements companies subject to the obligation to prepare a consolidated non-financial statement (NFS) must disclose the proportion of their total revenues, capital expenditure (CapEx) and operational expenditure (OpEx) which qualifies as potentially environmentally sustainable ("eligible"); this assessment only looks at the economic activities eligible for the climate change mitigation and adaptation objectives, the only ones for which technical screening criteria have been defined to date. The Danieli Group therefore carried out an analysis of the economic activities performed by the Group, in order to identify those considered "eligible" in relation to the aforesaid objectives and to prepare and report on the information required by the legislation of reference. It also considered the clarifications provided by the European Commission in the form of "Q&As" in December 2021 and February 2022. In particular, when conducting the analysis the Management Team adopted a prudential and interpretative approach of the regulations, based on current information and the available publications. In this context, the expected publication of the technical regulations of reference for the additional environmental objectives defined by Art. 9 of the Regulation, as well as intervention on further changes in the interpretation of the legislation, could lead to substantial changes in the assessments and KPI calculation process for the upcoming reporting year.

Interpretation of legislation
The initial stage of the process made it possible to identify, through an analysis of the activities included in Commission Delegated Regulation (EU) 2021/2139, those applicable to the Danieli Group's business considering the description provided by the annexes to said Regulation and the potentially applicable NACE codes.
Therefore, the focus was on the Group's main business, namely the production of steel and plants intended for steel production. Based on the analyses carried out, the activity of the Danieli Group that could contribute to the achievement of the climate change mitigation and adaptation objectives is activity "3.9 Manufacture of iron and steel".

KPI calculation method
The indicators were calculated using the economic and financial data from the consolidated financial statements of the Danieli Group as at June 30, 2022. The "Total" column includes the total value of Revenue, CapEx and OpEx of the Danieli Group in millions of euro. In the "% Taxonomy-eligible activity" column, the proportion of value of the taxonomy-eligible activities that could make a substantial contribution to the climate change adaptation and mitigation objectives has been calculated.

- Revenue: the proportion of "eligible" turnover represents the portion of revenues arising from the steel making business
- CapEx: the CapEx KPI was calculated by dividing the value that includes the eligible capital expenditure by the value as the denominator formed of the total capital expenditure. In detail, the numerator of the CapEx calculation refers to the "eligible" tangible and intangible assets during the financial year before amortisation and depreciation and any write-downs, which does not include fair value write-downs. The denominator includes the total capital expenditure and any increases, before amortisation, depreciation or write-downs.
- OpEx: the calculation of the OpEx KPI was measured by dividing the value that includes the portion of "eligible" operational expenditure by the value as the denominator of total operational expenditure. In detail, the numerator for the calculation of the OpEx is represented by the total values of non-capitalised indirect costs for research and development and any other direct cost relating to the maintenance and ordinary repair of property, plant and equipment required to guarantee the continuous and effective function of these assets. The denominator, on the other hand, is formed of the total value of the aforesaid costs.

(millions of euro)

KPI	Total	% Taxonomy-eligible activity	% Taxonomy-non-eligible activity
Revenue	3,637 million	50.5%	49.5%
OpEx	3,277 million	50.2%	49.8%
CapEx	133 million	85%	15%

See Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 for the definition of the individual parameters (Revenue, CapEx, OpEx).
As mentioned, the indicators were measured using the figures from the financial statements of the Danieli Group as at June 30, 2022. As regards revenue and operational expenditure, amounts of "eligible" values were identified using detailed granularity deriving from the analyses of the income statement, which makes it possible to analyse the values for each type of plant referring to a specific product line and therefore to a technology that has a certain degree of carbon intensity. The emission intensity is measured in tonnes of CO2 equivalent per tonne of steel produced. This measurement is monitored analytically each year.
As regards CapEx investments, nearly all investments are characterised by the new and innovative sphere mill and the new steel treatment furnace with next-generation technologies, built by Danieli Plant Making and installed at ABS S.p.A., and other investments in the steel making segment for workshop improvements with automated and vertical warehouses, lean management in flame cutting processes, pilot projects for carbon capture and the cultivation of microalgae from the energy generated by steel production, construction of asphalt and roads on company premises (through the circular economy product, Ecogravel, recovered from steel production waste), investments in software and IT tools to guarantee increased efficiency of processes such as the significant reduction of business trips.
Note also that the limited review of this consolidated non-financial statement by the independent auditor Deloitte & Touche S.p.A. does not extend to the information in this section.

Group taxation
Within the framework of corporate governance, the parent company Danieli and all subsidiaries adopted internal guidelines and protocols for making tax choices in compliance with applicable laws with the objective of:
- ensuring proper taxation for all companies included in the Danieli Group globally;
- ensuring timely discharge of tax obligations under the various applicable regulations;
- monitoring and mitigating tax risk.

Within the company organisation, the internal audit officer ensures that all group companies have adequate processes and procedures that make it possible to adopt an integrated tax approach at Group level, in line with the indications of the Board of Directors of the parent company in the context of its powers of coordination and management.
All strategic decisions are made always taking into account the related tax aspects, whether favourable or burdensome, always considering:
- transparency (towards the tax authorities of the countries involved);
- compliance with the law and tax regulations in all countries in which the Danieli Group operates, always operating in line with company values, in the interests of all stakeholders involved and considering taxes as a cost of doing business to be managed efficiently and in compliance with regulations.

All the companies in the group also operate in different and distant geographical areas:
- they independently follow the case studies for all categories of taxes (direct income tax, indirect taxes on the production of goods and services, property tax and labour tax where applicable);
- they are equipped with their own facilities to ensure timely compliance with the main local tax obligations;
- they use professional external support or support from the parent company in the case of significant or strategically important issues;
- they identify the tax risks present in the geographical and operating areas in which they operate;
- they report quarterly to the parent company on any unethical or unlawful behaviours in terms of tax.

Taxes related to the economic value generated during the year are shown below, broken down by the main geographical areas covered by the group:

(millions of euro)

Income taxes by geographical areas	30/06/2022	30/06/2021
Italy	43.6	16.9
Europe	21.2	9.3
Middle East	0.0	0.0
Americas	1.9	1.0
South East Asia	1.5	7.6
Total	**68.1**	**34.9**

The tax performance is directly proportional to the Group's financial result
The growth in volume for taxes during the period is directly correlated to the performance of gross taxable profit on a consolidated basis, which has nearly doubled since the previous financial year.
Tax reporting only represents the portion of income tax, specifically direct IRES and IRAP (corporate tax and regional tax, respectively). They represent a portion of the remuneration of the public administration.
For more information about tax, please refer to the dedicated section in the Explanatory Notes to the Consolidated Financial Statements.

United Nations Sustainable Development Goals (UN SDGs)

To conclude, Danieli's commitment is not limited to the pursuit of best practices within company premises, but extends to the value chain and beyond. The idea is to act as a driver of change so that its mission not only engages with business partners, but all stakeholders who share the same ambitious challenges from the perspective of corporate social responsibility.

Table of correlation: GRI, UN Global Compact Principles & SDGs

UNGC Areas		**UNGC Principles**	**Reference to Danieli's non-financial disclosure (NFD)**	**Related GRI**	**SDG (obiettivi di sviluppo sostenibile)**
Human rights	1	Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence	**Related chapter: People** - Code of Ethics signed by employees - Danieli's position on human rights refers to the United Nations Guiding Principles on Business and Human Rights, with the commitment to require their adoption by the entire supply chain of sub-contractors; - Danieli protects integrity, dignity, safety and diversity and has endorsed the Women's Empowerment Principles promoted by the United Nations **Related chapter: Supply chain and logistic** - Classification of suppliers based on sustainability criteria **Related chapter: Commitment to the community** - Danieli has built and manages the officially recognised Cecilia Danieli School for families in the local community, guaranteeing children's education from nursery to middle school. - Danieli Academy	**GRI 405** Diversity and equal opportunity **GRI 406** Non-discrimination **GRI 414** Supplier social assessment **GRI 404** Training and education	1 No poverty 2 Zero hunger 3 Good health and well-being 4 Quality education 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities
	2	Businesses should make sure that they are not complicit in human rights abuses, even indirectly.			
Labour	3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	**Related chapter: People** - Danieli's Italian companies have applied all the provisions of the renewed CCNL (national collective labour agreement) signed on June 1, 2021 - Danieli respects national collective agreements, where present. - Collective labour agreements apply to its staff in Italy, while local laws apply other countries - Code of Ethics: freedom of association.	**GRI 102-41** Collective bargaining agreements **GRI 402** Labour/ Management Relations	8 Decent work and economic growth
	4	Businesses should uphold the elimination of all forms of forced and compulsory labour;	**Related chapter: People** - Danieli protects the integrity, dignity and safety of its staff - Staff who work at Danieli factories and worksites are highly specialised, and therefore the risk of using child or forced labour is minimised - Code of Ethics: against child, irregular, and forced labour.	**GRI 406** Non-discrimination **GRI 414** Supplier social assessment	10 Reduced inequalities 8 Decent work and economic growth
	5	Businesses should uphold the effective abolition of child labour;	**Related chapter: Supply chain and logistic** - Suppliers are subjected to a technical and ethical pre-qualification procedure: Code of Ethics of the Group, anti-corruption measures, interpersonal relations, and privacy management. - Code of Ethics: against child, irregular, and forced labour.	**GRI 414** Supplier social assessment	8 Decent work and economic growth
	6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	**Related chapter: People** - Danieli protects integrity, dignity, safety, and diversity and has endorsed the Women's Empowerment Principles promoted by the United Nations - Code of Ethics: respect for human rights, against workplace discrimination and child, irregular, and forced labour, fostering equal opportunities (in terms of gender, origin, religion, age, political beliefs, sexual orientation, disability), protecting diversity, freedom of association.	**GRI 102-8** Information on employees and other workers **GRI 401** Employment **GRI 405** Diversity and equal opportunity **GRI 406** Non-discrimination	5 Gender equality 8 Decent work and economic growth

Environment	7	Businesses should support a precautionary approach to environmental challenges	**Related chapter: Environmental Commitment** Danieli has defined objectives to maintain very high environmental protection standards **Related chapter: Research, development and product quality** Danieli promotes the development of new technologies to improve environmental sustainability with 4 themes: Energy saving, energy recovery, waste reduction, and improving workers' safety. **Related chapter: Research, development and product quality** - Danieli announced a tender to gather and develop ideas for energy saving, energy recovery, and waste reduction. **Related chapter: Environmental sustainability** - Danieli implemented and revived a global cooperation for sustainable development (like the CDP)	**GRI 302** Energy **GRI 303** Water and Effluents **GRI 305** Emissions **GRI 306** Waste **GRI 307** Environmental Compliance **GRI 102-12** External initiatives	
	8	Businesses should undertake initiatives to promote greater environmental responsibility			
	9	Businesses should encourage the development and diffusion of environmentally friendly technologies.			
Anti-Corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.	**Related chapter: Governance and compliance** Danieli has adopted a Code of Ethics and respects the principles of legality and transparency, and prohibits corruption	**GRI 205** Anti-corruption	

GRI content index

The following table shows the sustainability aspects considered material for the Danieli Group, related to the related "GRI Sustainability Reporting Standards" that have been reported in this document, as well as the issues referred to in Italian Legislative Decree 254/16. For these aspects, the column called "Boundary of material aspects" shows the subjects that can generate an impact with respect to each aspect, both internally and externally to the Group. Moreover, the column called "Type of impact" also indicates Danieli's role in relation to the impact generated with respect to each material aspect.

Material aspects of the Danieli Group	Correlation with GRI Standards	Correlation with Issues referred to by Italian Legislative Decree 254/2016	Boundary of material aspects	Type of impact
Governance and management of sustainability	102 General disclosure		Danieli Group	Caused by the Group
Relations with stakeholders	102 General disclosure		Danieli Group, all stakeholders	Caused by the Group
Business ethics and integrity	206 Anti-competitive behaviour	Fight against active and passive corruption	Danieli Group	Caused by the Group
Anti-corruption	205 Anti-corruption	Fight against active and passive corruption	Danieli Group	Caused by the Group
Occupational health and safety	403 Occupational health and safety	Personnel-related	Danieli Group, suppliers and third-party companies	Caused by the Group and directly related to its activities
Company welfare	401 Employment	Personnel-related	Danieli Group	Caused by the Group
Industrial relations	402 Labour/ Management Relations	Personnel-related	Danieli Group	Caused by the Group
Training and Development	404 Training and education	Personnel-related	Danieli Group	Caused by the Group
Diversity	405 Diversity and equal opportunity	Personnel-related	Danieli Group	Caused by the Group
Protection of human rights	406 Non-discrimination	Human rights	Danieli Group, suppliers and third-party companies	Caused by the Group and directly related to its activities
Management of energy consumption	302 Energy	Environmental	Danieli Group	Caused by the Group and directly related to its activities
Water resource management and quality of wastewater discharges	303 Water and effluents	Environmental	Danieli Group	Caused by the Group and directly related to its activities
Greenhouse Gas Production	305 Emissions	Environmental	Danieli Group	Caused by the Group and directly related to its activities
Waste management and hazardous materials	306 (2020) Waste	Environmental	Danieli Group	Caused by the Group and directly related to its activities
Environmental impact of products	307 Environmental compliance	Environmental	Danieli Group	Caused by the Group
Creation of economic value	201 Economic performance; 207 Taxes	Social work	Danieli Group	Caused by the Group

Material aspects of the Danieli Group	Correlation with GRI Standards	Correlation with Issues referred to by Italian Legislative Decree 254/2016	Boundary of material aspects	Type of impact
Presence on the market and indirect economic impacts	201 Economic performance	Social work	Danieli Group, Local communities	Caused by the Group
Cybersecurity	418 *Customer Privacy*	Social work	Danieli Group	Caused by the Group
Innovation and R&D	n/a		Danieli Group	Caused by the Group
Product quality and safety	n/a		Danieli Group	Caused by the Group and directly related to its activities
Procurement and Logistics	n/a		Danieli Group	Caused by the Group and directly related to its activities
Social and environmental assessment of suppliers	n/a	Social and environmental	Danieli Group	Caused by the Group

Each indicator is provided with a reference to the section of the Non-Financial Statement in which the indicator can be found or to other publicly available sources to be referred to. This material refers to the following Disclosures:

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
GRI 102: GENERAL DISCLOSURE **(2016)**			
Profilo dell'organizzazione			
102-1	Name of the organisation	2-3	
102-2	Activities, brands, products and services	11-13	
102-3	Location of headquarters	13	
102-4	Location of operations	11-13	
102-5	Ownership and legal form	2-3; Report on Corporate Governance and Ownership Structure, section "Information on ownership structures as at June 30, 2021"	
102-6	Markets served	11-27	
102-7	Scale of the organisation	2-3, 11-12, 50, 53, 64-69	
102-8	Information on employees and other workers	66-67	The indicator is compliant with requirements a, b, c, d, e of the related standard
102-9	Supply chain	91-93	
102-10	Significant changes to the organisation and its supply chain	11-29, 53	During FY 2021-22, no significant changes were found with reference to the organisation and its supply chain
102-11	Precautionary Principle or approach	38-45	
102-12	External initiatives	53-55, 84-87	
102-13	Membership of associations	96	
Strategy			
102-14	Statement from senior decision-maker	49-51	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	61-64	

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
Governance			
102-18	Governance Structure	31-33, Report on Corporate Governance and Ownership Structure, sections "Board of Directors" and "Internal Board committees"	
Stakeholder engagement			
102-40	List of stakeholder groups	59	
102-41	Collective bargaining agreements		50% of the workforce covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	59	
102-43	Approach to stakeholder engagement	59	
102-44	Key topics and concerns raised		No critical issues and/ or significant aspects emerging from stakeholder engagement activities are reported
Reporting practice			
102-45	Entities included in the consolidated financial statements	52	
102-46	Defining report content and topic boundaries	52, 103-104	
102-47	List of material topics	60	
102-48	Restatements of information	52, 84	Any changes from the previous NFD have been indicated in detail in the text or as notes to the tables.
102-49	Changes in reporting	51-55	
102-50	Reporting period	51	
102-51	Date of most recent report	52	
102-52	Reporting cycle	52	
102-53	Contact point for questions regarding the report	52	
102-54	Claims of reporting in accordance with the GRI Standards	51	
102-55	GRI content index	103-109	
102-56	External assurance	110-113	This Non-Financial Statement was submitted to external assurance
TOPIC-SPECIFIC STANDARDS			
GRI 200: Economic series			
GRI 201: Economic Performance (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 96-97, 103-104	
103-2	The management approach and its components	96-97	
103-3	Evaluation of the management approach	96-97	
201-1	Direct economic value generated and distributed	96-97	
GRI 205: Anti-corruption (2016)			
103-1	Explanation of the material topic and its Boundary	59-64, 103-104	
103-2	The management approach and its components	61-64	
103-3	Evaluation of the management approach	61-64	
205-3	Confirmed incidents of corruption and actions taken		During the reporting period, the Group did not record any incidents of corruption.

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
GRI 206: Anti-competitive behaviour (2016)			
103-1	Explanation of the material topic and its Boundary	59-63, 103-104	
103-2	The management approach and its components	61-63	
103-3	Evaluation of the management approach	61-63	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		During the reporting period, the Group did not record any anti-competitive behaviour.
GRI 207: Tax (2019)			
207-1	Approach to tax	99	
207-2	Tax governance, control and risk management	99	
207-3	Stakeholder engagement and management of concerns related to tax	99	
GRI 300: Environmental series (2016)			
GRI 302: Energy (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	79-80, 85-87	
103-3	Evaluation of the management approach	79-80, 85-87	
302-1	Energy consumption within the organisation	80	
GRI 303: Water and effluents (2018)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	81-82	
103-3	Evaluation of the management approach	81-82	
303-1	Interactions with water as a shared resource	81-82	
303-2	Management of water discharge-related impacts	81-82	
303-3	Water withdrawal	81	
GRI 305: Emissions (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	81-87	
103-3	Evaluation of the management approach	81-87	
305-1	Direct (Scope 1) GHG emissions	82	
305-2	Energy indirect (Scope 2) GHG emissions	82	
305-3	Other indirect (Scope 3) GHG emissions	83	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	84	
GRI 306: Waste (2020)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	87-88	
103-3	Evaluation of the management approach	87-88	
306-1	Waste generation and significant waste-related impacts	87-88	
306-2	Management of significant waste-related impacts	88	
306-3	Waste generated	87	
306-4	Waste diverted from disposal	88	
306-5	Waste directed to disposal	88	

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
GRI 307: Environmental Compliance (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	61-64	
103-3	Evaluation of the management approach	61-64	
307-1	Non-compliance with environmental laws and regulations		During the reporting period, the Group did not receive significant fines or non-monetary penalties for non-compliance with environmental laws and regulations.
GRI 400: Social series			
GRI 401: Employment (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	64-66	
103-3	Evaluation of the management approach	64-66	
401-1	New employee hires and employee turnover	67-68	
GRI 402: Labour/Management Relations (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	64-66	
103-3	Evaluation of the management approach	64-66	
402-1	Minimum notice periods regarding operational changes		The minimum notice period is defined in the National Collective Labour Agreements, where applicable, and by the laws in force in the countries where the Group operates.
GRI 403: Occupational Health and Safety (2018)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	70-73	
103-3	Evaluation of the management approach	70-73	
403-1	Occupational health and safety management system	70-72	
403-2	Hazard identification, risk assessment, and incident investigation	70-71	
403-4	Worker participation, consultation, and communication on occupational health and safety	70-72	
403-5	Worker training on occupational health and safety	70-72	
403-6	Promotion of worker health	70-72	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70-72	
403-9	Work-related injuries	73	The indicator is compliant with requirements a, d, e, f, g of the related standard
GRI 404: Training and education (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	74-75	

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
103-3	Evaluation of the management approach	74-75	
404-1	Average hours of training per year per employee	74	
GRI 405: Diversity and equal opportunity (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	64-66, Report on Corporate Governance and Ownership Structure, section “Diversity policies applied in relation to the composition of the governing, management and control bodies”	
103-3	Evaluation of the management approach	64-66, Report on Corporate Governance and Ownership Structure, section “Diversity policies applied in relation to the composition of the governing, management and control bodies”	
405-1	Diversity of governance bodies and employees	68-69, Report on Corporate Governance and Ownership Structure, section “Diversity policies applied in relation to the composition of the governing, management and control bodies”	
GRI 406: Non-discrimination (2016)			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	61-62	
103-3	Evaluation of the management approach	61-62	
406-1	Incidents of discrimination and corrective actions taken		During the reporting period, the Group did not record any incidents of discrimination.
GRI 418: Customer Privacy			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	76	
103-3	Evaluation of the management approach	76	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	76	

Material aspects of Danieli not related to specific Disclosures of GRI Standards			
Innovation / R&D			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	76-77	
103-3	Evaluation of the management approach	76-77	
Product quality and safety			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	77	
103-3	Evaluation of the management approach	77	

GRI Standards	Disclosure	*Page number*	*Notes/ Omissions*
Procurement and Logistics			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	91-93	
103-3	Evaluation of the management approach	91-93	
Social and environmental assessment of suppliers			
103-1	Explanation of the material topic and its Boundary	59-60, 103-104	
103-2	The management approach and its components	91-92	
103-3	Evaluation of the management approach	91-92	

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INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT
PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254/2016
AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

To the Board of Directors of
Danieli & C. Officine Meccaniche S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have been appointed to carry out a limited assurance engagement on the consolidated non-financial statement of Danieli & C. Officine Meccaniche S.p.A. and its subsidiaries (hereinafter "Danieli Group" or "Group") referred to the fiscal year ended on June 30, 2022 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on September 27, 2022 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy" of the NFS.

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors of Danieli & C. Officine Meccaniche S.p.A. (hereinafter "Company") are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), with reference to the selection of GRI Standards, which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

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Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We are independent with respect to the Company in compliance with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

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Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Danieli Group as of June 30, 2022;

4. understanding of the following matters:

   - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
   - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
   - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

   Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with management and with employees of the Company and of the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o., and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

   In addition, for material information, taking into consideration the Group's activities and characteristics:

   - at Group level:

     a) with regards to qualitative information included in the NFS, and specifically with reference to business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with available evidence;
     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

   - for the companies Danieli & C. Officine Meccaniche S.p.A., Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o., which we selected based on their activities, their contribution to the performance indicators at consolidated level and their location, we carried out site visits during which we met management and gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

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Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Danieli Group as of June 30, 2022 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards, with reference to the selection of GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy" of the NFS.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
October 6, 2022

This report has been translated into the English language solely for the convenience of international readers.

DANIELI GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2022

Consolidated Financial Statements

Consolidated Balance Sheet

(thousands of euro)

ASSETS	Notes	30/06/2022	30/06/2021
Property plant and equipment	1	972,588	955,785
Right of use	2	39,383	40,637
Intangible Assets	3	41,222	37,960
Equity investment in associates measured at equity	4	10,688	9,131
Other equity investments	4	16,697	15,484
Deferred tax assets	5	101,958	76,067
Other financial receivables		221	166
Trade and other receivables	6	116,589	125,259
Non-current assets		**1,299,346**	**1,260,489**
Current assets			
Contract Assets	7	638,143	883,773
Inventories	7	814,444	595,457
Trade receivables	8	1,110,042	843,588
Other Receivables	9	90,492	59,708
Current tax assets	10	36,558	46,680
Current financial assets	11	657,458	688,908
Cash and cash equivalents	12	1,516,077	1,072,869
Currents assets		**4,863,215**	**4,190,983**
Total Assets		**6,162,561**	**5,451,472**

(thousands of euro)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30/06/2022	30/06/2021
Shareholders' equity			
Share capital		81,305	81,305
Treasury shares		(87,138)	(87,138)
Other reserves and profit carries forward, including profit for the year		2,225,577	2,019,853
Group shareholders' equity		**2,219,744**	**2,014,020**
Non controlling interest in shareholders' equity		3,252	2,326
Total shareholders' equity	13	**2,222,996**	**2,016,346**
Non-current liabilities			
Non-current financial liabilities	14	153,289	344,970
Deferred tax liabilities	5	31,727	17,469
Post employment benefits	15	23,569	27,349
Provisions for risks	16	56,828	50,394
Other non-current liabilities		181	8,349
Total non-current liabilities		**265,594**	**448,531**
Current liabilities			
Trade payables	17	1,330,284	1,075,954
Contract Liabilities and Advances from Customers	7/18	1,712,323	1,487,941
Other current liabilities	19	170,098	152,796
Current tax liabilities	20	48,007	29,609
Bank debts and other financial liabilities	21	413,259	240,295
Total current liabilities		**3,673,971**	**2,986,595**
Total liabilities and shareholders' equity		**6,162,561**	**5,451,472**

Consolidated Income Statement

(thousands of euro)	Notes	Financial year ended 30/06/2022	30/06/2021
Operating revenues		3,379,497	2,575,790
Other operating income		92,919	61,242
Changes in inventories	7	146,588	88,518
Total revenues	23	**3,619,004**	**2,725,550**
Purchase cost of of raw materials and consumables	24	(1,875,573)	(1,409,948)
Personnel costs	25	(475,112)	(441,411)
Other operating costs	26	(909,134)	(623,992)
Depreciation, amortisation and write-downs	27	(149,621)	(106,321)
Operating income		**209,564**	**143,878**
Financial income	28	32,084	29,940
Financial charges	29	(53,284)	(10,113)
Gains/(losses) on foreign exchange transactions	30	105,846	(30,841)
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	31	1,579	(28)
Profit before taxes		**295,789**	**132,836**
Income taxes	32	(68,145)	(34,866)
Net profit from continued operations		**227,644**	**97,970**
Profit and loss deriving from discontinued operations	33	(8,552)	(17,637)
Net profit for the period		**219,092**	**80,333**
(Profit)/loss attributable to non-controlling interests		**(378)**	**(143)**
Net profit for the period attributable to the Group		**218,715**	**80,189**
Basic earnings per share (euro):			
Ordinary shares	**34**	**2.9416**	**1.0703**
N.C. Saving shares	**34**	**2.9576**	**1.0885**

Consolidated statement of comprehensive income

(thousands of euro)	Notes	Financial year ended 30/06/2022	30/06/2021
Net profit for the period		**219,092**	**80,333**
Components of comprehensive income subsequently reclassified in the result of the period			
Foreign financial statements translation difference		36,021	(511)
Change in fair value reserves		(52,416)	10,771
Tax effect related to the other components of comprehensive income		14,624	(3,006)
	13	**(1,771)**	**7,254**
Components of comprehensive income not subsequently reclassified in the result of the period			
Actuarial gains/(losses) recognised in the statement of comprehensive income		**2,674**	**5,769**
Tax effect		(641)	(1,384)
	13	**2,033**	**4,384**
Consolidated comprehensive income		**219,354**	**91,971**
Attributable to:			
Danieli Group		**218,678**	**92,334**
Non-controlling interests		**676**	**(363)**
		219,354	**91,971**

Consolidated Statement of Changes in Shareholders' Equity

(thousands of euro)	Share capital	Treasury shares	Share Premium reserve	Fair value reserve	Other reserves	Translation difference	Net profit (loss) of the period	Group shareholders' equity	Non controlling interest in shareholders' equity	Total shareholders' equity
Shareholders' equity as at 30/06/2020	**81,305**	**(82,935)**	**22,523**	**(7,210)**	**1,868,732**	**(8,596)**	**62,886**	**1,936,705**	**(76)**	**1,936,629**
Operations with shareholders										
Allocation of profit per shareholders' meeting of 28/10/2020										
to reserves	0	0	0	0	51,758	0	(51,758)	0	0	0
Change in treasury shares	0	(4,203)	0	0	0	0	0	(4,203)	0	(4,203)
dividends to parent company shareholders	0	0	0	0	0	0	(11,128)	(11,128)	0	(11,128)
dividends to third parties									(203)	(203)
Change in scope of consolidation	0	0	0	0	1,683	0	0	1,683	1,596	3,279
Acquisition of non-controlling interests	0	0	0	0	(673)	0	0	(673)	673	0
Total operations with shareholders	**0**	**(4,203)**	**0**	**0**	**52,768**	**0**	**(62,886)**	**(14,321)**	**2,066**	**(12,255)**
Profit as at 30/06/2022	0	0	0	0	0	0	80,189	80,189	143	80,332
Other compehensive income										
Change in fair value reserves	0	0	0	7,765	0	0	0	7,765	0	7,765
Actuarial gains/(losses) from IAS 19	0	0	0	0	4,385	0	0	4,385	0	4,385
Foreign financial statements translation difference	0	0	0	0	0	(704)	0	(704)	193	(511)
Comprehensive income (expenses) for the period	**0**	**0**	**0**	**7,765**	**4,385**	**(704)**	**80,189**	**91,635**	**336**	**91,971**
Shareholders' equity as at 30/06/2021	**81,305**	**(87,138)**	**22,523**	**555**	**1,925,885**	**(9,300)**	**80,189**	**2,014,020**	**2,326**	**2,016,346**
Operations with shareholders										
Allocation of profit per shareholders' meeting of 28/10/2021										
to reserves	0	0	0	0	66,838	0	(66,838)	0	0	0
Change in treasury shares	0	0	0	0	0	0	0	0	0	0
dividends to parent company shareholders	0	0	0	0	0	0	(13,350)	(13,350)	0	(13,350)
dividends to third parties	0	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	0	0	646	0	0	646	0	646
Variation third parties capital	0	0	0	0	(250)	0	0	(250)	250	0
Total operations with shareholders	**0**	**0**	**0**	**0**	**67,234**	**0**	**(80,188)**	**(12,954)**	**250**	**(12,704)**
Profit as at 30/06/2022	0	0	0	0	0	0	218,715	218,715	378	219,093
Other compehensive income										
Change in fair value reserves	0	0	0	(37,792)	0	0	0	(37,792)	0	(37,792)
Actuarial gains/(losses) from IAS 19	0	0	0	0	2,032	0	0	2,032	0	2,032
Foreign financial statements translation difference	0	0	0	0	0	35,723	0	35,723	298	36,021
Comprehensive income (expenses) for the period	**0**	**0**	**0**	**(37,792)**	**2,032**	**35,723**	**218,715**	**218,678**	**676**	**219,354**
Shareholders' equity as at 30/06/2022	**81,305**	**(87,138)**	**22,523**	**(37,237)**	**1,995,151**	**26,423**	**218,716**	**2,219,744**	**3,252**	**2,222,996**

Consolidated Statement of Cash Flows

(migliaia di euro)	30/06/2022	30/06/2021
Reconciliation of profit before taxes with net cash flows from op.activities		
Profit before taxes	287,238	115,199
Net increase/(decrease) in prov.for risks&charges	6,434	29,348
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	(1,579)	28
Depreciation, amortisation and write-downs	115,465	97,801
Losses/(gains) on disposal of property plant and equipment	(2,268)	(1,334)
Write-down/(Reversal) of impairment losses	34,156	8,521
Other non-monetary changes		1,333
Net change in employee sev. indemnity prov.	(1,747)	(2,161)
Foreign exchange losses/(gains) for the period	(105,846)	30,841
Financial income for the period	(32,084)	(29,940)
Financial charges for the period	53,285	10,113
Total	**353,054**	**259,749**
Net change in working capital		
(Increase)/decrease in inventories	26,644	(296,766)
(Increase)/decrease in trade and other receivables	(343,693)	92,054
Increase/(decrease) in trade and other payables	263,841	222,032
Unrealised foreign exchange losses/(gains)	19,184	1,384
Total	**(34,024)**	**18,704**
(Interest paid)	(20,520)	(9,106)
Interest received	32,137	30,804
Taxes paid in the period	(51,259)	(20,442)
Cash flow generated /(absorbed) by operating activities	**279,388**	**279,709**
Investing activities		
Investments:		
Property plant and equipment	(102,776)	(132,042)
Intangible Assets	(10,147)	(9,249)
Business combinations of the period and the previous financial year	0	0
Equity investments	(1,614)	(8,856)
(Purchase)/sale of treasury shares	0	(4,203)
Available for sale financial assets	(5,619)	(52,542)
Realised foreign exchange losses/(gains)	86,662	(32,224)
Disposals:		
Property plant and equipment	8,817	7,465
Intangible Assets	51	38
Cash flow generated/(absorbed) by investing activities	**(24,626)**	**(231,613)**
Financing activities		
Application of IFRS 16 - Financial loans	(12,013)	(12,094)
New loans payable	164,395	177,186
Increase/(decrease) in advances on job orders not yet in production	225,807	57,833
Repayment of loans payable	(200,925)	(188,048)
Short term derivative financial instrument	4,651	2,754
dividends to parent company shareholders	(13,350)	(11,128)
Cash flow generated/(absorbed) by financing activities	**168,565**	**26,503**
Changes in balance sheet items due to exchange rate translation	19,883	7,829
Total cash flow	**443,210**	**82,428**
Opening cash and bank position	**1,072,869**	**990,441**
Closing cash and bank position	**1,516,077**	**1,072,869**

Explanatory notes

Introduction

These Consolidated Financial Statements for the year ended June 30, 2022 comprise the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and explanatory notes.
Unless otherwise indicated, amounts included in the financial statements are rounded to the nearest thousand euro.
Danieli & C. Officine Meccaniche S.p.A. (the Parent Company) is a joint stock company, listed on the Borsa Italiana (Italian stock exchange), operating in the design, construction and sale of plants for the iron and steel industry. Its registered office is at Via Nazionale 41, Buttrio (Udine – Italy).
As at June 30, 2022, the share capital consisted of 40,879,533 ordinary shares and 40,425,033 savings shares. The ordinary shares are held by:

	Shares representing the share capital
Sind International s.r.l.	67.712%
Treasury shares	7.964%
Market	24.324%

The consolidated financial statements of the Danieli Group have been externally audited by Deloitte & Touche S.p.A. The draft consolidated financial statements were approved on September 27, 2022, by the Board of Directors, which authorised their publication in the September 27, 2022, press release containing the main elements of these financial statements.

Danieli Group operations

Danieli & C. Officine Meccaniche S.p.A. is a corporate entity set up in accordance with the law of the Italian Republic and has been listed on the Milan Stock Exchange since 1984.
The Danieli Group constructs and sells plants for the iron and steel industry, offering a range of machines extending from primary process management to the manufacture of finished goods (essentially from ore to finished product), and produces and sells special steels through the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o.
In brief, the Danieli Group designs and builds plants for the iron and steel industry for all process areas, such as:

– Mines;
– Pellet production plants;
– Blast furnaces;
– Direct reduction;
– Scrap shredders,
– Steelworks for production of liquid steel;
– Continuous casting for:
  - blooms and billets;
  - slabs;
  - thin slabs;
– Rolling mills for long products;
– Rolling mills for seamless tubes;
– Lines for welded tubes;
– Hot and cold rolling mills for flat products (all ferrous and non ferrous metals and stainless steel);
– Process lines for flat products;
– Complete plants for dimensional checking and for non-destructive quality control, and conditioning plants;
– Plants for secondary processing, such as peeling, straightening, 2-roll reeling and drawing machines;
– Forging presses and manipulators and complete forging plants;
– Extrusion presses for ferrous and non-ferrous materials;
– Plants for longitudinal cutting and for transversal cutting to size of sheet and plate in all non-ferrous metals and stainless steel;
– Level 1, 2, 3 and 4 plant automation systems;
– Cranes and lifting equipment.

In the long product rolling plant sector, the Danieli Group is world market leader in terms of both the number of plants in use and annual sales, and in particular, is the undisputed technological leader for plant reliability, productivity and achievable product quality as well as for level of automation.

Statement of compliance with IFRS

The consolidated financial statements for the year ended June 30, 2022, have been prepared in compliance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Commission, in accordance with the procedure per Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the Council of July 19, 2002, in force at the date of preparation (September 2022), together with recommendations set out in the Regulations for Issuing Companies as approved by CONSOB (the Italian S.E.C.). The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The consolidated financial statements have been prepared on the historical cost principle, except for derivative financial instruments and available-for-sale financial assets, which have been recorded at fair value; investments in associates and joint ventures, valued by the equity method; and construction contracts, recognised according to the percentage of completion method, as well as on a going concern basis.

From the various options permitted by IAS 1, the Group has chosen, in the balance sheet, to show current and non-current assets and liabilities separately on the basis of whether they will be realised/settled as part of the company's normal operating cycle within twelve months of the closure of the period, and to provide an analysis of costs on the basis of their nature in the income statement.

The statement of cash flows has been drawn up using the indirect method.

To provide better information and representation of the construction contracts and their impact on the income statement, the Group considered it appropriate to change the financial statement. For a correct comparison, the previous year was also restated.

SUMMARY OF ACCOUNTING STANDARDS

Improvements and amendments to accounting standards applied as from July 1, 2021

The accounting standards used to prepare the consolidated financial statements for the year ended June 30, 2022, are the same as those followed the previous year. The Group has not opted for an early adoption of any standard, interpretation or amendment issued, but not yet in effect.

On March 31, 2021 the IASB published an amendment entitled "COVID-19-Related Rent Concessions Beyond 30 June 2021 (Amendments to IFRS 16)" which extended the period of application of the amendment issued in 2020 by one year, allowing lessees to account for rent concessions occurring as a direct consequence of the COVID-19 pandemic without having to assess, through contract analysis, whether the definition of lease modification in IFRS 16 is met. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent concessions directly in profit or loss at the effective date of the concession.

On August 27, 2020 in light of the reform on interbank rates such as the IBOR, the IASB published the "Interest Rate Benchmark Reform – Phase 2" document, which contains amendments to the following standards:

– IFRS 9 Financial Instruments;
– IAS 39 Financial Instruments: Recognition and Measurement;
– IFRS 7 Financial Instruments: Disclosures;
– IFRS 4 Insurance Contracts; and
– IFRS 16 Leases.

All changes took effect July 1, 2021.

The adoption of this amendment did not have any effect on the Company's consolidated financial statements.

IFRS and IFRIC accounting standards, amendments, and interpretations approved by the European Union, not yet compulsorily applicable and not adopted early by the Group as at June 30, 2022

On May 14, 2020, the IASB published the following amendments called:

- Amendments to IFRS 3 Business Combinations: the amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that when assessing whether a contract is onerous, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid in that it has entered into the contract (e.g. the depreciation charge of machinery used to perform the contract).
- Annual Improvements 2018-2020: changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

These changes will take effect July 1, 2022. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

On February 12, 2021 the IASB published two amendments entitled "Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates (Amendments to IAS 8)". The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The changes will apply starting July 1, 2023, but early application is permitted.

The directors are currently assessing the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

Accounting standards and interpretations issued by the IASB but not yet approved by the European Commission

On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify debts and other short or long-term liabilities. The changes take effect July 1, 2023. Early application is nevertheless permitted.

On May 7, 2021 the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred tax liabilities on particular transactions that could give rise to equal amounts of assets and liabilities must be recognised, such as leases and decommissioning obligations. The changes will apply starting July 1, 2023, but early application is permitted.

The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of these amendments.

Consolidation scope and method

The consolidated financial statements of the Danieli Group include data as at June 30, 2022 for Danieli & C. Officine Meccaniche S.p.A. and of the Italian and foreign companies over which it exercises control, either directly or indirectly. The details of the companies consolidated line-by-line are provided in Attachment I-C.

As at July 1, 2021, Zerotredici Educational Hub srl, Corte delle Fucine srl, Danieli Middle East and North Africa LLC, Danieli Industrial Automation, Danieli Metallurgical Industry China Co Ltd and More Suzhou Metallurgy Technology Co Ltd entered the scope of consolidation.

In late November 2019, activities began to close the facility of the German subsidiary ESW Röhrenwerke Gmbh ("ESW") and, from the interim report as at December 31, 2019, this was stated as a discontinued operation with the result that, in accordance with the provisions of IFRS 5, the operating results of ESW were recognised separately in the income statement, under profit/(loss) from discontinued operations.

There were no other significant changes in the scope of consolidation compared to the financial year ended June 30, 2021. However, during the year, some mergers and other extraordinary transactions that did not have any impact on the consolidated financial statements took place within Group companies. The most important are:

– merger of Automation Integrated Solutions SpA into Danieli Automation SpA;
– reverse merger of Danieli Russia Engineering OOO into Danieli Volga LLC;
– final liquidation and deconsolidation of Danieli Metallurgical Equipm. (Beijing) Co.Ltd.;
– sale of the investment in Danieli Changsu Trading Co.Ltd by Danieli Germany GmbH to Danieli Metall. Equip. & Service (China) Co Ltd.

As at June 30, 2022, the following subsidiaries were not included in the consolidated financial statements using line-by-line consolidation:

– More USA Inc.,
– Danieli Metallurgical Materials Ltd.,
– Danieli Corus Refractory Solution Ltd.

These companies were established during the financial year but are still essentially inactive and will presumably be consolidated on a line-by-line basis from the next financial year.

The Russian/Ukrainian conflict did not lead to changes in the scope of consolidation due to loss of control in the Russian and Ukrainian subsidiaries.

The activity of the most significant companies is described in the Directors' report.

The financial statements used in the consolidation were those prepared for approval by the relevant boards and officers and, in case of subsidiaries whose financial years do not coincide with that of Danieli & C. Officine Meccaniche S.p.A., an accounting situation specially prepared for this purpose by the respective directors referring to the date of June 30, 2022. The individual financial statements have been suitably aligned with the accounting principles adopted by the consolidating company.

Companies measured at equity
The list of companies measured at equity is shown in attachment II-C, whereas the key figures of the last approved financial statements are listed in attachment III-C.

Equity investments in subsidiaries, allocation of the price of acquisition and goodwill
Companies over which the Group exercises control (subsidiaries) are included in the consolidation on a full line-by-line basis in accordance with IFRS 10, i.e. as a result either of directly or indirectly owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of these companies and to obtain the relative benefits (or relative losses), irrespective of shareholding relationships. The existence of potential voting rights that can be exercised at the date of the financial statements is considered for the purpose of determining control. Subsidiaries are consolidated from the date on which control is acquired and deconsolidated from the date on which control ceases.
The Group checks, taking into account all applicable facts and circumstances, at the end of each reporting period (or interim financial statements) whether or not control over its investee companies exists and, if necessary, makes the necessary changes to the scope of consolidation.
Business combinations whereby control of a company is acquired are recorded by use of the purchase method: on the basis of this method, the acquisition is valued as the sum of the consideration transferred, measured at fair value at the date of purchase, and the amount of any non-controlling interests in the acquired company. For each business combination, this latter can be measured at fair value or in proportion to the acquired company's net assets attributable to non-controlling interests. Acquisition costs are charged to the income statement.
The consideration recognised for a business combination includes the fair value of any contingent consideration as of the acquisition date. A change in the fair value of contingent consideration classified as an asset or liability is recognised in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the contingent consideration is classified as equity, it needs not be re-measured until settlement of the contingency is reflected within equity.
Goodwill from a business combination is initially stated at cost, measured as the excess between the consideration paid and the amount recognised for the non-controlling interest in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the consideration paid and the recognised value of the non-controlling interests are less than the fair value of the subsidiary's net purchased assets, the difference is recorded in the income statement.
Recognition of goodwill, even initially, is only made where, as a result of the business combination, there are tangible valuation criteria and measurable future profitability of the new subsidiary. Where these cannot be clearly identified, due to the difficulty of integrating the subsidiary into the Group and adapting to its manufacturing policies, or if the subsidiary's independent capability to generate profits cannot be objectively proved, the goodwill is prudently written down.
After the acquisition, goodwill is subjected to impairment test once a year or more frequently in case of events or changes that may lead to impairment, in accordance with the provisions of IAS 36 - Impairment of Assets. Any impairment is identified through valuations that refer to each unit's capability to generate cash flows sufficient to recover the part of goodwill allocated to it, with the procedures indicated subsequently in the section "impairment of property, plant and equipment and intangible assets".
If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying value of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of must be measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.
If a business combination is achieved in stages, upon acquiring control the investor has to re-measure the fair value of the interest previously held that was valued using the equity method; any resulting gain or loss is recognised in the income statement.
The effects of purchasing or selling shares subsequent to taking control, without this resulting in a loss of control, are measured at equity.
If the partial disposal of an investment results in loss of control, the residual holding is re-measured to fair value, and any difference is included in the capital gain or loss on the disposal.
During consolidation, using the full line-by-line method:
– the following are eliminated: accounts payable and receivable between companies included in the consolidation, income and expenses relating to transactions between those same companies, and profits and losses resulting from transactions between these companies relative to items included in equity;
– the non-controlling interests in shareholders' equity of subsidiaries is entered as a specific shareholders' equity item called "Non-controlling interests in shareholders' equity". The non-controlling interest in the consolidated profit and loss is recognised as "Net (profit)/loss attributable to non-controlling interests".

Equity investments in associates
Equity investments in companies over which a significant influence is exercised ("associates"), which is presumed to be the case when the percentage of shares held is between 20% and 50%, are valued by the equity method. As a consequence of using this method, the carrying value of the equity investment is aligned with shareholders' equity (adjusted, where necessary, to reflect the application of IFRS approved by the European Commission) and includes any goodwill identified at the time of the acquisition.
The share of profits and losses made by associates after the acquisition is recognised through the income statement, while movements in reserves subsequent to acquisition are entered in reserves in shareholders' equity. When the Group share of losses in an associate equals or exceeds the amount of its holding in that company, the value of its shareholding is reduced to zero and the Group does not book further losses relating to its share, unless and to the extent that the Group is responsible for them. Unrealised profits and losses generated by transactions with associates are eliminated in proportion to the percentage of the Group's equity investment in those companies.

Other equity investments
Other equity investments in which the ownership percentage is less than 20%, or 10% if listed, or over which the Group exercises no significant influence, are measured at fair value. If the fair value of these assets cannot be reliably calculated, they are measured at purchase or subscription cost net of any write-downs for impairment losses.
They continue to be carried at cost even when this exceeds the amount determined by the equity method, provided that earnings prospects or implicit capital gains make it likely that the higher value will be recovered.

Translation of foreign currency accounts and financial statements

Identification of the functional currency
Amounts in the income statement and balance sheet of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency). The Danieli Group consolidated financial statements are prepared in euro, which is the functional currency of the Parent Company.

Translation of foreign currency transactions
Elements in currencies other than the functional currency, both monetary (liquid assets, assets and liabilities that will be paid in preset or determinable amounts of cash, etc.), and non-monetary (advances to suppliers and advances received from customers for goods and/or services, goodwill, intangible assets, etc.), are initially recorded at the spot exchange rate on the date when the transaction takes place. Subsequently, monetary items are translated into the functional currency on the basis of exchange rates at the date of the financial statements and differences arising from the conversion are booked to the income statement. Non-monetary items are maintained at the historical rate of exchange of the transaction except in the case of a persistent unfavourable trend in the reference exchange rate. The allocation of differences (to the income statement or translation reserve) follows that applied for changes in value of the related items.

Translation of financial statements in currencies other than the functional currency
The rules for translation of financial statements in foreign currencies into the functional currency of the Parent Company are as follows:
– assets and liabilities are translated using financial year-end closing exchange rates;
– costs, revenue, expenses and income are translated at the average rate for the year;
– the "translation reserve" holds both exchange differences generated by translation of foreign currencies at rates different from those at the reference date of the consolidated financial statements and those generated by translation of opening shareholders' equity at an exchange rate different from that at the end of the reporting period;
– goodwill and adjustments resulting from the fair value associated with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the spot exchange rate at the end of the reporting period.

The exchange rates used for translation of financial statements in currencies other than the euro for the years ended June 30, 2022, and June 30, 2021, are shown below (foreign currency value of 1 euro):

	2021/2022		2020/2021	
	Average	30/06/2022	Average	30/06/2021
Thai Baht	37.6772	36.7540	36.8543	38.1180
Czech Koruna	25.0374	24.7390	26.2119	25.4880
Swedish Krona	10.3176	10.7300	10.2226	10.1110
Serbian Dinar	117.5436	116.8255	117.6066	117.4597
Canadian Dollar	1.4268	1.3425	1.5299	1.4722
US Dollar	1.1277	1.0387	1.1934	1.1884
Vietnamese Dong	25,791.50	24,170.00	27,575.40	27,358.00
Swiss Franc	1.0503	0.9960	1.0855	1.0980
Ukrainian Hryvnia	31.4088	30.4017	33.2416	32.3618
Croatian Kuna	7.5244	7.5307	7.5469	7.4913
Romanian Leu	4.9430	4.9464	4.8800	4.9280
Egyptian Lira	18.5616	19.5332	18.7867	18.6281
Turkish Lira	13.8272	17.3220	9.2239	10.3210
Brasilian Real	5.9144	5.4229	6.4274	5.9050
Chinese Renminbi (Yuan)	7.2764	6.9624	7.8958	7.6742
Malaysian Ringgit	4.7685	4.5781	4.9213	4.9336
Iranian Rial	47,362.67	43,625.00	50,122.30	49,913.00
Qatar Riyal	4.1048	3.7809	4.3439	4.3258
Saudi Riyal	4.2288	3.8951	4.4752	4.4565
Russian Rouble	84.5165	53.8580	89.1069	86.7725
Indian Rupee	84.9242	82.1130	87.9656	88.3240
Sterling (Great Britain)	0.8469	0.8582	0.8863	0.8581
Japanese Yen	132.1010	141.5400	127.0777	131.4300
Polish Zloty	4.6122	4.6904	4.5046	4.5201

Property, plant and equipment
Property, plant and equipment are recognised in the balance sheet at cost of purchase or internal production, including directly attributable ancillary expenses, net of accumulated depreciation. Where there is a present obligation and where significant, cost is increased by the present value of the estimated cost of dismantling and removing the asset.
Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised, as part of the cost of such asset, and amortised over the useful life of the class of asset to which they refer.
Plant and machinery may include parts with different useful lives. Depreciation is calculated over the useful life of each individual part; in the event of replacement, the new parts are capitalised to the extent that they meet the criteria for recognition as assets, and the carrying value of the parts replaced is derecognised.
The residual value and useful lives of the assets are reviewed at least every year-end. Regardless of existing depreciation, whenever impairment is determined on the basis of IAS 36, the asset is written down accordingly; the write-down is reversed in subsequent years, net of depreciation, if the reasons cease to apply. Ordinary maintenance costs are expensed in full in the income statement, while maintenance costs that increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.

Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets. For some specific plants in the Steel making segment, and, in particular, melting furnaces and endless casting rolling plants, considering the technological innovations inherent in their realisation and the long period necessary for start-up and bringing them up to capacity, it has been considered appropriate to relate the depreciation rate to the actual production capacity used in the period, compared to the normal total production capacity expected for each year of useful life of the plants. The main yearly or annualised depreciation rates are as follows:

Buildings and light constructions	3-10%
Plant and machinery	from 10 to 17.5%
Furnaces and large automated plants	from 5 to 23.4%
Equipment	20-25%
Motor vehicles, wheeled internal transport and cars	20-25%
Furniture and office machinery	12-20%

Land, free of construction or annexed to buildings, is not depreciated since it has an unlimited useful life.

Right of use
Rights of use are measured according to the provisions of IFRS 16.
IFRS 16 establishes how to recognise, measure, present and disclose information about leases in the financial statements. The standard defines a lease as a contract or part of a contract that conveys a right to use the asset for a period of time in exchange for consideration. The following model is established by the new standard for lessees: at the start date of the contract, the lessee will recognise a liability for the lease payments (i.e. a lease liability) and a right-of-use asset of the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees will have to separately account for interest expense on the lease liability and the depreciation of the right-of-use of the asset.
The Group made use of the practical expedients available for the transition to IFRS 16 in order not to redetermine when a contract is or contains a lease. Therefore, the definition of a lease in compliance with IAS 17 and IFRIC 4 will continue to be applied to the lease contracts signed or amended before its first application. The change in the definition of a lease mainly refers to the criterion of control ("right of use"). According to IFRS 16, a contract contains a lease if the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of lease and the related provisions under IFRS 16 for all lease contracts signed or amended after July 1, 2019.
The lessees will also have to remeasure the lease liability if certain events occur (for example: a change in the terms and conditions of the lease contract, changes in future lease payments resulting from a change in an index or a rate used to determine those payments).
Contract terms are established contractually and, in the event of contractual clauses that allow for its early termination or extension or renewal, an analysis is carried out for each contract on the likelihood of such clauses being exercised. The Group used its own experience to determine the terms of the leases containing extension or termination options.
The incremental borrowing rate was calculated for each contract using the spreads commonly applied to the Group for its loans with similar conditions and terms to those of the leases with the addition of the normal variable rates on the basis of lease term, currency and geographical area (e.g. EURIBOR, USD LIBOR, EURIRS).
For disclosure purposes, the Group made use of the exemptions granted by IFRS 16 section C5 letters a and b.
The Group made use of these exemptions in two circumstances, allowed by the standard: lease contracts in which the underlying asset is of modest value (IFRS 16:5(b), e.g. personal computers, printers) and short-term lease contracts (e.g. contracts with expiry date within 12 months – IFRS 16:5(a)). The value of the cost for use of third-party assets relating to these exemptions is equal to around 1.5 million euro.
For these exemptions, neither the financial liability of the lease nor the related right of use were recognised, but the rent was recognised in the income statement, as was done in the past, among operating costs.
The right of use is amortised systematically at the lower of the lease term and the residual useful life of the underlying asset. If the lease contract transfers the ownership of the related asset or the cost of the right of use reflects the Group's desire to exercise the option to purchase, the related right of use is amortised over the useful life of the asset in question. Amortisation begins from the start of the lease.
The liability arising from the lease is not stated in a separate item but among current and non-current borrowings. After initial recognition, by applying the amortised cost method for measuring the liability arising from the lease, the carrying value of this liability is increased by the interest on it (using the effective interest method) and decreased to take account of the payments made as a result of the lease contract.

The Group redetermines the balance of the liability arising from the lease (and implements an adjustment of the corresponding value of the right of use) if:
– the lease term changes or there is a change in the measurement of exercising the option right during the financial year;
– the value of the lease payments changes following changes to the indicators or rates or the amount of the guarantees for the expected residual value changes;
– a lease contract has been amended and the amendment does not fall under the cases for the recognition of a separate contract.
The Group did not record any of the aforesaid changes in the current period.

Intangible assets
Intangible assets are recognised at purchase or production cost, including directly attributable ancillary expenses.
The cost of an internally generated intangible asset includes only those expenses that can be directly attributed to the asset as from the date on which the criteria for recognition of that asset are met.
After initial recognition, intangible assets are recorded at cost, net of accumulated amortisation and any impairment losses calculated as set out in IAS 36.
Research costs relating to production activities are fully expensed the year they are incurred.
Intangible assets are subject to amortisation unless they have indefinite useful lives. Amortisation is charged systematically over the useful life of the asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment by third parties to buy the asset at the end of its useful life or if there is an active market for the asset. The directors review the estimated useful lives of intangible assets every financial year-end.
The main annual amortisation rates applied are in the following ranges:

Intellectual property rights	from 6,67 to 20%
Licences and trademarks	20%
Other intangible assets	from 20 to 33%

Goodwill is the difference between the price of acquisition and the current value of the assets and liabilities that can be identified at the date of acquisition of the subsidiaries included in the consolidation. After initial recognition, goodwill is no longer amortised and is decreased by any impairment losses.
After the acquisition, goodwill is subjected to impairment test once a year or more frequently in case of events or changes that may lead to impairment, in accordance with the provisions of IAS 36 - Impairment of Assets. For the purpose of verifying any impairment, from the date of acquisition, the goodwill acquired in a business combination is allocated to each cash-generating unit of the Group which is expected to benefit from the synergy of the combination, regardless of whether other assets or liabilities of the entity acquired have been assigned to these units. Any impairment is identified through valuations that refer to each unit's capability to generate cash flows sufficient to recover the part of goodwill allocated to it, with the procedures indicated subsequently in the section "impairment of property, plant and equipment and intangible assets".
If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying value of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of must be measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of tangible and intangible assets
At the end of each financial year and in the event indicators that suppose permanent impairment are identified, an estimate is made of the recoverable value of the intangible or tangible assets or group of intangible or tangible assets (cash-generating unit, or CGU) net of the selling costs and its value in use. If the carrying amount of an asset is greater than its recoverable value, this asset is written down until brought back to its recoverable value.
The recoverable value is the fair value net of selling costs or the value in use, whichever is higher. When defining the value in use, the expected future cash flows are discounted using a discount rate before tax that reflects the current market estimate referring to the cost of money compared to the time and the specific risks of the activity. For an asset that does not generate widely independent cash flows, the realisable value is determined in relation to the cash-generating unit to which this asset belongs. Impairment is recognised in the income statement among the costs for depreciation, amortisation and write-downs. This impairment is reversed if the reasons that caused it to cease to exist, with the exception of impairment related to goodwill.

Financial receivables and assets
At initial recognition, financial assets are classified, where appropriate, on the basis of the subsequent methods of measurement, i.e. at amortised cost, at fair value through other comprehensive income, and at fair value through profit and loss.
The classification of financial assets at initial recognition depends on the characteristics of their contractual cash flows and on the business model used by the Group to manage them. With the exception of trade receivables that do not contain a significant financial component or for which the Group has applied a practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at FVPL. Trade receivables that do not contain a significant financial component or for which the Group has applied a practical expedient are measured at the price of the transaction determined according to IFRS 15.
For a financial asset to be classified and measured at amortised cost or at FVOCI, it must generate cash flows that depend solely on the principal and the interest of the principal amount to be repaid (Solely Payments of Principal and Interest (SPPI)). This measurement is indicated as an SPPI test.

Treasury shares
Treasury shares that are repurchased are deducted from shareholders' equity on the basis of the purchase price. The purchase, sale, issue and cancellation of equity instruments in the company share capital do not have any impact on gain or loss in the income statement. Voting rights associated with treasury shares are cancelled, as is the right to receive dividends.

Inventories
Inventories of raw and ancillary materials and consumables are recognised at the lower of purchase cost (including ancillary expenses), determined using the weighted average cost method, and estimated realisable value as determined from market trends at the end of the period.
Finished and semi-finished products are valued at the weighted average purchase or production cost; any negative difference between cost and the corresponding market value at the end of the period is accrued to a specific product write-down reserve, which directly reduces the closing value of inventories.

Work in progress is valued at the production cost related to the year of manufacture, based on the stage of completion achieved.

Construction contracts for more than one year are recorded using the state of advancement (or percentage of completion), under which revenues (and consequently the margin) are recognised on the basis of production progress, determined by the Group companies on the basis of the costs already incurred to complete the job order in proportion to the total, including using updated final costs. For construction contracts where the invoicing carried out exceeds the costs incurred plus the identified margins, the net value is stated in current liabilities –contracts liabilities.
The value is determined based on estimated revenues and costs over the full life of the projects, for which the measurement is influenced, by nature, by significant subjective components. The assumptions on which the measurements are based are updated periodically. The economic effects of the revised estimates are recorded in the year in which the updates are made.
The valuation of construction contracts includes additional fees, compared with those agreed contractually, if their receipt is considered more than probable and the amount can be reliably estimated.
With the exception of trade receivables that do not contain a significant loan component or for which the company has applied a practical expedient, the company initially values a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
Construction contracts with prices denominated in a currency different from the functional one and exceeding the advances received are affected by the closing exchange rate for the period in question, which contributes to determining the total contractual revenue of the order, to which to apply the state of advancement percentage.

Cash and cash equivalents
Cash and cash equivalents are kept to meet short-term cash commitments; the latter are highly liquid and easily convertible to cash for a known amount. Their value is subject to an irrelevant risk of fluctuation, with the exception of those in foreign currencies, which are subject to exchange rate risk.

Post-employment benefits

Employee severance indemnity (trattamento di fine rapporto, or TFR) for employees of the Group's Italian companies falls within the scope of IAS 19 (employee benefits), since it is similar to defined benefit plans. Construction contracts with duration of less than or more than one year are recorded according to progress (or percentage of completion) method, under which income (and consequently margins) are recognised on the basis of production progress, determined by the company on the basis of the costs already incurred for the completion of the job order in proportion to the total, including the costs to be updated. Gains and losses from the actuarial valuation are fully recognised in the statement of comprehensive income in the period in which they occur. Any effects on profit and loss of the revision of estimates are recorded in the financial year in which the updates are made. Following the changes made to the TFR provision rules by Law 296 of 27 December 2006, and subsequent decrees and regulations issued in the early months of 2007, TFR accrued from 1 January 2007 has assumed the nature of a defined contribution plan, whether the employee has opted for benefits to be held in a complementary pension fund or in the Treasury Fund managed by the Social Security agency INPS.

Provisions for risks and charges

The Group accrues a provision when a present obligation exists for a future outflow of economic resources as a result of past events, it is probable that this outflow will be required and the amount can be reasonably estimated. The amount recognised is the best estimate of the expense required to completely extinguish the present obligation.
Restructuring costs are recognised if the Group has a detailed restructuring plan that it has communicated to the interested parties.
For contracts whose execution involves inevitable costs that exceed the presumed economic benefits of the agreements, the present contractual obligation is recorded on the same basis as a standard provision.

Greenhouse gas emission quotas

Greenhouse gas emission quotas (grey certificates) represent the right to inject a certain quantity of greenhouse gas into the atmosphere. These quotas are an instrument to reduce pollution that originates from the Kyoto Protocol, and they were introduced with the goal of abating greenhouse gas emissions through the improvement of technologies used in the production of energy and in industrial processes, as well as more efficient use of energy.
Emission quotas are assigned, free of charge, by the competent national authority and they allow to inject a certain quantity of greenhouse gases into the atmosphere.
If this quantity is exceeded, it will be necessary to hand over quotas to be acquired on the market; surplus quotas may be used in following years or sold at auctions organised by the competent national authority.
Purchasing emission quotas entails recognizing a cost in the income statement and a payable in the balance sheet. Their sale entails recognising a revenue and a receivable.
The Group has adopted a policy whereby the net liability pertaining to granted emission rights is recognised. Therefore, an allocation to the provision for risks is recognised only when actual emissions exceed the emission rights received and still available.

Financial liabilities

Group financial liabilities include trade payables, other liabilities, bank debts and loans.

Trade payables, customer advance payments and other liabilities

Trade payables, advance payments received from customers and other current and non-current liabilities are recognised initially at nominal value, which represents fair value at the reference date. After initial recognition, these financial liabilities are measured at amortised cost, using the original effective interest method.

Loans

Initially, all loans are entered at the fair value of the amount received, net of transaction costs incurred to obtain the loan. After initial recognition, loans are measured at amortised cost using the effective interest rate method.
Loans are classified within current liabilities unless Group companies have an unconditional right to defer payment for at least 12 months after the date of the financial statements.
Financial liabilities are derecognised when they are extinguished and the Group has transferred all risks and charges related to the instrument.

Derivative financial instruments

The Group uses derivative financial instruments such as: forward sales/purchases of foreign currency, including synthetic ones with knock-out clause and accumulation of forward purchases/sales, interest rate swaps.
Derivative instruments are classified as hedging instruments in accordance with IFRS 9 when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedging, checked initially and periodically, is high.
Transactions that meet all the qualifying criteria for hedge accounting are recognised as follows:
Fair value hedging
The change in the fair value of hedging derivatives is recognised in profit or loss under other costs.
The change in the fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying value of the hedged item and is also recognised in profit or loss under other costs.
With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The amortisation so determined can commence as soon as there is an adjustment but cannot extend beyond the date on which the hedged item ceases to be adjusted due to changes in the fair value attributable to the hedged risk.
If the hedged item is derecognised, the fair value not amortised is immediately recognised in profit or loss.
When an unrecognised irrevocable commitment is designated as a hedged item, the subsequent accumulated changes in its fair value attributable to the hedged risk are entered in the accounts as assets and liabilities and the corresponding profits or losses are recognised in profit or loss.
Cash flow hedge
With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.
Changes in the fair value of derivatives that do not meet the conditions to be classified as hedging instruments in accordance with IFRS 9 are recognised in the income statement.

Revenues, contributions, interest and dividend

Revenues from construction contracts are recognised on the basis of the agreed considerations in proportion to the stage of completion of the work, determined using the percentage of completion method ("Performance obligations satisfied over time") measured on the basis of the costs already incurred for a specific project out of the total estimated costs for a specific project (input method).
This method of recognition and the contracts with customer on which it is based comply with the requirements of IFRS 15.
This is illustrated in greater detail in the section on inventories.
Revenues from sales and services are recognised in accordance with the provisions of IFRS 15 and of the transfer of control over the goods sold or services rendered and the fulfilment of the "Performance obligation" envisaged by the contractual agreements with the counterparties ("Performance obligations satisfied at a point in time").
Revenues for partially provided services are recognised for the amount of the consideration earned, provided it is possible to reliably determine the stage of completion and there is no significant uncertainty about the amount or existence of the income and relative costs; otherwise they are recognised up to the amount of the recoverable costs incurred.
Revenues are booked net of returns, discounts, allowances and rebates, as well as of directly associated taxes on sales (value added tax).
Among the other operating revenues are recorded the "energy efficiency credits" (titoli di efficienza energetica, TEE), also known as white certificates, issued by the Italian Power Exchange in favour of certain parties as a result of energy efficiency improvement projects. They are credits that certify the reduction in consumption achieved within a certain time interval and they are allocated to companies only after the competent authorities give their prior approval to the project and subsequently verify the periodic reports filed; they may be exchanged within a dedicated organised market or through bilateral contracts outside the aforesaid market.
The right matured with respect to the Power Exchange is recorded in the financial year when the production that generated the energy savings takes place, evaluated on the basis of the presumable realisation value of the energy efficiency credits at the date of recognition.
Contributions for operating expenses are recognised directly in the income statement when the entitlement to their disbursement is considered definitive and their amount can be determined objectively. When contributions are commensurate to specific components of operating costs (excluding depreciation), they are recognised directly in reduction thereof.

Contributions related to assets are recognised among the other operating revenues according to the systematic and rational criterion that reflects the process of depreciation of the asset to which they refer.
Based on this accounting approach, the tax credit for new investments in machinery, prescribed by Italian Law Decree no. 91 of June 24, 2014, was also recognised among tax receivables - beyond the next financial year. Its recognition in the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers, with the consequent recognition under deferred income of the portion of contribution not yet accrued.
For all financial instruments valued at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is entered using the effective interest rate (EIR), which is the rate that discounts estimated future payments and receipts over the expected life of the financial instrument.
Dividends are recognised the year in which they are resolved and the right to their collection arises.

Contributions
Contributions are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions for obtaining them will be satisfied.
Specifically:
i) subsidised tariffs received as energy-intensive enterprise are recorded on the basis of reported consumption and reducing energy costs;
ii) Energy Efficiency Credits (titoli di efficienza energetica, TEE, or white certificates), obtained for energy efficiency projects authorised by the GSE (Gestore Servizio Elettrico, Electric Service Manager), are recorded in other income on the basis of production volumes and energy saved as a result of the project;
iii) the tax credit for new investments in machinery, envisaged by Italian Law Decree no. 91 of June 24, 2014, is recorded under other non-current and current assets of the balance sheet and will be used as tax credit based on the methods envisaged by the reference regulations. Its recognition in the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers, with the consequent recognition under other current liabilities of the portion of contribution not yet accrued.

Costs
Costs are recognised when they relate to goods and services sold or consumed in the financial year or by systematic allocation or when a useful future life can no longer be determined.
Operating lease instalments are allocated to the income statement over the life of the contract.
Personnel costs include the amount of earnings paid, accruals for complementary pension funds and holidays due but not taken and social security costs, in accordance with the labour contracts and current legislation.
Costs for the acquisition of new knowledge or discoveries; for research into alternative products or processes, new technologies or models; for design and construction of prototypes or, in any case, for other scientific research or technological development activities are normally treated as research costs and charged to the income statement the year they are incurred. Development costs incurred relative to a given project are recorded as intangible assets when the Group can demonstrate:
i) the technical feasibility of completing the project to make it available for use or sale;
ii) its intention to complete the asset;
iii) its ability to use it or sell it;
iv) the way in which the asset will generate future economic benefits;
v) the existence of available resources to complete the asset; and
vi) the ability to reliably evaluate the cost attributable to the asset during its development.
Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised as part of the cost of such asset. All other financial charges are recognised as costs the year they are incurred.

Income taxes
Current tax receivables and payables are valued at the amount that is expected to be recovered from or paid to the tax authorities, in accordance with the laws in force at the closing date of the financial statements in the countries where the Group operates and generates its taxable income.
Current taxes related to items not reported in the income statement are taken directly to equity or to the statement of comprehensive income, consistently with the recognition of the item to which they refer.
Current tax assets and liabilities are only offset if there is an exercisable right to offset the amounts recorded in the accounts and the Group intends to settle or pay the net amounts or to realise the asset and settle the liability at the same time.
Deferred tax assets are recorded for all temporary differences to the extent that it is probable that taxable income will be achieved against which the deductible temporary difference can be used. The same principle applies to the recording of deferred tax assets for usable tax losses.

The carrying value of deferred tax assets is reviewed at the reporting date and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be generated to permit recovery of all or part of the asset. Such reductions are reversed in the event that the conditions for which they were made no longer apply.
Deferred tax liabilities are calculated using the “liability method” on all temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, save for specific exceptions.
Deferred tax assets and liabilities are calculated using tax rates and regulations which are in force or substantially in force at the reporting date in the countries where the Group operates.

Use of estimates
Preparation of the financial statements involves making accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions considered to be reasonable and realistic on the basis of information known at the time of the estimate. The use of accounting estimates influences the carrying value of assets and liabilities, and information on potential assets and liabilities at the date of the financial statements, as well as the amount of income and costs for the period. Actual results may differ due to the uncertainty of the assumptions and the conditions on which the estimates are based.
The following accounting estimates used in drawing up the consolidated financial statements are considered to be significant because they involve significant recourse to subjective judgements, assumptions and estimates regarding matters that are by nature uncertain. Changes in the conditions on which opinions and assumptions are based can have a significant effect on the subsequent results. In particular, the estimates made for measuring the construction contracts are more significant in the preparation of the consolidated financial statements due to their undoubted complexity and relevance.

Construction contracts
Orders managed by the Danieli Group refer mostly to plants for the steel industry and for those of non-ferrous metals. They can be for very significant amounts and are sometimes concluded with counterparties in countries subject to political instability. These projects with duration exceeding one year are always characterised by a highly technological and often highly innovative level, and include performance guarantees upon the final delivery of the plants, which contribute to making the estimates related to the measurement of the construction contracts particularly complex.
The estimate process used by the companies of the Group envisages the preparation for each job order of a well-structured and rigorous identification and management process of all the cost items required for its completion, broken down in detail for the different types of activities and/or services (grouped by project affinity). This process is aimed at quantifying and monitoring throughout the life of the project all the activities to be carried out for the various stages of production with the relative costs and revenues and the overall margin, by also identifying the gradual stage of completion related to the timely development of each single order. These estimates take into account any additional fee if agreed contractually or if their receipt is considered probable and the amount can be reliably estimated, whereas any additional costs compared to those initially estimated and any penalties are measured in the estimate of construction contracts by using all the information available to the company’s management at the time of preparation of the financial statements. Assumptions and estimates are reviewed periodically, and their effects are reflected in the income statement. As part of these assumptions and estimates, the impact of the Russian/Ukrainian conflict as well as the COVID-19 pandemic, albeit limited, was also considered at the end of the reporting period.
If it is expected that completion of a job order will result in a loss at operating margin level, also deriving from the estimate of any future charges relating to the completion of the job order, this is recognised in full in the financial year in which it becomes reasonably predictable and recognised in a specific provision. In particular, funds totalling 62 million euro (79 million euro as at June 30, 2021) were determined for the Group’s job orders in progress of the company as at June 30, 2022, which include the estimate of any other related charges that appear probable on the basis of a careful measurement of the overall stage of the construction contracts at the end of the reporting period.
The measurement of construction contracts denominated in currencies (mainly USD) other than the functional currency envisages that the portion exceeding the advances invoiced at the end of the reporting period be translated at the exchange rate at the end of the reporting period, helping to determine the total job order contractual revenue.
Group policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may envisage the management of foreign currency purchases in order to obtain a natural hedging effect or the use of derivative contracts. Due to the intrinsic difficulty in preparing a meticulous planning of incoming cash flows to order, derivative contracts on exchange rates used in the period (and in the previous one) do not have the characteristics to qualify for hedging from an accounting point of view (known as hedge accounting). Consequently, the measurement of construction contracts is also affected by the change in the Euro/USD exchange rate occurred

in the period. However, for similar reasons, the effects of exchange rate fluctuations are recorded in the income statement in the section dedicated to financial management, and therefore they do not contribute to the representation of the operating income in that statement.

Provisions for risks
The Danieli Group makes accruals mainly in connection with employee benefits, legal and tax disputes and measurement of the job orders. Estimates for these accruals are the result of a complex process involving the subjective opinions of Company management that vary over time in relation to the information available.

Write-downs
Property, plant and equipment and intangible assets are written down in value when events or changed circumstances indicate that the amount recognised in the financial statements is not recoverable. The write-down is calculated by comparing the carrying value with the related recoverable amount, represented by the greater of fair value net of disposal costs and value in use, which is calculated by discounting to present value the expected cash flows deriving from use of the asset, net of disposal costs. Expected cash flows are quantified in light of the information available when the estimate is made, on the basis of subjective opinions on the trend of future variables — such as prices and the consequent revenues, costs, growth in demand and production profiles — and discounted to present value using a rate that takes into account the risk inherent in the asset in question.

Payables for business combinations
Payables for business combinations are essentially based on an estimate of the contingent consideration due for each acquisition, which is initially made at fair value on the basis of the information available at the time of the transaction. That estimate may be revised to reflect either additional information obtained by the Group after the acquisition date concerning facts and circumstances in effect as of that date, or events occurring after the acquisition date, relating to the achievement of earnings objectives, the realisable value of assets or the generation of liabilities or the absence of certain conditions precedent to which the recognition of potential assets were linked.

Deferred tax assets
Deferred tax assets are recognised on the basis of expected profit in future years. The estimation of future profits for the purpose of recognising deferred tax assets depends on factors that can change over time and significantly impact their measurement.
The Group recognised assets for tax losses amounting to 26.3 million euro, to the extent to which it is highly likely that there will be such a taxed income as to allow use of the benefit related to the carrying forward of the aforementioned losses. The Group also has prior tax losses amounting to 306.5 million euro, relating to subsidiaries, which cannot be used to offset the taxable income in other members of the Group. Since the aforesaid subsidiaries do not have temporary taxable differences that could support the recognition of assets for prepaid taxes connected to such losses, the Group prudentially deemed that the conditions are not met for the recognition of the related deferred tax assets, whose total amount would be approximately 66.0 million euro.

Estimate of fair value
The fair value of financial instruments listed on public markets is determined with reference to bid prices at the end of the reporting period.
The fair value of financial instruments not listed on public markets is calculated using financial measurement techniques. Specifically:
– the fair value of interest rate swaps is calculated by discounting future cash flows based on interest rate curves;
– the fair value of currency purchase/sale contracts with optional content is calculated by discounting the differentials between contractual forward exchange rates and market forward exchange rates at the end of the reporting period on the basis of the expected forward rates, and taking account of the optional components if inherent in certain types of contract.

Management of financial risks
The main financial risks identified, monitored and managed by the Danieli Group are the following:
– market risk, arising from exposure to fluctuations in interest rates and exchange rates between the euro and other currencies in which Group companies operate;
– credit and country risk, concerning the possibility of default by a counterparty;
– liquidity risk, which could arise from a lack of financial resources to meet short-term financial commitments.
Management of financial risks is based on centrally-issued guidelines designed to standardise and coordinate Group policies.
Concerning industrial risks, see the section “Management of business risks” in the Directors’ Report.

Market risk associated with fluctuations in exchange rates and interest rates
Market risk concerns the possibility that changes in interest rates and exchange rates between the euro and other currencies in which the Group operates could negatively affect the value of assets or liabilities or the amount of cash flows.

Exchange rate risk
Group policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may include use of derivative contracts or the management of foreign currency purchases in order to obtain a natural hedging effect.
Exposure to fluctuations in exchange rates can have the following impacts:
– income risk from the different valuation of costs and income expressed in foreign currencies at different periods of time;
– transaction risk from the conversion of trade and/or financial receivables and payables expressed in foreign currencies;
– translation risk from the conversion of the assets and liabilities of consolidated companies that prepare their financial statements in non-euro currencies.
Risk management by the Group’s finance department addresses both income and transaction risks, whereas translation risks are not monitored.
Exposure to exchange rate risk is closely correlated with future cash flows from the gradual completion of contracts, taking account of contractual advances received, and with the payment of purchases in currencies other than the euro. The effects of such transactions are reflected in revenues and the valuation of current inventory, as well as in purchase cost.
The planning, coordination and management of these activities, and the measurement of exchange rate derivative instruments at fair value, are supervised by the Group’s finance department that monitors the correct correlation between derivative instruments and underlying cash flows, systematically basing these on market prices and ensuring proper accounting in compliance with international accounting standards.
In the year ended June 30, 2022, the Group made very little use of derivative instruments to cover exchange rate risk on receivables and financial assets denominated in currencies. This also reflects the mix of job orders in progress and those in the order backlog, comprised of contracts with prices expressed in US dollars for which a substantial portion of direct costs are expressed in currencies closely linked to the US dollar, thus allowing a natural hedging.
The foreign exchange gain reported in the income statement for the year is entirely related to the performance of the US dollar against the euro, which entailed a positive alignment of receivables and of foreign currency funds of the Group at the end of the financial year.
Regarding all significant financial assets and liabilities in foreign currencies, a sensitivity analysis was conducted at the end of the year to determine the impact on the income statement and on shareholders’ equity in the event of a hypothetical 5% or 10% increase or decrease in the EUR/USD exchange rate compared to exchange rates as at June 30, 2022, without considering the change in fair value of derivative contracts but only their effectiveness compared to the new exchange rate. Moreover, this analysis did not consider the impact of exchange rate fluctuations on the measurement of construction contracts (as these are not financial assets according to IAS 32).
The following table summarises the adverse effects on shareholders’ equity and on the income statement, before the tax effect, deriving from a possible strengthening of the euro and the positive effects should the US currency strengthen:

(in thousands of euro)	**-10%**	**-5%**	**5%**	**10%**
Foreign exchange gain/(loss) deriving from a fluctuation in the Euro/USD exchange rate	103,745	49,143	(44,462)	(84,883)
Total	**103,745**	**49,143**	**(44,462)**	**(84,883)**

Interest rate risk
For the Danieli Group, the risk associated with interest rate fluctuations essentially concerns variable-rate, long-term loans for which no interest rate swaps (IRS) have been negotiated.
A sensitivity analysis has been conducted to measure the profit and loss impact that could arise from a hypothetical increase or decrease by 50 or 100 bp in interest rates. This increase or decrease in interest rates would entail higher or lower financial income and charges before the tax effect as reported below:

(in thousands of euro)	**-100BP**	**-50BP**	**+50BP**	**+100BP**
(Lower)/Higher financial income	(21,743)	(10,872)	10,872	21,743
Lower/(Higher) financial charges	5,258	2,629	(2,629)	(5,258)
Total	**(16,485)**	**(8,243)**	**8,243**	**16,485**

Credit and country risk

Credit risk is the Danieli Group's exposure to potential losses arising from the failure of counterparties to meet their obligations; this activity is monitored continuously by both the Group's financial and executive management teams as part of routine business operations, starting from the contract negotiation stage for the construction of plants for the Plant making sector and from the review of the supply request for the Steel making sector.
Note also that the Danieli Group carries out most of its activities in foreign countries and continuously evaluates political, social and financial risks in the areas in which it does business.
Exposure to counterparty credit risk is minimised by using insurance coverage to protect against the insolvency of customers or the countries in which they operate.
In the current year, there have been no significant cases of counterparty default, and credit risk is not significantly concentrated by area and/or customer, except for receivables from an important Egyptian customer with which a payment schedule agreement was defined in January 2021 supported by adequate guarantees from the Group to which that customer belongs. The customer has so far been on time with the agreed deadlines and recently presented positive financial data, continuing with the consolidation of its activities using plants with good economic/financial results, again developing a positive cash generation that can be used for new investments and for a progressive, albeit slow reduction in the exposure to the Danieli Group.
Adjustment to the EU sanctions against certain Russian customers brought some projects that began prior to February 2022 to a halt, without generating significant effects on the 2021-22 financial statements, though they put a stop to many projects that have now been removed from the backlog due to the impossibility to complete them, with margins missing in the upcoming financial years.

Liquidity risk

The high value of the available financial resources of the Danieli Group makes this risk very limited. Liquidity is managed prudently, favouring low risk investments with certain convertibility to cash.
By maintaining this level of cash along with unutilised credit lines, the Group can meet the new technological challenges of building plants with high innovative content, by independently covering all extraordinary expenses that may arise from technical difficulties during their start-up.

Management of capital

Capital includes ordinary shares, savings shares and equity attributable to the shareholders of the parent company. The primary objective of Group capital management is to obtain a strong credit rating and healthy financial ratios, in order to support operating activities and maximise shareholder value.
The Group manages and makes adjustments to its capital structure, based on changes in general economic conditions. To maintain or adapt the capital structure, the company can adjust dividend payments to shareholders, return capital to shareholders or issue new shares, convert preference shares and buy and sell treasury shares.
The Group monitors capital by following the indebtedness ratio, which compares the amount of net indebtedness with total capital plus net indebtedness. For this purpose, net indebtedness includes interest on loans and borrowing and cash and cash equivalents.

(millions of euro)	30/06/2022	30/06/2021
Gross financial indebtedness	967.2	760.0
Financial assets	(2,173.8)	(1,762.0)
Net financial position	(1,206.6)	(1,002.0)
Shareholders' equity	2,219.7	2,014.0
Capital and net indebtedness	1,013.1	1,012.0
Indebtedness ratio with third parties	**n.a**	**n.a**

Classes of financial instruments and hierarchical levels of measurement at fair value

The following table shows the classes of financial instruments held by the Group:

30/06/2022	Notes	Financial assets at fair value recognised through profit or loss		Financial assets measured at amortised costs	Financial assets at fair value recognised through comprehensive income	Equity Instruments (Initial recognition)	Total
(thousands of euro)		Initial recognition	According to IFRS9				
Financial assets							
Other financial receivables		221					221
Other non current receivables	6			116,589			116,589
Trade receivables	8/9			1,200,534			1,200,534
Current financial assets	11	657,458					657,458
Total Financial assets		**657,679**	**0**	**1,317,123**	**0**	**0**	**1,974,802**

30/06/2022	Notes	Financial liabilities at fair value recognised through profit or loss		Financial liabilities measured at amortised costs	Financial liabilities measured at amortised costs		Total
(thousands of euro)		Initial recognition	According to IFRS9				
Financial liabilities							
Bank debts and other financial liabilities	14/21	5,436			561,112		566,548
Trade payables	17/18				3,042,607		3,042,607
Other current liabilities	19				170,098		170,098
Total Financial liabilities		**5,436**	**0**		**3,773,817**	**0**	**3,779,253**

30/06/2021	Notes	Financial assets at fair value recognised through profit or loss		Financial assets measured at amortised costs	Financial assets at fair value recognised through comprehensive income	Equity Instruments (Initial recognition)	Total
(thousands of euro)		Initial recognition	According to IFRS9				
Financial assets							
Other financial receivables		166					166
Other non current receivables	6			125,259			125,259
Trade receivables	8/9			903,296			903,296
Current financial assets	11	688,908					688,908
Total Financial assets		**689,074**	**0**	**1,028,555**	**0**	**0**	**1,717,629**

30/06/2021	Notes	Financial liabilities at fair value recognised through profit or loss		Financial liabilities measured at amortised costs	Financial liabilities measured at amortised costs		Total
(thousands of euro)		Initial recognition	According to IFRS9				
Financial liabilities							
Bank debts and other financial liabilities	14/21	6			585,259		585,265
Trade payables	17/18				2,563,895		2,563,895
Other current liabilities	19				152,796		152,796
Total Financial liabilities		**6**	**0**	**0**	**3,301,950**	**0**	**3,301,956**

Among these financial instruments, the Group measured at fair value through OCI current financial assets, as detailed in note 12) Current financial assets, and derivative contracts, whose essential aspects are summarised below. For the other financial instruments, the carrying value represents a reasonable approximation of fair value.

		30/06/2022		30/06/2021	
	Value of input	**Nominal value**	**Fair value in euro**	**Nominal value**	**Fair value in euro**
Forward sale with negative mark to market	USD	3,568	(80.6)		
Total forward sales			**(80.6)**		**0**
Forward purchase with positive mark to market	USD	34,823	1,308	15,296	258
Forward purchase with negative mark to market	USD			726	(6)
Total forward purchases			**1,308**		**252**
Accumulator with negative mark to market (sale)	USD	81,000	(5,354)		0
Total outright forwards (sales)		**81,000**	**(5,354)**	**0**	**0**
Interest rate swap positive fair value	EUR			10,000	271
Total IRS		**0**	**0**	**10,000**	**271**
Total financial instruments recorded as assets			**1,308**		**529**
Total financial instruments recorded as liabilities			**(5,435)**		**(6)**

“Other financial receivables” and “Current financial assets” measured at fair value as at June 30, 2022, are classified in the hierarchical fair value measurement Level 1) (prices in active markets), whereas the derivative financial instruments included among financial assets and liabilities pertain to the hierarchical level number 2 (measurement techniques based on data observable on active markets). During 2021/2022, there were no transfers from Level 1 to Level 2 and vice versa.

INFORMATION ON THE BALANCE SHEET

NON-CURRENT ASSETS

1) Property, plant and equipment

The net value of 972,588 thousand euro as at June 30, 2022, increased by 16,803 thousand euro compared to 955,785 thousand euro as at June 30, 2021, due to the investments in the financial year, as shown below.
Property and plant as at June 30, 2022, were not encumbered by mortgages or liens as guarantees for loans obtained.

(thousands of euro)	**Land**	**Industrial buildings Light constructions**	**Plant and machinery**	**Industrial and commercial equipment**	**Other tangible assets**	**Assets in progress**	**Total**
Historical cost	75,253	554,851	1,280,680	100,167	119,701	211,583	2,342,235
Accumulated depreciation		(274,483)	(976,683)	(81,667)	(101,643)	0	(1,434,476)
Balance at June, 30 2020	**75,253**	**280,368**	**303,997**	**18,500**	**18,058**	**211,583**	**907,759**
Changes during the period							
Increase	0	79,803	163,571	8,712	4,316	(124,393)	132,009
Exchange impact and other changes	(2,885)	1,235	(487)	143	0	98	(1,896)
Transfers and disposals	(197)	(214)	(5,385)	(86)	(249)	0	(6,131)
Write-down	0	(62)	(1,106)	(542)	36	(1)	(1,675)
Depreciation	0	(15,080)	(48,196)	(6,350)	(4,688)	0	(74,314)
Historical cost	**72,171**	**635,400**	**1,434,008**	**107,641**	**115,571**	**87,287**	**2,452,078**
Accumulated depreciation	**0**	**(289,350)**	**(1,021,602)**	**(87,253)**	**(98,088)**	**0**	**(1,496,293)**
Balance at June, 30 2021	**72,171**	**346,050**	**412,406**	**20,388**	**17,483**	**87,287**	**955,785**
Changes during the period							
Increase	608	15,645	54,572	18,604	6,856	7,143	103,428
Exchange impact and other changes	793	14,975	5,513	974	482	343	23,080
Transfers and disposals	(2)	(2,989)	(1,450)	(1,914)	(194)	0	(6,549)
Write-down	(24)	(2,403)	(7,939)	(552)	(513)	(1,648)	(13,079)
Depreciation	0	(17,170)	(58,639)	(9,070)	(4,552)	0	(89,431)
Historical cost	**73,598**	**639,426**	**1,454,840**	**121,007**	**120,732**	**93,125**	**2,502,728**
Accumulated depreciation	**0**	**(286,034)**	**(1,050,378)**	**(92,564)**	**(101,164)**	**0**	**(1,530,140)**
Balance at June, 30 2022	**73,598**	**353,392**	**404,462**	**28,443**	**19,568**	**93,125**	**972,588**

The amount of the depreciations allocated to the income statement was 89,431 thousand euro, recognised on the basis of rates deemed representative of the estimated useful life of the assets, taking into account, for some specific plants of the Steel Making segment, the actual production capacity used in the period relative to the normal total production capacity expected for each year of useful life of the plants.
“Other tangible assets” include 6,136 thousand euro for transport vehicles, 3,178 thousand euro for furniture and fittings, 7,034 thousand euro for electronic machines and 3,598 thousand euro for other items.
The main investments in the period concerned new plants used by the subsidiary Acciaierie Bertoli Safau S.p.A. in the Steel Making segment, to improve production capacity and ensure appropriate environmental management at all stages of production, as well as the completion of some buildings and plants in Italy and at workshops in the Far East in the Plant Making segment.
The item “write-downs” includes write-downs of properties and plant damaged by the earthquake in Sisak; furthermore, the same item also includes the measurements on company assets to achieve the effective realisable value for ESW.
Assets under development at the end of the financial year stood at 93,125 thousand euro (87,287 thousand euro as at June 30, 2021). The increase in current investments is mainly linked to new Group investments.

2) Right of use

This amounted to 39,383 thousand euro as at June 30, 2022 (40,637 as at June 30, 2021) and referred to the right of use (ROU) underlying the application of IFRS 16 net of the depreciation charge calculated for the period. Changes as at June 30, 2022, are shown below:

(thousands of euro)	Industrial buildings in leasing	Machines and installation in leasing	Industrial and commercial equipment in leasing	Other asset in leasing	Total
Historical cost	**39,231**	**14,151**	**1,238**	**10,634**	**65,254**
Accumulated depreciation	**(14,738)**	**(3,612)**	**(610)**	**(5,657)**	**(24,617)**
Balance at June, 30 2021	**24,493**	**10,539**	**628**	**4,977**	**40,637**
Changes during the period					
Increase	8,120	678	223	1,721	10,742
Exchange impact and other changes	200			16	216
Transfers and disposals	(142)	0	0	0	(142)
Write-down					0
Depreciation ROU benefit to employees	(894)			(923)	(1,817)
Depreciation	(6,214)	(1,885)	(278)	(1,876)	(10,253)
Historical cost	**47,654**	**14,829**	**1,461**	**12,350**	**76,294**
Accumulated depreciation	**(22,091)**	**(5,497)**	**(888)**	**(8,435)**	**(36,911)**
Balance at June, 30 2022	**25,563**	**9,332**	**573**	**3,915**	**39,383**

3) Intangible assets

The balance of 41,222 thousand euro as at June 30, 2022, is higher than the 37,960 thousand euro as at June 30, 2021, mainly due to the difference between investments made in the year and amortisation charged as represented below:

(thousands of euro)	Goodwill	Intellectual property rights	Concessions, licences and trademarks	Other intangible assets	Asset under development and advances	Total
Historical cost	21,224	29,064	109,442	87,060	6,347	253,137
Write-downs	(13,491)		(12)	(20,438)		(33,941)
Accumulated amortisation		(27,724)	(97,057)	(54,336)		(179,117)
Balance at June, 30 2020	**7,733**	**1,340**	**12,373**	**12,286**	**6,347**	**40,079**
Changes during the period						
Increase	74	1,375	8,828	1,674	(2,702)	9,249
Exchange impact and other changes	121	(22)	64	(42)	0	121
Transfers and disposals	0	0	0	(38)		(38)
Write-down	0	0	0	0	0	0
Amortisation	0	(1,232)	(6,448)	(3,795)	0	(11,475)
Historical cost	**21,419**	**29,984**	**111,596**	**84,945**	**3,646**	**251,590**
Write-downs	**(13,491)**	**0**	**(12)**	**(20,438)**		**(33,941)**
Accumulated amortisation		**(28,523)**	**(96,763)**	**(54,403)**		**(179,689)**
Balance at June, 30 2021	**7,928**	**1,461**	**14,821**	**10,104**	**3,646**	**37,960**
Changes during the period						
Increase	10	1,079	9,633	(965)	390	10,147
Exchange impact and other changes	0	(965)	40	3,825		2,900
Transfers and disposals	0	5	(49)	(7)		(51)
Write-down	0	0	0	0	0	0
Amortisation	0	(1,247)	(6,941)	(1,552)	0	(9,740)
Historical cost	**21,428**	**30,345**	**117,731**	**89,290**	**4,036**	**262,830**
Write-downs	**(13,491)**	**0**	**(12)**	**(20,438)**		**(33,941)**
Accumulated amortisation		**(30,012)**	**(100,213)**	**(57,442)**		**(187,667)**
Balance at June, 30 2022	**7,937**	**333**	**17,506**	**11,410**	**4,036**	**41,222**

"Goodwill" in the financial statements as at June 30, 2022, includes the higher amounts paid for the acquisitions that took place in previous years, and in particular for the acquisition of Innoval Technology Ltd. (1.8 million euro) and Akros Henschel Sas and subsidiaries (3.1 million euro), FATA Group (2.8 million euro) as well as the acquisition of the company Telerobot Labs S.r.l. (0.3 million euro). These goodwill amounts were allocated to CGUs identified in the same acquired companies, all belonging to the Plant Making sector. The impairment test, in accordance with IAS 36 - Impairment of Assets, was carried out comparing the recoverable value of the goodwill attributed to the individual CGUs with the related carrying value as at June 30, 2022. The recoverable value utilised was the value in use, since it was deemed reasonably higher than fair value, after selling costs.
The valuation was carried out using a method based on the discounting of expected cash flows (DCF). Cash flows were derived from budgets approved by the competent bodies in relation to the specific CGUs. The models were prepared with an explicit period of 5 financial years and a terminal value for the unspecified period.
The main parameters used to calculate the discount rate (WACC) were the following:

	Risk free	Market premium	Beta unlevered	Risk premium	Debt/equity ratio	Cost of debt	WACC
Akros Henschel and subsidiaries	2.42%	5.50%	0.96	0.00%	0.77	3.21%	7.70%
Innoval Technology Ltd.	2.42%	5.50%	0.96	0.00%	095	3.92%	7.70%
Fata S.p.A.	2.42%	5.50%	0.98	0.00%	0.58	2.42%	7.82%

With regard to the risk free rate, the average rate of return for the past 12 months compared to the starting date of the reference period of the plan data (June 30, 2022) of ten-year Italian Government bonds was used. The impairment test carried out did not indicate that there was any need to make adjustments to the carrying amount of goodwill.
"Concessions, licences and trademarks" consist mainly of the costs of acquiring licences and of developing management software and programmes used in Group company activities.
"Other intangible assets" mainly includes the higher values allocated to the order book (16.3 million euro) and know-how (8.6 million euro) as part of past acquisitions, in addition to other expenses recognised by Group companies.
Assets under development refer to costs incurred by some Group companies up to June 30, 2022, on some investment projects for management software programmes not yet completed.
The consolidated financial statements do not include any intangible assets with indefinite useful lives, with the exception of goodwill.

Impairment of property, plant and equipment and intangible assets

As at June 30, 2022, there were no indications that property, plant and equipment and intangible assets might be impaired. In accordance with IAS 36, no impairment test was carried out in addition to those described above.

4) Equity investments

(thousands of euro)	30/06/2022	30/06/2021
Equity investment in associates measured at equity	10,688	9,131
Other equity investments	16,697	15,484
Total	**27,385**	**24,615**

Changes in the various items are shown in attachment II-C, where equity investments in companies measured at equity are also shown.
The essential figures of the financial statements of subsidiaries, including the aggregate value of current and non-current assets and liabilities, revenues and costs of production, financial income and charges, income taxes, the net profit or loss for the period and the number of employees are shown in Attachment III-C.
The item mainly increased due to the acquisition of non-controlling interests in a Chinese associate.

5) Deferred tax assets and liabilities

These include the provisions for benefits and liabilities respectively related to losses that can be carried forward by Group companies, and temporary differences between assets and liabilities entered in the balance sheet and their corresponding values for tax purposes.
The amounts of deferred tax assets and deferred tax liabilities for which recovery is expected within or beyond the next financial year are as follows:

(thousands of euro)	30/06/2022	30/06/2021
Deferred tax assets		
- Recoverable within next fiscal year	26,770	38,775
- Recoverable beyond next fiscal year	75,188	37,292
Total	**101,958**	**76,067**
Deferred tax liabilities		
- Payable within the next financial year	25,217	16,665
- Payable beyond the next financial year	6,510	804
Total	**31,727**	**17,469**
Net position	**70,231**	**58,598**

Deferred tax assets
The composition of deferred tax assets and their changes in the years ended June 30, 2022, and June 30, 2021, were as follows:

(thousands of euro)		Changes with impact on			
	30/06/2021	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	30/06/2022
Taxed provision	34,808	18,459	0	(1,356)	51,911
Recoveries of unrealised exchange differences	74	255	0	(3)	326
Tax losses	25,316	(2,106)	0	3,138	26,348
Other adjustments	13,314	2,794	0	536	16,644
Employee benefits	803	24	(233)	(119)	475
Measurement at fair value	1,708	0	4,546	0	6,254
Total	**76,023**	**19,426**	**4,313**	**2,196**	**101,958**

(thousands of euro)		Changes with impact on			
	30/06/2020	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	30/06/2021
Taxed provision	30,971	2,034	0	1,803	34,808
Recoveries of unrealised exchange differences	3	71	0	0	74
Tax losses	28,208	(315)	0	(2,577)	25,316
Other adjustments	14,157	(1,146)	0	347	13,358
Employee benefits	885	(57)	0	(25)	803
Measurement at fair value	1,854	1,709	(1,855)	0	1,708
Total	**76,078**	**2,296**	**(1,855)**	**(452)**	**76,067**

Deferred tax assets are recognised in the tax losses for which future use is reasonably expected. On the contrary, deferred tax assets are not prudentially recorded with reference to tax losses for which it is not expected at the moment that they will be recovered through future taxable income for a total amount of 66.0 million euro (60.3 million euro as at June 30, 2021). Most of that amount refers to tax losses that can be carried forward of approximately 306.5 million euro (272.3 million euro as at June 30, 2021) realised by certain Group companies this year and in previous years).

"Other adjustments" mainly refer to temporary differences deriving from the adjustment of the value of revenues of some foreign branches to the IFRS standards used by the Group, as described in the explanatory notes.

Deferred tax liabilities
The breakdown of deferred tax liabilities and their changes in the years ended June 30, 2022, and June 30, 2021, were as follows:

(thousands of euro)		Changes with impact on			
	30/06/2021	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	30/06/2022
Net tangible and intangible fixed assets	616	0	0	(364)	252
Measurement at fair value	(2)	0	0	0	(2)
Change in scope of consolidation	2,500	0	0	219	2,719
Other deferred LT taxes	14,355	11,210	0	3,193	28,758
Total	**17,469**	**11,210**	**0**	**3,048**	**31,727**

(thousands of euro)		Changes with impact on			
	30/06/2020	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	30/06/2021
Net tangible and intangible fixed assets	324	0	380	(88)	616
Measurement at fair value	(2)	0	0	0	(2)
Change in scope of consolidation	2,482	11	0	7	2,500
Other deferred LT taxes	18,085	(4,048)	0	318	14,355
Total	**20,889**	**(4,037)**	**380**	**237**	**17,469**

"Other deferred tax liabilities" mainly refer to temporary differences deriving from the adjustment of the value of revenues of some foreign branches to the IFRS standards used by the Group, as described in the explanatory notes.

6) Trade and other receivables

(thousands of euro)	30/06/2022	30/06/2021
Trade receivables from customers	48,693	57,542
Non current receivables from Tax authorities	5,035	5,634
Other receivables	62,861	62,083
Total	**116,589**	**125,259**

Trade receivables mostly include non-current receivables based on the terms of sale negotiated for the supply of complex plants with long start-up times due to their technical characteristics.
During the year, receipt of trade receivables from an important Egyptian customer continued in line with the agreements made between the parties and according to the dates defined, while the repayment times remain confirmed for the financial rescheduling agreement for USD 74,704 thousand from that same customer (and present in the item “Other receivables”), which are related to the management of some important job orders developed with the same customer and that, for this reason, are considered as of a commercial nature.
As a result of these agreements, the calculation related to the discounting of expected cash flows on existing receivables was updated with a negative economic effect during the year of 10,232 thousand euro.

Receivables from tax authorities for VAT include VAT reimbursement requests on annual returns not expected to be paid before the end of the current financial year.
Receivables are broken down below by maturity at the end of this and the previous year:

(migliaia di euro)	30/06/2022			
Deadlines	**Trade receivables from customers**	**Non current receivables from Tax authorities**	**Other receivables**	**Total**
2023/2024	47,025	4,035	20,024	71,084
2024/2025	325	500	15,004	15,829
2025/2026	1,344	500	0	1,844
2026/2027 and beyond	0	0	27,833	27,833
Total	**48,694**	**5,035**	**62,861**	**116,590**

(migliaia di euro)	30/06/2021			
Deadlines	**Trade receivables from customers**	**Non current receivables from Tax authorities**	**Other receivables**	**Total**
2022/2023	46,580	4,134	4,158	54,872
2023/2024	5,896	500	56	6,452
2024/2025	114	500	4	618
2025/2026 and beyond	4,953	500	57,864	63,317
Total	**57,543**	**5,634**	**62,082**	**125,259**

CURRENT ASSETS

7) Inventories and construction contracts

The balance of 1,452,587 thousand euro as at June 30, 2022, was 26,643 thousand euro lower than the amount of 1,479,230 thousand euro as at June 30, 2021.

(thousands of euro)	30/06/2022	30/06/2021
Raw materials & supplies	224,055	191,778
Write downs	(19,686)	(18,239)
Raw materials, consumables and supplies	**204,370**	**173,539**
Work in progress and semi-finished products	**272,704**	**197,578**
Construction contracts with third parties valued using the cost to cost method	1,268,535	2,133,586
Turnover on job orders in progress with third parties	(568,775)	(1,191,367)
Write-down provision on job orders in progress for third parties	(61,617)	(58,447)
Contract Assets	**638,143**	**883,772**
Finished products	**197,372**	**125,351**
Advances	**139,998**	**98,990**
Total	**1,452,587**	**1,479,230**

The write-down provision on job orders in progress includes the estimates of any future charges related to their completion or for issues related to the recoverability of the costs of the job order.

Construction contracts with a negative net value, resulting, for each individual job order, from the sum between work progress and amounts invoiced, have been reclassified to “ Contract Liabilities and Advances from Customers “ in current liabilities (see also note 18).

They are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Construction contracts third parties - gross	4,325,874	3,778,869
Invoices issued third parties	(4,653,710)	(4,106,465)
Total Contracts liabilities	**(327,836)**	**(327,596)**

Contracts liabilities and customer advance payments also include amounts paid by third-party customers prior to the start or at the beginning of works and related job orders in progress. These advance payments, intended to be reabsorbed in proportion to the invoices issued as job order progresses, are broken down in note 18).

8) Trade receivables

The balance of 1,110,042 thousand euro as at June 30, 2022 was 266,454 thousand euro higher than the amount of 843,588 thousand euro as at June 30, 2021.
There are no significant concentrations of counterparty credit risk.
Receivables were factored without recourse in the financial year by the Group companies for 87,069 thousand euro.
Trade receivables are shown net of the provision for doubtful accounts in the amount of 119,897 thousand euro.

(thousands of euro)	30/06/2022	30/06/2021
Customers	892,611	727,124
Collection order and bills	321,656	195,626
Provision for doubtful accounts	(119,897)	(85,017)
Total trade receivables from third parties	**1,094,370**	**837,733**
Trade receivables from Group companies	15,672	5,855
Total trade receivables	**1,110,042**	**843,588**

Trade receivables from Group companies are due from associates not consolidated on a full line-by-line basis.
Changes in the "Provisions for doubtful accounts" are shown below:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**85,017**	**77,520**
Provision	35,730	10,160
Release of unused provisions	(127)	(736)
Utilisation and other changes for the period	(723)	(1,927)
Closing balance	**119,897**	**85,017**

Regarding the provision for doubtful accounts, the risk of loss on receivables has often a component of technical risk (arising from design changes and/or delays in execution) as well as counterparty risk and country risk. Credit risk and the appropriateness of this provision should therefore be viewed together with the write-down provision for construction contracts described in note 7).
The Group determines the expected amount of credit risks by estimating losses based on historical experience related to past due customer considering both current and future economic conditions.
As a result, the credit risk profile is updated according to the past due brackets in relation to the collection terms provided for in existing contracts.
In the assessment of credit recovery risks, carried out on the basis of the provisions of IFRS 9, the possible, albeit limited, worsening of the solvency of counterparties arising from the Russian/Ukrainian conflict and, albeit limited, from the COVID-19 pandemic were considered.

9) Other receivables

These amounted to 90,492 thousand euro as at June 30, 2022, showing an increase of 30,784 thousand euro compared to the balance of 59,708 thousand euro as at June 30, 2021, and comprising:

(thousands of euro)	30/06/2022	30/06/2021
Insurance reinmbursements	0	0
ST accrued income	965	2,491
ST Prepaid expense	22,434	14,312
Due from social security institutions	703	1,277
Foreign tax receivables	1,741	1,464
Travel expenses advances to employees, consultants and sites	4,385	3,287
Deposits to third parties	2,387	2,747
Indirect tax receivables	29,957	14,948
Other Receivables	27,920	19,182
Total	**90,492**	**59,708**

Other current receivables included 1,857 thousand euro relating to Energy Efficiency Credits (TEE) the subsidiary ABS accrued on the basis of savings in energy sources achieved in the production process (2,633 thousand euro in the previous financial year), the decrease is partly due to the collection and maturity of the economic benefits obtainable from certain important projects and partly to the decrease in the unit value of the securities. Securities are measured at fair value to profit and loss, whereas the receivable from the Cassa Conguaglio per il Settore Elettrico (Equalisation Fund for the Electricity Sector) (public non-profit organisation subject to the supervision of the Electricity and Gas Authority) for disbursements of contributions in favour of energy-intensive businesses was collected.
This includes 2,654 thousand euro as receivables for amounts ABS paid to the Fund established with Terna by the 2016 Stability Law as guarantee of the commitments made by the successful contractors for the financing of each connection power line with overseas electricity grids (interconnectors).
Receivables for indirect taxes mainly included VAT receivables, for part of which repayment was requested. The change compared to the balance as at June 30, 2021 reflects the higher receivable certain Italian companies of the Group accrued in the 2021 calendar year.

10) Current tax assets

This item is made up as follows:

(thousands of euro)	30/06/2022	30/06/2021
Foreign tax receivables	15,403	17,902
Direct tax receivables	7,779	14,570
Other current tax receivables	13,376	14,208
Total	**36,558**	**46,680**

Direct tax receivables as at June 30, 2022, originated mainly from excess advance payments during the year and in previous years, net of the provision for current taxes.
Other receivables for foreign taxes include the receivables of some foreign Group companies, which are expected to be repaid in the near future.

11) Current financial assets

These amounted to 657,458 thousand euro as at June 30, 2022, a decrease of 31,450 thousand euro compared with the balance of 688,908 thousand euro as at June 30, 2021. In addition to the portfolio of securities carried at market value by the subsidiary Danieli Finance Solutions SA and recorded at market value among available for sale financial assets, they include certain financial receivables and derivative financial assets existing at year-end.
They can be broken down as follows:

(migliaia di euro)		30/06/2022		30/06/2021
Bonds in euro nom.value 367,700 at variable rates from 0.21% to 4.50% maturing by 2031 (*)		330,250		401,951
Bonds in usd nom.value 108,145 at variable rates from 2.75% to 5.69% maturing by 2028 (*)	Usd 108,145	99,680	Usd 109,801	92,893
Other securities in other currencies		120,260		96,170
Accrued income on securities and other current financial assets		1,240		1,106
Financial Receivables ST		103,275		80,675
Accrued interest on bank deposits and other financial receivables		1,445		15,584
Derivative financial instruments		1,308		529
Total		**657,458**		**688,908**

(*) descriptions refer to the portfolio as at June 30, 2022

The portfolio does not include any bonds issued by central or local governments or government entities.
Regarding the effects of the measurement of securities, as at June 30, 2022, the change in the fair value reserve, net of the tax impact, was negative 37,792 thousand euro, after the tax effect.
The item "Other securities and accrued interest on securities" includes other securities in currencies other than Euro and USD and some financial products issued by leading insurance companies.

The “Other financial receivables” comprise time deposits and receivables with banks and financial institutions, with maturity over three months (but lower than twelve months).
The characteristics and fair value of derivative financial instruments as at June 30, 2022 and 2021, are detailed in the section “Classes of financial instruments and hierarchical levels of measurement at fair value”.
Forward sales and purchases in currency are financial instruments to hedge mainly US dollar exchange rate risks and occasionally other currency risks (euro for Group foreign companies). The notional value indicated for outright instruments indicates the maximum residual amount envisaged by the signed contract, which allows to accumulate every day outright forward (sales) with monthly recurring payment. In relation to the lock of each derivative contract, a possible strengthening of the Euro against the dollar may make the contract ineffective and therefore not lead to the actual forward sale of the dollars at the exchange rate included within the set range.
If these instruments qualify as cash flow hedges and meet the effectiveness tests set up by the Group, the gains and losses deriving from their fair value measurement at year-end are recognised in shareholders’ equity in the Cash Flow reserve.
In case of instruments that qualify as fair value hedge, ineffective cash flow hedges or instruments entered into for hedging purposes but not meeting hedge accounting rules, the effects of fair value measurement are recognised through profit or loss. Net income pertaining to the measurement of these instruments recognised during the period amount to 0 thousand euro.
As at June 30, 2022, as well as at the end of the previous financial year, the derivative financial instruments implemented by the Group do not meet the hedge requirements of IFRS 9, because the underlying loan was repaid in advance, so changes in fair value are booked directly to shareholders’ equity.

12) Cash and cash equivalents

(thousands of euro)	30/06/2022	30/06/2021
Cash and cash equivalents	1,516,077	1,072,869
Total	**1,516,077**	**1,072,869**

The balance of 1,516,077 thousand euro as at June 30, 2022, increased by 443,208 thousand euro compared to the amount of 1,072,869 thousand euro as at June 30, 2021, and included cash in hand of 1,152 thousand euro and short-term bank deposits of 1,514,925 thousand euro.
Part of this liquidity will be used in the coming year to finance new research programmes, as well as to complete the new investments started in the Steel making segment, while providing these companies with enough working capital to support the substantial production volumes currently being achieved.
See the statement of cash flows for further details on change in cash and cash equivalents.

SHAREHOLDERS’ EQUITY

13) Shareholders’ equity

Total shareholders’ equity at June 30, 2022 amounted to 2,222,996 thousand euro, an increase of 206,650 thousand euro compared with 2,016,346 thousand euro at June 30, 2021. Changes in the various components are summarised in the “Consolidated statement of changes in shareholders’ equity”. Those components are as follows:

13.1) Share capital
Share capital is fully paid in and amounted to 81,305 thousand euro as at June 30, 2022, (81,304,566 shares with a par value of 1 euro each, comprised of 40,879,533 ordinary shares and 40,425,033 savings shares).

13.2) Treasury shares
The value of treasury shares amounted to 87,138 thousand euro as at June 30, 2022, with no change compared to June 30, 2021. The portfolio was made up of 3,255,603 ordinary shares and 3,953,863 savings shares, with a unit par value of 1 euro each and a total par value of 7,209 thousand euro (8.87% of the share capital).

13.3) Other reserves
These totalled 1,980,437 thousand euro (1,948,963 thousand euro as at June 30, 2021) and consist of:

Share premium account
As at June 30, 2022, this amounts to 22,523 thousand euro (unchanged compared to June 30, 2021) and concerns the share premiums paid on the exercise of warrants associated with the conversion of bonds from the bond loans that matured in November 1999 and on July 1, 2003, and the gains/losses realised from the sale of treasury shares.

Fair value reserve
As at June 30, 2022, the fair value reserve had a negative balance of 37,237 thousand euro (555 thousand euro as at June 30, 2021) and it included the changes arising from the fair value measurement of available-for-sale financial assets.

Other reserves

As follows:

(thousands of euro)	30/06/2022	30/06/2021
Revaluation reserve	7,634	7,634
Legal reserve	18,576	18,576
Other Parent company reserves	760,210	760,210
Reserve of first time adoption of IFRS 9	(10,670)	(10,670)
Undistributed profits and impact of consolidation adjustments	1,219,401	1,150,135
Total	**1,995,151**	**1,925,885**

The Legal Reserve amounts to 18,576 thousand euro as at June 30, 2022, unchanged since June 30, 2021: its amount exceeds the requirement stated in art. 2430 of the Civil Code, so a further allocation of the net profit for the year is no longer mandatory.

13.4) Translation difference reserve
At June 30, 2022, this reserve had a positive balance of 26,423 thousand euro (9,300 thousand euro at June 30, 2021). The negative change was due to the positive exchange impacts from translation of the financial statements of foreign companies prepared in the local currency, mainly the Russian rouble, the Chinese Renminbi and the Indian Rupee.

13.5) Group’s net profit
This amounted to 218,715 thousand euro as at June 30, 2022 (80,189 thousand euro as at June 30, 2021).

13.6) Dividends
Dividends paid in the last two financial years and relating to profits earned in the financial years ended June 30, 2021, and June 30, 2020, were as follows:

	Dividends paid at			
	30/06/2022		**30/06/2021**	
(thousands of euro)	**euro per share**		**euro per share**	
Ordinary shares	0.1700	6,395	0.1400	5,309
N.C. Saving shares	0.1907	6,955	0.1607	5,862
Total dividends paid		**13,350**		**11,171**

13.7) Shareholders’ equity of non-controlling interests
Non-controlling interests in shareholders’ equity amounted to a positive 3,252 thousand euro (2,326 thousand euro as at June 30, 2021). The change of 926 thousand euro is the combined result of the positive effect of 298 thousand euro related to the translation difference and the positive effect of 378 thousand euro to the profit for the year attributable to minority interests.

NON-CURRENT LIABILITIES

14) Loans

Financial payables, which amounted to 153,289 thousand euro as at June 30, 2022, included financial payables recorded in accordance with IFRS 16 of 29,801 thousand euro and 123,489 thousand euro consisting of the medium/long-term portion of loans arranged with banks and other institutional lenders (344,970 thousand euro as at June 30, 2021, with a change of 191,681 thousand euro).
There are contractual covenants on some Group loans, shown in detail in attachment IV-C, which also indicates the breakdown by current/non-current portion and the characteristics of each loan.
Based on the results of the financial statements for the year ended June 30, 2022, the economic and equity parameters set out in the loan agreements have been complied with.
The maturity dates of the non-current portions of loans were as follows:

(thousands of euro)	30/06/2022	30/06/2021
2022/2023	-	154,277
2023/2024	82,587	111,389
2024/2025	46,234	56,013
2025/2026	11,335	23,291
2026/2027 and beyond	13,133	-
Total	**153,289**	**344,970**

The breakdown of the Group's net financial position as at June 30, 2022, compared to the previous financial year, was as follows:

(thousands of euro)	30/06/2022	30/06/2021	Variation
Non-current financial assets			
Other financial receivables	221	166	55
Total	**221**	**166**	**55**
Current financial assets			
Securities and other financial assets	657,458	688,908	(31,449)
Cash and cash equivalents	1,516,077	1,072,869	443,208
Total	**2,173,536**	**1,761,777**	**411,759**
Non-current financial liabilities			
Non-current financial liabilities	123,489	313,135	(189,646)
Lease liabilities non-current IFRS 16	29,801	31,835	(2,035)
Total	**153,289**	**344,970**	**(191,681)**
Current financial liabilities			
Bank debts and other financial liabilities	803,000	405,223	397,777
Lease liabilities current IFRS 16	10,864	9,869	995
Total	**813,864**	**415,092**	**398,772**
Current net financial position	**1,359,672**	**1,346,685**	**12,987**
Non-current net financial position	**(153,068)**	**(344,804)**	**191,736**
Positive net financial position	**1,206,604**	**1,001,881**	**204,723**

"Bank debts and other financial liabilities" as at June 30, 2022, included 400,607 thousand euro (174,799 thousand euro as at June 30, 2021) for advances received from customers on job orders not yet in force. These amounts are included among payables for construction contracts and customer advance payments in the balance sheet. As at June 30, 2022, liabilities, recognised during the year, were also included relating to deferred components of the price for an acquisition made in previous financial years for 11.6 million euro.
The remaining advances from customers, still recognised under payables for construction contracts and customer advance payments and amounting to 983,880 thousand euro as at June 30, 2022, and 985,546 thousand euro as at June 30, 2021, respectively, were instead included in working capital as they are used to finance job orders in progress, together with advances to suppliers.

Lastly, the calculation of the net financial position includes both the net fair value of derivative contracts and the present value of the remaining amount due for the purchase of equity investments. In particular, the fair value of derivative contracts as at June 30, 2022 amounted to an overall net negative 4,127 thousand euro (a positive 523 thousand euro as at June 30, 2021) and no residual payables for the purchase of equity investments are present.
The diagram shown above includes all the components envisaged for the calculation of the net financial position as indicated in CONSOB communication no. 5-21 of April 29, 2021, which refers to ESMA guideline 32-382-1138. The item trade payables and other non-current liabilities envisaged by the aforesaid guideline, which is a significant component of implicit or explicit financing, is included in the column "Bank debts and other financial liabilities" as outlined above. For commentary on the reverse factor, refer to Note 17.

15) Post-employment benefits

The balance of 23,569 thousand euro decreased by 3,780 thousand euro compared to 27,349 thousand euro as at June 30, 2021.
Changes were as follows:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**27,349**	**29,691**
Cost relating to employee compensation with defined benefits	64	244
Benefits paid	(2,442)	(2,767)
Actuarial (gains)/losses recognized in the statement of comprehensive income	826	80
Other accruals for employee benefits	(2,228)	101
Closing balance	**23,569**	**27,349**

The cost relating to employee compensation with defined benefits was recognised in the income statement among financial expenses, whilst payments to complementary pension funds and other accruals to pension funds from the Group's foreign companies were recognised among personnel costs, as indicated in Note 25).

The main actuarial assumptions used were the following:

	30/06/2022	30/06/2021
Discount rate	2.74%	0.25%
Rate of increase in management salaries	1.0%	1.0%
Rate of increase in wages and salaries	1.0%	1.0%
Turnover rate	5.0%	5.0%

The sensitivity analysis of the main evaluation parameters is as follows:

Turnover rate +1%	Turnover rate -1%	Inflation rate +0.25%	Inflation rate -0.25%	Discount rate +0.25%	Discount rate -0.25%
16	-18	214	-211	-331	341

16) Provisions for risks

Totalling 56,828 thousand euro as at June 30, 2022, this item increased by 6,434 thousand euro compared to the balance of 50,394 thousand euro as at June 30, 2021, as a result of the following changes:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**50,394**	**21,046**
Provision	19,776	34,240
Release of unused provisions	(1,457)	(2,016)
Utilisations and other changes	(11,885)	(2,876)
Closing balance	**56,828**	**50,394**

The provision for risks includes the provision for the entire expected loss at operating margin level of a job order including the estimate of any future charges related to its completion as well as to the possible recognition of contractual penalties.
The provision also includes extraordinary charges for closing the job order related to a dispute with a Malaysian customer which has remained unchanged since June 30, 2021, reflecting in full the potential liabilities for legal expenses, scheduled interest and any damage present in the systems that the company could be required to repurchase. The provision nevertheless remains prudential, covering the costs required, though there is still a good chance that the company will reach an agreement with the customer.

Estimates for these accruals and the amount of the provisions resulting at the end of the period are the result of a detailed assessment by the Company management which takes into account the information available on various elements, by their nature uncertain, that influence the estimate, historical experience and assumptions considered reasonable. Because of the uncertainty that characterises the assumptions and conditions on which the estimates are based, the outcomes of the situations for which these estimates and assumptions have been used may differ from those reported in the financial statements and may therefore give rise to impacts on the results of operations in subsequent periods.

CURRENT LIABILITIES

17) Trade payables

Trade payables, totalling 1,330,284 thousand euro as at June 30, 2022, increased by 254,331 thousand euro from 1,075,953 thousand euro as at June 30, 2021, and mainly comprise due to suppliers; the change in the item is related to the characteristics and financial conditions negotiated with suppliers in purchase orders.
Trade payables also include positions subject matter of Reverse Factoring with leading national operators for an amount of approximately 232,670 thousand euro as at June 30, 2022, with different maturities but less than 12 months (218,170 thousand euro as at 30 June 2021).
These liabilities maintain their original nature as trade payables in consideration of the fact that there are no financial charges borne by the Group, they do not fall within the financial credit lines used by the Group and the terms of payment follow the normal conditions of supply for the types of business in which the Group is active.
There are no significant concentrations of payables on one or a small number of suppliers.

18) Contract liabilities and advances from customers

Contract liabilities and advances from customers amounted to 1,712,323 thousand euro and 1,487,941 thousand euro as at June 30, 2022 and June 30, 2021 respectively, and are made up as follows:

(thousands of euro)	30/06/2022	30/06/2021
Current advances	983,880	985,546
Contracts liabilities	327,836	327,596
Customer guarantee deposits	400,607	174,799
Total	**1,712,323**	**1,487,941**

“Customer advance payments” represent amounts paid by customers prior to the start of work under job orders in progress. These will be reabsorbed in proportion to the invoices issued as work progresses.
“Contracts liabilities” represent the higher amount invoiced to customers for construction contracts in progress with respect to the state of completion. The change in this item correlates with production carried out and with the invoicing terms of job orders in progress.
“Customer guarantee deposits” of 400,607 thousand euro, concerns advances received from customers on job orders not yet in production, included as current financial liabilities in the net financial position (174,799 thousand euro as at June 30, 2021).
The change in this item relates to the volume of orders acquired, their contractual terms of payment and actual operations of the contracts.

19) Other current liabilities

Other current liabilities amounted to 170,098 thousand euro as at June 30, 2022 (152,796 thousand euro as at June 30, 2021) and they are mainly comprised of:

(thousands of euro)	30/06/2022	30/06/2021
Due to employees	66,253	63,247
Indirect tax payables	13,585	1,812
Withholding tax due	7,784	7,484
Other commercial accruals	25,627	23,592
Guarantee deposits	13,615	10,637
Due to social security institutions	16,100	17,221
Due to company boards and committees	530	427
Deferred income	9,711	11,147
Other ST liabilities	16,893	17,229
Total	**170,098**	**152,796**

Deferred income includes 6,339 thousand euro recognised by the subsidiary Acciaierie Bertoli Safau S.p.A. in relation to the tax credits for new investments in machinery, attributable pursuant to Italian Law Decree no. 91 of June 24, 2014, (8,041 thousand euro as at June 30, 2021). The recognition of the contribution to the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers. This also includes 2,342 thousand euro as a tax credit accrued by ABS in the current financial year for investments in Industry 4.0 capital goods (originally equal to 2,500 thousand euro for the new Quality Wire Rod 4.0 mill opened at the end of the previous financial year).

20) Current tax liabilities

These amount to 48,007 thousand euro and include accruals for current taxes on the estimated profits of Group companies. The increase of 18,398 thousand euro, compared to the balance of 29,609 thousand euro as at June 30, 2021, was due to the higher taxable income for the 2022 financial year and the amount of the advance tax payments made during the financial year, based on the tax charge for the previous year.

21) Bank debts and other financial liabilities

These refer to the current portion of non-current borrowing and loans, to bank advances and overdrafts on bank current accounts, the short-term portion of financial payables recognised in accordance with IFRS 16, to derivative financial instruments and to payables for business combinations. At 30 June 2022 they amounted to 413,259 thousand euro, compared with 240,295 thousand euro at 30 June 2021.

(thousands of euro)	30/06/2022	30/06/2021
Bank advances and current account overdrafts	357	10,584
Other ST bank loans	34,610	26,473
Current portion of long-term loans	349,852	191,384
Accruals on financial payables	571	293
Lease liabilities current IFRS 16	10,864	9,869
ST Loans	**396,254**	**238,603**
Payables for business combinations	**11,570**	**0**
Other LT accrued fin.expenses	**0**	**1,686**
Short term derivative financial instrument	**5,435**	**6**
Total	**413,259**	**240,295**

The item “Payables for business combinations” includes the recovery of a liability related to the consideration not yet paid for the acquisition of a subsidiary that had been removed in the 2018/2019 fiscal year since it was no longer considered due in light of the legislative context of that period. Taking account of the different legislative and commercial conditions, Management believed that the collectability of that liability was no longer considered remote, but likely.
Concerning derivative financial instruments, see the comments in note 11) Current financial assets.

22) Guarantees and commitments

These show commitments and guarantees given by the Group to third parties and consist of the following:

(thousands of euro)	30/06/2022	30/06/2021
Bank guarantees and liens to third parties	2,079,280	1,176,778
Total	**2,079,280**	**1,176,778**

Guarantees given by some banks to third parties on behalf of Group companies mainly refer to guarantees related to the carrying-out of some job orders. Guarantees in foreign currencies are entered at the year-end spot exchange rates.

INFORMATION ON THE INCOME STATEMENT

23) Revenues

Revenues are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Revenues from sales and services	3,379,497	2,575,790
Changes in inventories	146,588	88,518
Other operating income	92,919	61,242
Total revenues	**3,619,004**	**2,725,550**

The level of revenues of the Group rose by 33% compared to the previous year with higher turnover in the Plant Making sector and the Steel Making sector, which shows higher production volumes compared to 2020/2021 thanks in part to the good performance of the ABS Sisak plants that supplied billets to the new QWR wire rod mill at ABS SpA in Pozzuolo del Friuli, increasing the company's rolling capacity towards a high-quality premium product, especially for the European market.
Also note that ESW is no longer operated as a manufacturing company and the economic effects of which are shown separately in Note 33, both with reference to the year ended June 30, 2022, and the previous year for comparative purposes.
Please refer to note 36 Information by business segment and geographical area for more details on the breakdown of revenues by business.
Other operating income includes 1,457 thousand euro for the release of unused provisions (2,017 thousand euro as at June 30, 2021), and for the Steel Making sector, other revenues arising from the remuneration of the service of electric power interruptibility that ABS granted to the national grid operator for a total 9,363 thousand euro, of which 9,181 thousand euro through the consortium Absolute, from the revaluation at market value of the CO2 credits purchased during the current financial year (1,450 thousand euro) and from the sale of raw materials (Hot Briquette Iron – HBI) and other raw materials to the subsidiary ABS Sisak (2,182 thousand euro).
Revenues from Energy Efficiency Credits (TEE) accrued thanks to energy efficiency projects on several phases of the production process and certified by the supervisory body amounted to 2,871 thousand euro (a total of 2,845 thousand euro as at June 30, 2021). The change should be broken down into two opposing components due to the fact that some projects were approved during the financial year and accrued TEE for the first time in 2021-22 (305 thousand euro) while others concluded their period of life.
The other revenues, lastly, also include the portion accrued in the income statement (1,841 thousand euro) of the contribution related to assets with respect to investment bonus under Italian Law Decree no. 91/2014 and other minor contributions (1,535 thousand euro as at June 30, 2021).

In early 2022, several decree laws were issued by the Italian government which introduced important new tax changes to support businesses, with the aim of addressing the price increases in the electricity and gas sectors. The various measures issued by the government include extraordinary contributions granted in the form of tax credits for companies with high energy and gas consumption. As an "energy-intensive" and "gas-intensive" company, ABS benefited from these tax credits. The amount accrued in the first two quarters was 26,138 thousand euro and can also be found in "Other revenues and income".
There are no significant concentrations of revenues from the same counterparties that exceed 10% of the Group's total revenues.

24) Purchase costs of raw materials and consumables

The purchase costs of raw materials and consumables net of changes in inventories amounted to 1,875,573 thousand euro as at June 30, 2022 (1,409,948 thousand euro as at June 30, 2021, with an increase of 465,625 thousand euro in the year) and are directly related to the composition and types of job orders and to product sales included under "Revenues".

25) Personnel costs

Personnel costs of 475,112 thousand euro as at June 30, 2022 are broken down as follows:

	30/06/2022		30/06/2021	
(thousands of euro)	Managers and staff	Blue collars	Managers and staff	Blue collars
Wages and salaries	273,105	74,001	255,013	67,475
Social security contributions	70,397	22,039	64,659	20,789
Employee Termination Indemnity	14,149	4,062	13,851	3,715
Other personnel costs	14,583	2,776	12,828	3,081
Total	**475,112**		**441,411**	

The average number of personnel in the Group during the last two financial years was as follows:

Group personnel	30/06/2022	30/06/2021
Executives	205	198
White collars / Managers	5,723	5,642
Blue collars	2,840	2,735
Apprentices	191	177
Total	**8,959**	**8,751**

Changes in "Personnel costs" relate to changes in remuneration and to the number of employees.

26) Other operating costs

(thousands of euro)	30/06/2022	30/06/2021
Cost for services	850,166	571,025
Use of third parties assets	19,923	16,731
Provisions	17,774	12,285
Other costs	21,271	23,951
Total	**909,134**	**623,992**

These amounted to 909,134 thousand euro as at June 30, 2022 (623,992 thousand euro as at June 30, 2021) and consisted of:

26.1) Cost of services

Cost of services included in “Other operating costs” amounted to 850,166 thousand euro as at June 30, 2022 (571,025 thousand euro as at June 30, 2021, with a change of 279,141 thousand euro) and are made up as follows:

(thousands of euro)	30/06/2022	30/06/2021
Outsourcing	167,879	178,319
Energy and motive power	226,515	75,677
Utilities	84,841	21,654
Plant management, repairs and mantenance	30,892	26,164
Travel and living expenses	29,407	23,682
Commissions and premiums	13,140	10,211
Despatch, transportations and porterage	182,601	141,694
Insurances	10,685	9,378
Legal and administrative consultancy	40,207	39,148
Cleaning and security expenses	7,598	6,766
Bank services	8,749	4,795
Postal and communication costs	3,369	3,642
Advertising and promotion expenses	1,545	354
Other services	42,738	29,541
Total	**850,166**	**571,025**

“Other services” include emoluments to the Board of Statutory Auditors, amounting to 140 thousand euro (127 thousand euro as at June 30, 2021).
The fees due to the independent auditors and entities in its network for auditing and other services rendered in the financial year, included among other cost of services and totalling 992 thousand euro (807 thousand euro as at June 30, 2021), are indicated in detail in Attachment VI-C.
The increase in the item “energy and driving force” and “shipments, transport and porterage” refers to the large increase during the financial year in the cost of energy in the Steel Making sector due to the increase in gas prices and the issues linked to the logistics chain of the Plant Making sector due to the COVID-19 lockdowns.

26.2) Cost for use of third-party assets

These amount to 19,923 thousand euro as at June 30, 2022 with an increase of 3,192 thousand euro compared to the balance of 16,731 thousand euro as at June 30, 2021 and refer mainly to the rental of property, electronic equipment and civil and industrial motor vehicles that do not fall under the scope of application of IFRS 16.
According to IFRS 16, depreciation charges on the Right to Use recorded under non-current assets are recognised in depreciations or in personnel costs in case of fringe benefit leases to employees and interest expense on lease liabilities in financial charges.

26.3) Accruals

The balance of 17,774 thousand euro as at June 30, 2022 (12,285 as at June 30, 2021) reflects the adjustment of provisions for risks to bring them in line with reasonably expected liabilities, which mainly concern pending disputes.

26.4) Other operating costs

These amounted to 21,271 thousand euro as at June 30, 2022 with a decrease of 2,680 thousand euro compared to the balance of 23,951 thousand euro as at June 30, 2021 and include:

(thousands of euro)	30/06/2022	30/06/2021
Loss on disposal of tangible assets	512	188
Sundry taxes	8,118	5,512
Other charges	64	382
Contributions	2,049	1,368
Other operating costs	6,457	9,015
Extraordinary expense	4,071	7,486
Total	**21,271**	**23,951**

The amount of extraordinary expenses, down on the previous financial year, included penalties incurred for the late start of some job orders in progress, net of the use of provisions previously allocated in view of the related risk.

27) Depreciation, amortisation and write-downs

In detail:

(thousands of euro)	30/06/2022	30/06/2021
Depreciation of property, plant and equipment	89,431	74,313
Amortisation of intangible assets	9,741	11,477
Depreciation of right of use	10,223	10,677
Total depreciation and amortisation	**109,395**	**96,467**
Write-down/(Reversal) of impairment losses	34,157	8,522
Other write downs (Revaluations)	899	1,332
Write downs (reval.) of other property, plant and equipment	5,170	0
Write-downs	**40,226**	**9,854**
Total	**149,621**	**106,321**

The depreciation/amortisation of property, plant and equipment and intangible assets and the commentary on the write-down of tangible assets are explains in Notes 1 and 3 above, providing information on the balance sheet.
For commentary on the write-down of receivables, refer to Note 8.

28) Financial income

This amounted to 32,084 thousand euro as at June 30, 2022, and consisted mainly of:

(thousands of euro)	30/06/2022	30/06/2021
Income from securities	5,124	8,029
Options and similar income	3,636	422
Income from investments	8,626	1,156
Interest income on bank deposits	12,692	9,299
Interest from customers	655	1,802
Other financial income	1,351	9,232
Total	**32,084**	**29,940**

The total amount of financial income increased compared to June 30, 2021, thanks to the remuneration of deposits in US dollars included in cash and cash equivalents and the release of the discounting of a receivable received.
Income from equity investments includes around 8,000 thousand euro in dividends received during the year from the associate Inter-Rail S.p.A.

29) Financial charges

These consisted of:

(thousands of euro)	30/06/2022	30/06/2021
Interest on loans and debts with banks and lessors	2,866	4,035
Interest on discount operations	15	50
Charges for discounting of receivables	20,916	1,098
Other financial charges	29,487	4,930
Total	**53,284**	**10,113**

Interest on loans and bank debts and lessors decreased as a result of the reduction in average financial exposure. This item also includes the interest expense for leases amounting to 720 thousand euro following the application of IFRS 16 (786 thousand euro as at June 30, 2021).
Charges for discounting receivables implement the updated discounting of expected cash flows, as already commented in Note 6.
Other financial charges include around 11,570 thousand euro for the recovery of payables for business combinations.

30) Gains (losses) on foreign exchange transactions

(thousands of euro)	30/06/2022	30/06/2021
Exchange gains	168,105	74,369
Exchange losses	(62,259)	(105,210)
Total	**105,846**	**(30,841)**

The exchange gain is mostly related to the revaluation of the US dollar against the euro. The income statement item also includes the exchange gain deriving from the derivative contracts activated on rates (mainly outright forward (sales)), as well as the effects of their measurement at fair value at the end of the period. The exchange gain relating to the adjustment on items of a financial nature is equal to around 101,200 thousand euro, while the exchange gain on items of an operating nature is equal to around 4,500 thousand euro.

31) Income/(charges) arising from the valuation of equity investments in associates with the equity method

Net charges from the valuation of companies not consolidated with the equity method amounted to 1,579 thousand euro as at June 30, 2022 (net income of 28 thousand euro as at June 30, 2021), as shown in Attachment II-C. In particular, the net total includes the revaluation for around 1,000 thousand euro of the investment in the associate Inter-Rail S.p.A.

(thousands of euro)	30/06/2022	30/06/2021
Financial income from associates	1,799	288
Financial costs to associates	(220)	(316)
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	**1,579**	**(28)**

32) Income taxes

Income taxes amounted to 68,145 thousand euro and cover an estimate of current and deferred tax assets and liabilities commensurate with the results of Group companies for the period. They are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Income taxes	76,361	41,199
Deferred tax assets	(19,426)	(2,296)
Deferred tax liabilities	11,210	(4,037)
Total	**68,145**	**34,866**

The Italian tax rates for IRES (corporate tax) and IRAP (regional tax) applied by the Parent Company and Italian Group companies on the estimated taxable income for the year were 24% and 3.9% for current and deferred tax assets and liabilities, respectively.
Taxes for other countries in which the Group operates were calculated according to the current rates in those countries.
The reconciliation between the theoretical tax charge and the amount actually shown in the income statement, without considering the positive effects of income taxes from previous years, is provided in attachment V-C.
The effective average income tax rate indicated in the aforesaid attachment essentially reflects the tax charge estimated on the basis of individual companies' results.

33) IFRS 5 ESW

On November 26, 2019, the Danieli Group, by decision of the Board of Directors of the sub-holding Industrielle Beteiligung S.A., resolved to close the production activities of the subsidiary ESW Rohrenwerke Gmbh. The decision was taken following the serious losses suffered by the company and the difficulties encountered in acquiring new production orders, the delays accumulated following the restructuring of the production structure and the difficult macroeconomic context of the steel industry.
The programme to close and secure the activities of the German subsidiary ESW was completed and pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the company's result and cash flows as at June 30, 2022 were represented separately as discontinued operations for financial year 2020/2021. In addition to the costs incurred for the activities required for closure, the loss for the year also includes the expenses incurred by the company for termination of employment, losses arising from the sale of certain company assets and the write-down at current market values of the assets still present in the company assets.
The net result from discontinued operations and the cash flows generated/absorbed by them are broken down in the tables below.

Net result from discontinued operations

	Financial year ended	
(thousands of euro)	30/06/2022	30/06/2021
Revenues	6,123	1,279
Goods and finished products	(1,538)	(1,955)
Personnel costs	(247)	(405)
Other operating costs	(5,612)	(5,329)
Depreciation, amortisation and write-downs	(7,503)	(5,265)
Operating income	**(8,777)**	**(11,675)**
Financial Income and charges	(4)	(5,933)
Gains/(losses) on foreign exchange transactions		
Profit before taxes	**(8,781)**	**(17,608)**
Income taxes	229	(29)
Profit and loss deriving from discontinued operations	**(8,552)**	**(17,637)**

Cash flows generated/absorbed by discontinued operations

	Financial year ended	
(thousands of euro)	30/06/2022	30/06/2021
Cash flow generated /(absorbed) by operating activities	2,547	(33,629)
Cash flow generated/(absorbed) by investing activities	1,098	5,804
Cash flow generated/(absorbed) by financing activities	(3,500)	27,000
Total cash flow	145	(825)
Opening cash and bank position	371	1,196
Closing cash and bank position	516	371

34) Earnings per share

Earnings per share as at June 30, 2022 and 2021, were calculated on the basis of profit attributable to the Group and are shown separately for savings shares and ordinary shares.

Basic and diluted earnings per share
Basic earnings per share is calculated by dividing net profit for the year, attributable to ordinary and savings shareholders, by the weighted average number of both ordinary and savings shares outstanding during the financial year, net of weighted treasury shares. Profit attributable to savings shares is increased, compared to that of ordinary shares, by 2.07% of the shares' par value.

The weighted average number of shares and attributable net profit by category of shares are indicated below:

	30/06/2022		30/06/2021	
(thousands of euro)	Ordinary shares	N.C. Saving shares	Ordinary shares	N.C. Saving shares
Issued shares at the start of the period	40,880	40,425	40,880	40,425
Shares outstanding at the start of the period	37,624	36,471	37,918	36,480
Treasury shares (purchased)/sold in the period			(294)	(8)
Total shares outstanding at the period end	**37,624**	**36,471**	**37,624**	**36,471**
Weighted average of shares outstanding	**37,624**	**36,471**	**37,743**	**36,473**
Net profit attributable to Parent company shareholders(in thousands of euro)	**110,676**	**107,867**	**40,397**	**39,700**

	30/06/2022		30/06/2021	
(thousands of euro)	Ordinary shares	N.C. Saving shares	Ordinary shares	N.C. Saving shares
Profit reserved for holders of saving shares (euro 0.0207 per share)	0	755	0	755
Residual profit divided among all shares	110,676	107,112	40,397	38,945
Total	**110,676**	**107,867**	**40,397**	**39,700**
Basic earnings per share (euro)	**2.9416**	**2.9576**	**1.0703**	**1.0885**

No account has been taken of diluted profit per share since, as at June 30, 2022 (and as at June 30, 2021) there were no financial instruments with a dilutive effect on the profit attributable to shares outstanding.

35) Information by business segment and geographical area

In accordance with IFRS 8, the segment reporting schedules are provided below.
The Steel Making segment comprises the production and sale of special steels.
The Plant Making segment concerns the production and sale of plant for the iron and steel industry and also includes the operations of the subsidiary Danieli Finance Solutions SA.
The effects related to the closure of ESW's operations, in accordance with IFRS 5, are shown separately as arising from discontinued operations.
Profit and loss and balance sheet data are shown below, subdivided by activity segment, aggregating the financial statements prepared by companies belonging to the two specific segments.

(thousands of euro) 30/06/2022	Discontinued operations	Steel making	Plant making	Inter-segment derecognition	Consolidated
Revenues from the core business		1,678,168	1,945,162		3,623,330
less inter-segment revenues				(4,326)	(4,326)
Revenues from third parties	**0**	**1,678,168**	**1,945,162**	**(4,326)**	**3,619,004**
Gross operating margin (Ebitda)		**192,758**	**166,427**		**359,185**
Depreciation, amortisation and write-downs		(76,185)	(73,436)		(149,621)
Operating income		**116,573**	**92,991**		**209,564**
Financial Income and charges		7,008	79,217		86,225
Profit before taxes		**123,577**	**172,212**		**295,789**
Income taxes		(25,579)	(42,566)		(68,145)
Net profit from continued operations		**97,998**	**129,646**		**227,644**
Profit and loss deriving from discontinued operations	(8,552)	0	0		(8,552)
Net profit for the period	**(8,552)**	**97,998**	**129,646**		**219,092**
Segment assets		1,565,862	4,653,188	(56,489)	6,162,561
(of which increases in property, plant and equipmentand and intangibles)		71,379	41,544		112,923
Segment liabilities		805,829	3,190,225	(56,489)	3,939,565
Shareholders' equity					2,222,996
Total segment liabilities and net equity					6,162,561
Net financial position		(83,973)	1,290,577		1,206,603

(thousands of euro) 30/06/2021	Discontinued operations	Steel making	Plant making	Inter-segment derecognition	Consolidated
Revenues from the core business		938,480	1,793,196		2,731,676
less inter-segment revenues				(6,126)	(6,126)
Revenues from third parties	**0**	**938,480**	**1,793,196**	**(6,126)**	**2,725,550**
Gross operating margin (Ebitda)		**96,982**	**153,181**		**250,163**
Depreciation, amortisation and write-downs		(53,807)	(52,478)		(106,285)
Operating income		**43,175**	**100,703**		**143,878**
Financial Income and charges		5,006	(16,048)		(11,042)
Profit before taxes		**48,180**	**84,655**		**132,835**
Income taxes		(12,910)	(21,956)		(34,866)
Net profit from continued operations		**35,270**	**62,700**		**97,970**
Profit and loss deriving from discontinued operations	(17,637)		0		(17,637)
Net profit for the period	**(17,637)**	**35,270**	**62,700**		**80,333**
Segment assets		1,263,208	4,203,476	(15,212)	5,451,472
(of which increases in property, plant and equipmentand and intangibles)		89,438	51,853		141,291
Segment liabilities		588,678	2,861,660	(15,212)	3,435,126
Shareholders' equity					2,016,346
Total segment liabilities and net equity					5,451,472
Net financial position		(134,643)	1,136,524		1,001,880

The allocation of Group consolidated revenues by geographical area is as follows:

(thousands of euro)	30/06/2022	%	30/06/2021	%	Variation
Europe	2,461,956	68%	1,636,347	60%	50%
Middle East	232,207	6%	282,507	10%	-18%
Americas	466,959	13%	435,922	16%	7%
South East Asia	457,882	13%	370,773	14%	23%
Total	**3,619,004**	**100%**	**2,725,550**	**100%**	**33%**

In the Plant Making segment, the geographical distribution of revenues is based primarily on the volume of shipments made, as well as progress with equipment construction operations both at our factories and in terms of on-site installation and start-up throughout the world.
As for Steel Making, 46% of revenues were concentrated in Europe as at June 30, 2022 (compared to 68% of total revenues), while as at June 30, 2021, that region accounted for 34% of Steel Making revenues and 60% of the total.

The breakdown of property, plant and equipment and intangible assets (without considering the right of use underlying the application of IFRS 16) by geographical area is as follows:

(thousands of euro)	30/06/2022	%	30/06/2021	%	Variation
Europe	821,956	81%	816,773	82%	1%
Middle East	25,564	3%	22,555	2%	13%
Americas	11,793	1%	6,167	1%	91%
South East Asia	154,497	15%	148,250	15%	4%
Total	**1,013,809**	**100%**	**993,744**	**100%**	**2%**

Related party transactions

Transactions carried out by Danieli & C. Officine Meccaniche S.p.A. and other companies in the scope of consolidation with related parties essentially concerned the provision of services and the trading of goods. They form part of standard operations and are at arm's length, i.e. at the conditions that would apply between two independent parties.
Related party transactions can be summarised as follows:

(thousands of euro)	30/06/2022		30/06/2021	
Company	**Receivables**	**Payables**	**Receivables**	**Payables**
Danieli Taranis LLC (USA)	7,414	7,470	13,135	10,026
Inter-Rail S.p.A - Udine	0	1,915	0	2,399
Absolute Scarl - Pozzuolo del Friuli (UD)	2,481	17	2,528	11
Total	**9,895**	**9,402**	**15,663**	**12,436**

(thousands of euro)	30/06/2022		30/06/2021	
Company	**Revenues**	**Costs**	**Revenues**	**Costs**
Danieli Taranis LLC (USA)	15,311	18,957	1,558	115
Inter-Rail S.p.A - Udine	4	18,838	7	17,301
Absolute Scarl - Pozzuolo del Friuli (UD)	9,181	17	8,892	27
Total	**24,496**	**37,812**	**10,457**	**17,443**

The following is reported with regard to the fees of directors, statutory auditors and general managers of Danieli & C. Officine Meccaniche S.p.A., recorded by the Company and its subsidiaries:

(thousands of euro)	30/06/2022	30/06/2021
Fixed fees	2,454	1,991
Variable fees	245	127
Benefits in kind	59	43
Total	**2,758**	**2,161**

Disclosures pursuant to art. 114 of Italian Legislative Decree 58/1998

Pursuant to Italian Legislative Decree and CONSOB letter 6064293 of July 28, 2006, the disclosures concerning related party transactions, significant events, non-recurring and/or atypical and unusual transactions and the net financial position are presented in the corresponding sections of these notes.

36) Disclosure of public funds pursuant to Italian Law 124/2017

Grants and contributions received in the period from July 01, 2021, to June 30, 2022, from public administrations, from companies controlled by them and from publicly-owned companies, as required by the annual law for the market and competition (Italian Law 124/2017, art. 1, paragraphs 125-129), are shown below:

Identification data of the disbursing subject	Amount of the economic benefit received (euro)	Description of the type of benefit
Revenue Agency	93,440	Non-repayable subsidy – COVID-19 emergency – “Relaunch” Decree
Revenue Agency	16,822	Non-repayable subsidy – COVID-19 emergency – “Support” Decree
The Prime Minister’s Office – Publishing Department	1,177	Advertising investment bonus – Italian Law Decree no. 50/2017
Fondimpresa	5,698	Employee training
Revenue Agency	3,264	Tax credit for rental of property – Italian Law Decree no. 73/2021
Revenue Agency	9,928	Tax credit for rental of property – Italian Law Decree no. 4/2022
Autonomous Region of Friuli Venezia Giulia	49,594	Additional contribution for the implementation of the project called “DIGIMET - Digitalisation for the Metals Industry” CONTRIBUTION NOT YET DISBURSED
Autonomous Region of Friuli Venezia Giulia	1,421	Contribution for “Con le Tute Blu” training CONTRIBUTION NOT YET DISBURSED
SMACT Competence Center	160,000	Contribution for the implementation of the project “Q3-Premium - IIoT platform for data-driven quality control and analysis in the metallurgical field”
Italian Ministry for Economic Development	2,262,686	Aid for research, development and innovation I Industrial research: AIM CONTRIBUTION NOT YET PAID
Revenue Agency	86,413	Tax credit for investments in research and development, ecological transition, technological innovation 4.0 and other innovative activities – Italian Law 160/2019 and Italian Law 178/2020
Revenue Agency	14,636	Tax Credit for disinfection costs and for purchasing protective equipment – Italian Law Decree no. 34/2020
Revenue Agency	50,545	Tax Credit for purchasing new capital goods destined for production facilities located in the territory of the Italian State – Italian Laws 160/2019 and 178/2020
Revenue Agency	903	COVID and PPE disinfection grant (Art. 32, Italian Law Decree 73/2021)
Revenue Agency	144,515	Tax credit for investments in research and development, ecological transition, technological innovation 4.0 and other innovative activities – Italian Law 160/2019 and Italian Law 178/2020
GSE Gestore dei Servizi Energetici SpA	9,768	Incentive tariff energy account contribution
GSE Gestore dei Servizi Energetici SpA	359	Net metering energy account contribution
Fondimpresa	12,700	Employee training
GME Gestore dei Mercati Energetici SpA	78,015	Proceeds from selling energy efficiency credits (Sottri 1 project)
GME Gestore dei Mercati Energetici SpA	72,472	Proceeds from selling energy efficiency credits (Sottri 2 project)
GME Gestore dei Mercati Energetici SpA	1,843,903	Proceeds from selling energy efficiency credits (Rotoforgia and Danarc project)
GME Gestore dei Mercati Energetici SpA	46,755	Proceeds from selling energy efficiency credits (Led Luna project)
Revenue Agency	12,372,515	Tax Credit for energy- and gas-intensive companies – Italian Law Decree 4/2022
Revenue Agency	12,811,844	Tax Credit for energy- and gas-intensive companies – Italian Law Decree 17/2022
Revenue Agency	500,000	Industry 4.0 Tax Credit – Italian Law Decree 160/2019
Revenue Agency	13,175	Tax credit for investments in capital goods Italian Law 160/2019 and 178/2020 and electricity costs

Events occurring after the reporting period

In a world steel market that is still strong, company operations continued with no significant events occurring since June 30, 2022.
With regard to the COVID-19 pandemic, there is no event that has created an impact on the Group after June 30, 2022. Please refer to the “COVID-19 pandemic” section in the Directors’ Report.
Alignment of currency items to the exchange rate prevailing on September 27, 2022, would have resulted in an increase of approximately 65 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2022.
Except for what has already been discussed, no other events occurred after June 30, 2022, which could have had an impact on the economic, equity and financial position as shown in the balance sheet, the income statement and statement of comprehensive income at said date, or required further adjustments or additional notes to the consolidated financial statements and to the separate financial statements.

ATTACHMENT NO. I-C
COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

Italian companies

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	Amount
1	Acciaierie Bertoli Safau S.p.A. - Via Buttrio 28 33050 Pozzuolo (UD)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.919 0.081	euro	290,000
2	Corte delle Fucine S.r.l. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	100
3	Danieli Automation S.p.A. - Via B. Stringher 4 33042 Buttrio (UD)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.95 0.05	euro	10,000
4	Danieli Centro Combustion S.p.A. - Via G. Galilei 40 20092 Cinisello Balsamo (MI)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.8 0.2	euro	2,500
5	Danieli Centro Cranes S.p.A. in liquidazione Via Trebocche 12/14 - 25081 Bedizzole (BS)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	75.00 25.00	euro	120
6	Danieli Construction International S.p.A. Via Nazionale 41 - 33042 Buttrio (UD)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A."	99.999 0.001	euro	6,000
7	Danieli Special Cranes S.r.l. in liquidazione Via dell'Industria 6 - 34072 Gradisca d'Is. (GO)	100.00		x	Findan S.p.A.	100.00	euro	2,700
8	Danieli Telerobot Labs Srl a s.u. Via Corso F. M. Perrone 47/R, 16152 Genova	100.00		x	Danieli Automation S.p.A.	100.00	euro	595
9	Fata S.p.A. - Strada Statale n. 24 Km 12 10044 Pianezza (TO)"	100.00		x	Industrielle Beteiligung SA	100.00	euro	5,000
10	Findan S.p.A. - Via Dante 56 33040 Pradamano (UD)	100.00		x x	Industrielle Beteiligung SA Danieli Constr. Intern. S.p.A.	99.96 0.04	euro	2,500
11	More S.r.l. - Via Santa Lucia 7 33013 Gemona del Friuli (UD)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	79.17 20.83	euro	240
12	Sabolarie Haven & Hospitability S.p.A. Via Nazionale 41 - 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	2,100
13	Scuole e Asili Cecilia Danieli S.r.l. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x x	Turismo 85 Srl Findan S.p.A.	99.00 1.00	euro	500
14	Stem S.r.l. in liquidazione - Via G. Galilei 7 21052 Busto Arsizio (VA)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.00 1.00	euro	265
15	Turismo 85 S.r.l. - Via Nazionale 8/C 33042 Buttrio (UD)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.00 1.00	euro	10
16	Zerotredici Educational Hub S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	100

Foreign companies

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	currency	Amount
17	ABS Centre Métallurgique Sas- Metz (FRA)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	5,000
18	ABS Deutschland GmbH - Ratinger (DEU)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	25
19	Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	3
20	Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	sek	50
21	Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	hrk	811,833
22	Danieli Automation Co. Ltd. - Rayong (THA)	100.00		x	Industrielle Beteiligung SA	100.00	thb	82,000
23	Danieli Finance Solutions SA - Luxembourg (LUX)	100.00		x	Danieli & C. Off. Mecc. S.p.A. Danieli Automation S.p.A.	83.83 16.17	euro	400,000
24	Danieli Canada Inc. - Toronto (CAD)	100.00		x	Danieli Corporation	100.00	cad	7,922
25	Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	100.00		x	Industrielle Beteiligung SA	100.00	inr	24,000

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	Amount
Foreign companies								
26	Danieli Changsu Trading Co. Ltd - Changshu (CHN)	100.00		x	Dan. Met. Equip. & Serv.(China)	100.00	cny	1,000
27	Danieli Co. Ltd. - Rayong (THA)	100.00		x	Industrielle Beteiligung SA	100.00	thb	1,445,000
28	Danieli Corporation - Cranberry Twp (USA)	100.00		x	Danieli Holdings Inc.	100.00	usd	1
29	Danieli Corus BV - Ijmuiden (NLD)	100.00		x	Industrielle Beteiligung SA	100.00	euro	136
30	Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	100.00		x	Danieli Corus BV Industrielle Beteiligung S.A.	95.95 0.05	inr	875
31	Danieli Czech Engineering AS - Praha (CZE)	100.00		x	Industrielle Beteiligung SA	100.00	czk	3,000
32	Danieli do Brasil LTDA - Diadema (BRA)	100.00		x	Industrielle Beteiligung SA	100.00	brl	10,558
33	Danieli Engineering & Services GmbH - Völkermarkt (AUT)	100.00		x	Industrielle Beteiligung SA	100.00	euro	4,000
34	Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	100.00		x	Industrielle Beteiligung SA	100.00	jpy	40,000
35	Danieli Engineering Rom Srl - Cluj Napoca (ROU)	100.00		x	Industrielle Beteiligung SA	100.00	ron	10
36	Danieli Germany GmbH - Duisburg (DEU)	100.00		x	Industrielle Beteiligung SA	100.00	euro	10,000
37	Danieli Heavy Machinery Engineering LLC- Dnipro (UKR)	100.00		x	Industrielle Beteiligung SA	100.00	uah	177,882
38	Danieli Henschel SAS - Méry (FRA)	100.00		x	Industrielle Beteiligung SA	100.00	euro	192
39	Danieli Henschel Service LLC Moscow in liquidazione (RUS)	100.00		x	Danieli Henschel SAS	100.00	rub	50
40	Danieli High Technology (Changshu) Co., Ltd	100.00		x	Industrielle Beteiligung SA	100.00	cny	11,710
41	Danieli Holdings Inc. - Wilmington, Delaware (USA)	100.00		x	Industrielle Beteiligung SA	100.00	usd	8,825
42	Danieli Hoogovens Steel Making Technology Ltd. Shanghai (CHN)	100.00		x	Danieli Corus BV	100.00	cny	3,627
43	Danieli India Ltd. - Kolkata (IND)	100.00		x	Industrielle Beteiligung SA	100.00	inr	5,649,416
44	Danieli Industrial Automation (Suzhou) Co., Ltd	100.00		x	Dan. Met. Equip. & Serv.(China)	100.00	cny	50,000
45	Danieli Malaysia Sdn. Bhd. - Perai (MYS)	100.00		x	Danieli Constr. International S.p.A.	100.00	myr	500
46	Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	100.00		x	Industrielle Beteiligung SA	100.00	cny	280,111
47	Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	100.00		x	Industrielle Beteiligung SA	100.00	cny	20,000
48	Danieli Systec doo - Labin (HRV)	100.00		x	Danieli Automation S.p.A.	100.00	hrk	750
49	Danieli Systec Engineering Doo - Smederevo (SRB)	100.00		x	Danieli Automation S.p.A.	100.00	rsd	51
50	Danieli Systec Technology Doo - Nova Gorica (SLV)	100.00		x	Danieli Automation S.p.A.	100.00	euro	38
51	Danieli Technology Inc. - Wilmington, Delaware (USA)	100.00		x	Danieli Holdings, Inc.	100.00	usd	1
52	Danieli UK Holding Ltd. - Rotherham (GBR)	100.00		x	Industrielle Beteiligung SA	100.00	gbp	12,489
53	Danieli Volga LLC - Dzerdzhinsk (RUS)	100.00		x	Industrielle Beteiligung SA	100.00	rub	305,383
54	DWU Engineering Polska SP.z.o.o.- Wroclaw (POL)	100.00		x	Industrielle Beteiligung SA	100.00	pln	900
55	Elsid Cheda Ltd. - Moscow (RUS)	100.00		x	Danieli Automation S.p.A.	100.00	rub	10
56	ESW Röhrenwerke GmbH - Eschweiler (DEU)	100.00		x	Industrielle Beteiligung SA	100.00	euro	25
57	Industrial Beteiligung for Serv. & Contracting Co. LLC Al Khobar (SAU)	100.00		x x	Industrielle Beteiligung SA Findan S.p.A.	99.00 1.00	sar	500
58	Industrielle Beteiligung Company Ltd. HoChiMinh City (VNM)	100.00		x	Industrielle Beteiligung SA	100.00	vnd	80,183,393
59	Industrielle Beteiligung S.A. - Luxembourg (LUX)	100.00		x	Danieli & C. Off. Mecc. S.p.A.	100.00	euro	328,700
60	Innoval Technology Ltd.- Rotherham (GBR)	100.00		x	Danieli UK Holding Ltd.	100.00	gbp	1
61	Morgårdshammar AB - Smedjebacken (SWE)	100.00		x	Industrielle Beteiligung SA	100.00	sek	25,000
62	Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN)	100.00		x	Dan. Met. Equip. & Serv.(China)	100.00	irr	521,344,600
63	Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN)	100.00		x	Sund Birsta AB	100.00	cny	5,000
64	Sund Birsta AB - Sundsvall (SWE)	100.00		x	Industrielle Beteiligung SA	100.00	sek	10,000
65	Sund Birsta Inc. - Plantation, Florida (USA)	100.00		x	Sund Birsta AB	100.00	usd	10
66	Sund Strap AB - Sundsvall (SWE)	100.00		x	Sund Birsta AB	100.00	sek	100
67	Suzhou More Metallurgy Technology Co., Ltd Changshu (CHN)	100.00		x	More S.r.l.	100.00	cny	1,961
68	Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	100.00		x	Industrielle Beteiligung SA	100.00	try	134,037
69	Danieli Procome Iberica SA - Sondica (ESP)	99.99		x	Industrielle Beteiligung SA	99.99	euro	108
70	Rotelec SA - St Quentin Fallavier (FRA)	99.99		x	Industrielle Beteiligung SA	99.99	euro	600
71	Danieli Middle East for Eng. Services LLC - Cairo (EGY)	99.80		x	Industrielle Beteiligung SA	99.80	egp	50
72	Danieli Middle East and North Africa LLC - Cairo (EGY)	99.80		x	Industrielle Beteiligung SA	99.80	egp	55
73	Danieli Tongchuang Information Technology (Beijing) Co., Ltd	51.00		x x	Dan. Met. Equip. & Serv.(China) Danieli Telerobot Labs srl	49.00 2.00	cny	25,000
74	Fata Gulf Co. WLL - Doha (QAT)	49.00		x	Fata S.p.A.	49.00	qar	200
75	Zhuozhou Ruixin Metallurgy Equipment Co., Ltd Zhuozhou (CHN)	51.00		x	Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd.	51.00	cny	5,000

ATTACHMENT No. II-C
SUMMARY OF EQUITY INVESTMENTS

(thousands of euro)	Financial year-end date or date of interim report	Interest held %	Value as at June 30, 2021	Increases from acquisitions	Revaluations	Write-downs	Chaanges to shareholders' equity	Other changes	Disposals	Value as at June 30, 2022
ASSOCIATES										
Danieli Taranis LLC - Chelsea (USA)	30/06/2022	50.00	2,800			(52)		398		3,146
Inter-Rail S.p.A. - Udine	31/12/2021	50.00	3,372		1,311					4,683
Absolute Scarl - Pozzuolo del Friuli (UD)	31/12/2021	50.00	25							25
Ghadir Energy Fata Company PJS - Tehran (Iran)	22/09/2021	40.00	(25)				(7)			(32)
Telefriuli S.p.A. - Udine	31/12/2021	31.51	89							89
Fata Hunter India PVT - Bangalore (IND)	31/03/2022	100.00	33			(36)	3			0
Suzhou More Metallurgy Technology Co., Ltd. - Beijing (CNH)	31/12/2021	100.00	423					(423)		0 (*)
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD	31/12/2021	30.00	2,415		362					2,777
Total investments in associates			**9,131**	**0**	**1,673**	**(88)**	**(4)**	**(25)**	**0**	**10,688**
OTHER EQUITY INVESTMENTS										
Metal Interconnettor S.c.p.A. - Milano	31/12/2021	3.80	7,688	778				(1,618)		6,848
HBIS Shisteel		0.369	6,723					687		7,410
Other minor holdings			1,072	1,366						2,438
Total investments in other companies			**15,483**	**2,144**	**0**	**0**	**0**	**(931)**	**0**	**16,697**
Total equity investments			**24,614**	**2,144**	**1,673**	**(88)**	**(4)**	**(956)**	**0**	**27,385**

(*) Company entered in the scope of consolidation.

ATTACHMENT NO. III-C

SCHEDULE SUMMARISING THE KEY DATA FROM THE APPROVED FINANCIAL STATEMENTS OF ASSOCIATES

(thousands of euro)	Original currency	Last approved Fin. Statements	Non current assets	Current assets	Shareholders' Equity	Non current liabilities	Current liabilities
Danieli Taranis LLC - Chelsea (USA)	USD	30/06/2022	430	6,622	2,836	21	4,195
Inter-Rail S.p.A. - Udine	EURO	31/12/2021	1,587	26,031	19,284	523	7,810
Absolute Scarl - Pozzuolo del Friuli (UD)	EURO	31/12/2021	0	5,240	50	0	5,190
Ghadir Energy Fata Company PJS - Tehran (Iran)	IRR	22/09/2021	3,000	370,000	(3,470,000)	0	3,843,000
Telefriuli S.p.A. - Udine	EURO	31/12/2021	763	718	350	470	1,010
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	EURO	31/12/2021	1,371	101,582	1,985	2,246	98,722

(thousands of euro)	Original currency	Value of production	Costs of Production	Fin. income and expenses	Taxes for the year	Net profit	Number of Employees
Danieli Taranis LLC - Chelsea (USA)	USD	31,453	(30,134)	254	0	1,573	71
Inter-Rail S.p.A. - Udine	EURO	47,814	(46,417)	12,012	(509)	12,900	10
Absolute Scarl - Pozzuolo del Friuli (UD)	EURO	14,765	(14,765,766)	1	0	0	0
Ghadir Energy Fata Company PJS - Tehran (Iran)	IRR	0	(301,000)	(2,000)	0	(303,000)	0
Telefriuli S.p.A. - Udine	EURO	1,956	(1,803)	(97)	(9)	48	15
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	EURO	37,262	(35,940)	(118)	(391)	812	159

ATTACHMENT No. IV-C
LOANS

(thousands of euro)	Original amounts	Current portions due by June 30, 2023	Portions due after June 30, 2023	Total
<u>Payables to banks for loans</u>				
- **Banco BPM S.p.A. loan** (Annual floating rate 1,2130% - last instalment by June 2025, in euro) (Covenants: NFP/EBITDA ("R") 3<=R<3,5x +0,15% on Euribor; 3,5<=R<=4x +0,25% on Euribor; 4<=R<5x +0,40% on Euribor; >5x right of recission for the bank)	50,000	10,000	20,000	30,000
- **BPER loan** (Annual floating rate 0,099% - last instalment by April 2023, in euro)	20,000	20,000	-	20,000
- **BNL loan** (Annual floating rate 0,569% - last instalment by November 2024, in euro) (Covenants: NFP/EBITDA ratio not greater than 3,0x)	50,000	10,000	25,000	35,000
- **ZAGREBACKA BANKA D.D. loan** (Annual fixed rate 1,00% - last instalment by February 2024, in euro)	15,000	3,741	2,806	6,547
- **Banca Popolare di Sondrio loan** (Annual floating rate 0,67% - last instalment by August 2025, in euro)	15,000	-	15,000	15,000
- **BPER loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	50,000	50,000	-	50,000
- **Banca Intesa Brescia loan** (Annual floating rate 0,124% - last instalment by October 2023, in euro)	50,000	12,500	6,250	18,750
- **BNL loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	40,000	40,000	-	40,000
- **Friuladria loan** (Annual floating rate 0,10% - last instalment by July 2022, in euro)	25,000	25,000	-	25,000
- **Banca Intesa loan** (Annual floating rate 0,05% - last instalment by September 2022, in euro)	15,000	15,000	-	15,000
- **Banca Intesa loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	5,000	5,000	-	5,000
- **Bank Austria loan** (Annual floating rate 0,0% - last instalment by September 2022, in euro)	50,000	50,000	-	50,000
- **Banca Intesa loan** (Annual floating rate 0% - last instalment by December 2025, in euro) (Covenants: NFP/EBITDA ratio not greater than 2,0x; NPF/shareholders' equity ratio not greater than 1,0x)	95,000	21,111	52,777	73,888

(thousands of euro)	Original amounts	Current portions due by June 30, 2023	Portions due after June 30, 2023	Total
- **Credem loan** (Annual floating rate 0,049% - last instalment by June 2023, in euro)	35,000	35,000	-	35,000
- **UBI Banca loan** (Annual floating rate 0,099% - last instalment by April 2023, in euro)	50,000	50,000	-	50,000
TOTAL	**565,000**	**347,352**	**121,833**	**469,185**
Other loans			**1,656**	**1,656**
TOTAL LOANS	**565,000**	**347,352**	**123,489**	**470,841**
SHORT-TERM PAYABLES TO BANKS		**38,037**		**38,037**
IFRS 16 Financial loans		**10,864**	**29,801**	**40,664**
GRAND TOTAL	**565,000**	**396,253**	**153.290**	**549.542**

ATTACHMENT NO. V-C

RECONCILIATION BETWEEN THE TAX CHARGE (IRES) IN THE FINANCIAL STATEMENTS AND THE THEORICAL TAX CHARGE

	June 30, 2022			June 30, 2021		
	Taxable income	Rate	Tax	Taxable income	Rate	Tax
Profit before tax	**295,790**			**132,836**		
Theoretical income tax charge		24%	70,990		24%	31,881
Accrued but not allocated deferred tax assets			5,736			9,508
Use of past year tax losses not allocated in provisions			4,597			(711)
Different tax rates applied by group companies			(11,034)			(7,567)
Permanent changes and other effects			(8,492)			(7,649)
Total changes			**(9,193)**			**(6,419)**
Effective income taxes			61,797			25,462
Effective IRES rate			**20.9%**			**19.2%**
Effective IRAP			6,363			5,691
Higher/(lower) taxes allocated in previous years			(111)			3,713
Total taxes recognised in the financial statements			**68,145**			**34,866**

ATTACHMENT NO. VI-C

SCHEDULE SUMMARISING FEES DUE TO THE INDEPENDENT EXTERNAL AUDIT COMPANY AND TO OTHER MEMBER FIRMS OF ITS NETWORK FOR SERVICES PROVIDED IN THE FINANCIAL YEAR

(thousands of euro)

Type of services	Entity providing the service	Receiver of service	Fees	
			At June 30, 2022	At June 30, 2021
Accounting audit	Independent Auditor of the Parent Company	Parent Company	205	187
Other auditing services	Independent Auditor of the Parent Company	Parent Company	62	4
Total services rendered to the Parent Company			**267**	**191**
Accounting audit	Independent Auditor of the Parent Company	(i) Subsidiary companies	201	182
Other auditing services	Independent Auditor of the Parent Company	(ii) Subsidiary companies	49	27
Accounting audit	Other member firms part of the same network of the Independent Auditor of the Parent Company	(ii) Subsidiary companies	410	382
Other services	Other member firms part of the same network of the Independent Auditor of the Parent Company	(ii) Subsidiary companies	66	25
Total services rendered to Subsidiary Companies			**726**	**616**
Total euro			**992**	**807**

Services for external audit include the fees for the legal audit of the Group companies

DECLARATION IN ACCORDANCE WITH ART. 154-B PARA. 5 OF THE TAX CONSOLIDATION ACT RELATIVE TO CONSOLIDATED FINANCIAL STATEMENTS (PURSUANT TO ART. 81-*C* OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND ADDITIONS)

1. We, the undersigned Gianpietro Benedetti, Chairman of the Board of Directors, and Alessandro Brussi, Manager responsible for the preparation of company accounting documents, of Danieli & C. Officine Meccaniche S.p.A. certify, also taking account of the provisions of art. 154-*b*, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:

- the suitability in relation to the characteristics of the company and
- the effective application of administrative and accounting procedures for the preparation of the consolidated financial statements, during the period from July 1, 2021 to June 30, 2022.

Assessment of the suitability of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year to June 30, 2022 was based on a model established by Danieli & C. Officine Meccaniche S.p.A. consistent with the CoSO framework and also takes account of the document *"internal control over financial reporting - Guidance for Smaller Public Companies"*, both developed by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally generally accepted reference framework.

2. It is also certified that the financial statements for the year to June 30, 2022

a) were prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC regulation no. 1606/2002 of the European Parliament and the Council, of July 19, 2002;

b) correspond with the accounting records and the entries therein;

c) provide, in an appropriate way, a true and fair view of the balance sheet, profit and loss and financial position of the issuing company and of the companies included in the consolidation as a whole.

3. The directors' report includes a reliable analysis of performance and profit, as well as of the situation of the issuing company and of the companies included in the consolidation as a whole, together with a description of the principal risks and uncertainties to which they are exposed.

September 27, 2022

Chairman of the Board of Directors
Gianpietro Benedetti
Signed

Manager responsible for the preparation of company accounting documents
Alessandro Brussi
Signed

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Danieli & C. Officine Meccaniche S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Danieli & C. Officine Meccaniche S.p.A. and its subsidiaries (together the "Group" or "Danieli Group"), which comprise consolidated balance sheet as at June 30, 2022, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Danieli Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 the parent company Danieli & C. Officine Meccaniche 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Evaluation of Construction Contracts	
Description of the key audit matter	The consolidated financial statements of Danieli Group as of June 30, 2022, include Construction contracts assets for Euro 638.1 million and Construction contracts liabilities for Euro 327.8 million. Construction contracts are evaluated based on the percentage of completion, estimating the progress of works with the input method. The evaluation of Construction contracts under this methodology requires the estimate of total revenues, total costs and costs to complete for each project. Those estimates are periodically updated and request significant and complex assumptions from Management, that could be influenced by various factors such as: • management's capability to develop reasonable estimates at the beginning of the projects and at subsequent updates; • multi-annual duration of the projects; • projects' technological complexity and degree of innovation; • warranties issued by the Group on the plants performances; • possible critical geopolitical context in the countries in which the customers operate. Taking into consideration the relevance of Construction contracts on total Group's activities and the complexity of assumptions used in the estimates about costs to complete the projects, we deemed the evaluation of Construction contracts to be a key audit matter for the Group's financial statements at June 30, 2022. Disclosures related to Construction contracts assets and Construction contracts liabilities are included in notes 7 and 18 of the Group's consolidated financial statements as well as in the description of Accounting Standards used by the Group and in the paragraph "Accounting Estimates - Construction Contracts".

Audit procedures performed	The audit procedures addressing this key audit matter included, among others:
	• understanding of criteria and procedures adopted by Management in determining the percentage of completion of the projects;
	• comprehension of relevant internal controls pertaining to both initial estimates and subsequent periodical updates on total revenues, total costs and costs to complete the projects;
	• analysis, on a sample base, of reasonableness of estimates of projects' costs to complete through:
	  o analysis of contracts signed with counterparties;
	  o tests on projects costs incurred;
	  o discussions with project managers, controllers and/or head of business lines.

Deloitte.

- retrospective analysis on results of previous estimates related to Construction contracts;
- analysis on updates of Management's estimates related to total revenues and costs of projects;
- critical discussion with head of legal department of the Group and, if relevant, obtaining information from external legal counsels on lawsuits related to projects;
- examination of appropriateness of disclosure included in the explanatory notes of the separate financial statements and its compliance with applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Deloitte.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Danieli & C. Officine Meccaniche S.p.A. appointed us on October 26, 2018, as auditors of the Company for the years from June 30, 2020 to June 30, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Danieli Group as at June 30, 2022, including their consistency with the related consolidated financial statements and their 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 and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Danieli Group as at June 30, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Danieli Group as at June 30, 2022 and are prepared in accordance with the law.

Deloitte.

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

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
November 8, 2022

This report has been translated into the English language solely for the convenience of international readers.

DANIELI & C. Officine Meccaniche S.p.A.

STATUTORY FINANCIAL STATEMENTS

AS AT JUNE 30, 2022

Accounting schedules

Balance Sheet

(euro)		30/06/2022		30/06/2021	
ASSETS	**Notes**		**of which with related parties**		**of which with related parties**
Non-current assets					
Property plant and equipment	1	65,022,108		59,428,172	
Right of use	2	8,840,038		9,945,918	
Intangible Assets	3	11,514,585		11,810,665	
Investment in subsidiaries	4	1,170,849,348		1,170,834,348	
Deferred tax assets	5	32,894,557		22,771,259	
Trade and other receivables	6	100,030,708	0	102,469,420	0
Non-current assets		**1,389,151,344**		**1,377,259,782**	
Current assets					
Contract Assets	7	166,775,075	38,742,411	165,870,283	55,535,384
Inventories	7	158,496,984	29,637,903	122,430,173	20,085,784
Trade receivables	8	486,057,083	237,172,939	458,069,415	263,699,377
Other Receivables	9	18,680,285		12,009,701	
Current tax assets	10	16,189,413	9,873	18,217,542	748,183
Current financial assets	11	10,521,999	9,565,436	5,116,005	3,941,827
Cash and cash equivalents	12	553,555,917	0	387,460,307	0
Currents assets		**1,410,276,756**		**1,169,173,426**	
Total Assets		**2,799,428,100**		**2,546,433,208**	

(euro)		30/06/2022		30/06/2021	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Notes**		**of which with related parties**		**of which with related parties**
Shareholders' equity					
Share capital		81,304,566		81,304,566	
Treasury shares		(87,138,099)		(87,138,099)	
Other reserves and profit carries forward, including profit for the year		834,788,992		817,601,441	
Total shareholders' equity	13	**828,955,459**		**811,767,908**	
Non-current liabilities					
Non-current financial liabilities	14	66,767,650	0	201,328,976	0
Deferred tax liabilities	5	6,096,000		1,677,378	
Post employment benefits	15	11,075,934		13,570,336	
Provisions for risks	16	28,504,107		23,717,409	
Non Current Liabilities		**112,443,691**		**240,294,099**	
Current liabilities					
Trade payables	17	578,432,822	303,955,577	544,874,976	252,143,169
Contract Liabilities and Advances from Customers	7/18	701,005,309	155,634,707	476,359,020	99,979,207
Other current liabilities	19	62,960,373		53,690,296	
Current tax liabilities	20	12,159,570	1,625,347	729,676	255,156
Short term derivative financial instrument		5,353,820		0	
Bank debts and other financial liabilities	21	498,117,056	192,463,445	418,717,233	249,269,812
Total current liabilities		**1,858,028,950**		**1,494,371,201**	
Total liabilities and shareholders' equity		**2,799,428,100**		**2,546,433,208**	

Income Statement

(euro)		Financial year ended			
	Notes	**30/06/2022**	**of which with related parties**	**30/06/2021**	**of which with related parties**
Operating revenues		847,816,675	284,907,678	909,592,861	411,618,909
Other operating income		24,626,138	18,601,268	20,853,879	14,088,572
Changes in inventories	7	207,007	0	(3,229,108)	0
Total revenues	23	**872,649,820**	**303,508,946**	**927,217,632**	**425,707,481**
Purchase cost of of raw materials and consumables	24	(471,362,048)	(197,166,278)	(519,637,602)	(157,171,388)
Personnel costs	25	(158,276,455)		(154,679,838)	
Other operating costs	26	(231,516,999)	(50,898,085)	(235,348,633)	(54,604,452)
Depreciation, amortisation and write-downs	27	(28,612,031)		(20,857,839)	
Operating income		**(17,117,713)**		**(3,306,280)**	
Financial income	28	2,868,996	0	22,506,051	17,501,393
Financial charges	29	(23,030,708)	(92,821)	(1,174,110)	(376,462)
Gains/(losses) on foreign exchange transactions	30	79,117,613		(17,784,617)	
Profit before taxes		**41,838,188**		**241,044**	
Income taxes	31	(12,006,154)		2,705,231	
Net profit for the period		**29,832,034**		**2,946,275**	

Statement of comprehensive income

(euro)	Notes	Financial year ended 30/06/2022	Financial year ended 30/06/2021
Net profit for the period		**29,832,034**	**2,946,275**
Components of comprehensive income not subsequently reclassified in the result of the period			
Actuarial gains/(losses) recognised in the statement of comprehensive income		928,712	171,147
Tax effect		(222,891)	(41,075)
	13	705,821	130,072
Total comprehensive income		**30,537,855**	**3,076,347**

Statement of changes in shareholders’ equity

(thousands of euro)	Share capital	Treasury shares	Share Premium reserve	Other reserves	Net profit (loss) of the period	Total shareholders’ equity
Shareholders’ equity as at 30/06/2020	**81,305**	**(82,935)**	**22,523**	**805,970**	**(2,841)**	**824,022**
Operations with shareholders						
Allocation of profit per shareholders’ meeting of 28/10/20						
to reserves	0	0	0	(13,969)	13,969	0
dividends to parent company shareholders	0	0	0	0	(11,128)	(11,128)
Unclaimed dividends	0	0	0	0	0	0
Change in treasury shares	0	(4,203)	0	0	0	(4,203)
Total operations with shareholders	**0**	**(4,203)**	**0**	**(13,969)**	**2,841**	**(15,331)**
Profit as at 30/06/2021	**0**	**0**	**0**	**0**	**2,946**	**2,946**
Other compehensive income						
Actuarial gains/(losses) from IAS 19	0	0	0	130	0	130
Comprehensive income (expenses) for the period	**0**	**0**	**0**	**130**	**2,946**	**3,076**
Shareholders' equity as at 30/06/2021	**81,305**	**(87,138)**	**22,523**	**792,131**	**2,946**	**811,767**
Operations with shareholders						
Allocation of profit per shareholders' meeting of 28/10/21						
to reserves	0	0	0	(10,404)	10,404	0
dividends to parent company shareholders	0	0	0	0	(13,350)	(13,350)
Unclaimed dividends	0	0	0	0	0	0
Change in treasury shares	0	0	0	0	0	0
Total operations with shareholders	**0**	**0**	**0**	**(10,404)**	**(2,946)**	**(13,350)**
Profit as at 30/06/2022	**0**	**0**	**0**	**0**	**29,832**	**29,832**
Other compehensive income						
Actuarial gains/(losses) from IAS 19	**0**	**0**	**0**	**706**	**0**	**706**
Comprehensive income (expenses) for the period	**0**	**0**	**0**	**706**	**29,832**	**30,538**
Shareholders' equity as at 30/06/2022	**81,305**	**(87,138)**	**22,523**	**782,433**	**29,832**	**828,955**

Statement of Cash Flows

(thousands of euro)	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Reconciliation of profit before taxes with net cash flows from op.activities				
Profit before taxes	41,838		241	
Net increase/(decrease) in prov.for risks&charges	4,787		20,956	
Depreciation, amortisation and write-downs	15,322		14,394	
Losses/(gains) on disposal of property plant and equipment	(103)		(175)	
Write-down/(Reversal) of impairment losses	13,290		6,464	
Other non-monetary changes	279		0	
Net change in employee sev. indemnity prov.	(1,788)		(1,670)	
Foreign exchange losses/(gains) for the period	(79,118)		17,785	
Financial income for the period	(2,869)	0	(22,506)	(17,501)
Financial charges for the period	23,031	93	1,174	376
Total	**14,669**		**36,663**	
Net change in working capital				
(Increase)/decrease in inventories	(36,972)	7,241	13,329	(21,151)
(Increase)/decrease in trade and other receivables	(67,872)	27,265	87,904	(27,241)
Increase/(decrease) in trade and other payables	177,327	108,838	(73,728)	(39,650)
Unrealised foreign exchange losses/(gains)	0		(17,785)	
Total	**72,483**		**9,720**	
(Interest paid)	(183)	(93)	(1,200)	(376)
Interest received	2,815	0	5,649	1
Taxes paid in the period	(4,476)		(2,106)	
Income taxes	**85,308**		**48,726**	
Investing activities				
Investments:				
Property plant and equipment	(13,629)		(13,515)	
Intangible Assets	(5,450)		(5,198)	
Dividends collected	0	0	17,500	17,500
Equity investments	(15)		0	
(Purchase)/sale of treasury shares	0		(4,203)	
Realised foreign exchange losses/(gains)	79,118		0	
Disposals:				
Property plant and equipment	105		223	
Cash flow generated/(absorbed) by investing activities	**60,129**		**(5,193)**	
Financing activities				
Financial assets	(5,134)	(5,624)	4,320	(1,204)
Application of IFRS 16 - Financial loans	(1,916)		(1,840)	
New loans payable	136,487	0	151,122	17,372
Increase/(decrease) in advances on job orders not yet in production	89,908		6,381	
Repayment of loans payable	(190,417)	(56,806)	(128,250)	0
Short term derivative financial instrument	5,082		1,753	
dividends to parent company shareholders	(13,350)		(11,128)	
Cash flow generated/(absorbed) by financing activities	**20,660**		**22,358**	
Total cash flow	**166,097**		**65,891**	
Opening cash and bank position	**387,460**		**321,569**	
Closing cash and bank position	**553,556**		**387,460**	

Explanatory notes

Introduction

The draft financial statements for the year ended June 30, 2022, comprise the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and explanatory notes.
Amounts included in the balance sheet, income statement and statement of comprehensive income are presented in euro, amounts included in the statement of cash flows, statement of changes in shareholders' equity and the explanatory notes, unless otherwise indicated, are rounded to the nearest thousand euro.
In addition, with reference to Consob Resolution no. 15519 of July 27, 2006, pertaining to the financial statements of companies issuing financial instruments listed on Italian regulated markets, significant transactions with related parties were included in dedicated columns of the balance sheet, of the income statement and of the statement of cash flows, without compromising the overall legibility of the statements.
Danieli & C. Officine Meccaniche S.p.A. is a joint stock company, listed on the Borsa Italiana (Italian stock exchange), operating in the design, construction and sale of plants for the iron and steel industry. Its registered office is at Via Nazionale 41, Buttrio (Udine – Italy).
As at June 30, 2022, the share capital consisted of 40,879,533 ordinary shares and 40,425,033 savings shares. The ordinary shares are held by:

	Shares representing the share capital
Sind International s.r.l. - Milan	67.712%
Treasury shares	7.964%
Market	24.324%

The separate financial statements of Danieli & C. Officine Meccaniche S.p.A. have been externally audited by Deloitte & Touche S.p.A.
The draft financial statements were approved on September 27, 2022, by the Board of Directors, which authorised their publication in the September 27, 2022, press release containing the main elements of these financial statements.

Statement of compliance with IFRS

The financial statements for the year ended June 30, 2022 have been prepared in compliance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Commission, in accordance with the procedure per Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, in force at the date of the financial statements, together with recommendations set out in the Regulations for Issuing Companies as approved by CONSOB (the Italian stock market regulator). The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The financial statements have been prepared on the historical cost principle, except for derivative financial instruments (as at June 30, 2022) that have been recorded at fair value and construction contracts that are included on the basis of the percentage of completion method, as well as on a going concern basis.
From the various options permitted by IAS 1, the company has chosen, in the balance sheet, to show current and non-current assets and liabilities separately on the basis of whether they will be realised/settled as part of the company's normal operating cycle within twelve months after the end of the reporting period, and to provide an analysis of costs on the basis of their nature in the income statement.
The statement of cash flows has been drawn up using the indirect method.
To provide better information and representation of the construction contracts and their impact on the income statement, the company considered it appropriate to change the financial statements. For a correct comparison, the previous year was also restated.

SUMMARY OF ACCOUNTING STANDARDS

The accounting standards used to prepare the separate financial statements for the year ended June 30, 2022, are the same as those followed the previous year. The Company did not arrange for the early adoption of any other standard or amendment published but still not in force.

Improvements and amendments to accounting standards applied as from July 1, 2021

The accounting standards used to prepare the separate financial statements for the year ended June 30, 2022, are the same as those followed the previous year. The Company did not arrange for the early adoption of any other standard or amendment published but still not in force.

On March 31, 2021 the IASB published an amendment entitled "COVID-19-Related Rent Concessions Beyond 30 June 2021 (Amendments to IFRS 16)" which extended the period of application of the amendment issued in 2020 by one year, allowing lessees to account for rent concessions occurring as a direct consequence of the COVID-19 pandemic without having to assess, through contract analysis, whether the definition of lease modification in IFRS 16 is met. Therefore, lessees that applied this option in the 2020 financial year accounted for the effects of rent concessions directly in profit or loss at the effective date of the concession.
On August 27, 2020 in light of the reform on interbank rates such as the IBOR, the IASB published the "Interest Rate Benchmark Reform – Phase 2" document, which contains amendments to the following standards:
- IFRS 9 Financial Instruments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All changes took effect July 1, 2021.
The adoption of these amendments did not have any effect on the company's separate financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet compulsorily applicable and not adopted early by the company as at June 30, 2022

On May 14, 2020, the IASB published the following amendments called:
- Amendments to IFRS 3 Business Combinations: the amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that when assessing whether a contract is onerous, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid in that it has entered into the contract (e.g. the depreciation charge of machinery used to perform the contract).
- Annual Improvements 2018-2020: changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

These changes will take effect July 1, 2022. The directors do not expect a material effect on the company's separate financial statements from the adoption of these amendments.
On February 12, 2021 the IASB published two amendments entitled "Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates (Amendments to IAS 8)". The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The changes will apply starting July 1, 2023, but early application is permitted.
The directors are currently assessing the possible effects of the introduction of these amendments on the company's separate financial statements.

Accounting standards and interpretations issued by the IASB but not yet approved by the European Commission

On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify debts and other short or long-term liabilities. The changes take effect July 1, 2023. Early application is nevertheless permitted.

On May 7, 2021 the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred tax liabilities on particular transactions that could give rise to equal amounts of assets and liabilities must be recognised, such as leases and decommissioning obligations. The changes will apply starting July 1, 2023, but early application is permitted.
The directors do not expect a material effect on the company's separate financial statements from the adoption of these amendments.

Property, plant and equipment

Property, plant and equipment are recognised in the balance sheet at cost of purchase or internal production, including directly attributable ancillary expenses, net of accumulated depreciation. Where there is a present obligation and where significant, cost is increased by the present value of the estimated cost of dismantling and removing the asset.
Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised, as part of the cost of such asset, and amortised over the useful life of the class of asset to which they refer.
Plant and machinery may include parts with different useful lives. Depreciation is calculated over the useful life of each individual part; in the event of replacement, the new parts are capitalised to the extent that they meet the criteria for recognition as assets, and the carrying value of the parts replaced is derecognised. The residual value and useful lives of the assets are reviewed at least every year-end. Regardless of existing depreciation, whenever impairment is determined on the basis of IAS 36, the asset is written down accordingly; the write-down is reversed in subsequent years, net of depreciation, if the reasons cease to apply. Ordinary maintenance costs are expensed in full in the income statement, while maintenance costs that increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.
Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets. The principal annual depreciation rates applied are the following:

Buildings and light constructions	3 - 10%
Plant and machinery	from 10 to 15%
Furnaces and large automated plants	from 15 to 15,5%
Equipment	25%
Motor vehicles, wheeled internal transport and cars	20 - 25%
Furniture and office machinery	12 - 20%

Land, free of construction or annexed to buildings, is not depreciated since it has an unlimited useful life.

Intangible assets

Intangible assets are recognised at purchase or production cost, including directly attributable ancillary expenses.
The cost of an internally generated intangible asset includes only those expenses that can be directly attributed to the asset as from the date on which the criteria for recognition of that asset are met.
After initial recognition, intangible assets are recorded at cost, net of accumulated amortisation and any impairment losses calculated as set out in IAS 36.
Research costs relating to production activities are fully expensed the year they are incurred.

Intangible assets are subject to amortisation unless they have indefinite useful lives. Amortisation is charged systematically over the useful life of the asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment by third parties to buy the asset at the end of its useful life or if there is an active market for the asset. The Directors review the estimated useful lives of intangible assets every financial year-end.
The main annual amortisation rates applied are in the following ranges:

Intellectual property rights	from 6.67 to 20%
Licences and trademarks	10%
Other intangible assets	from 20% to 33%

Right of use

Rights of use are measured according to the provisions of IFRS 16.
IFRS 16 establishes how to recognise, measure, present and disclose information about leases in the financial statements. The standard defines a lease as a contract or part of a contract that conveys a right to use the asset for a period of time in exchange for consideration. The following model is established by the new standard for lessees: at the start date of the contract, the lessee will recognise a liability for the lease payments (i.e. a lease liability) and a right-of-use asset of the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees will have to separately account for interest expense on the lease liability and the depreciation of the right-of-use of the asset.
The company made use of the practical expedients available for the transition to IFRS 16 in order not to redetermine when a contract is or contains a lease. Therefore, the definition of a lease in compliance with IAS 17 and IFRIC 4 will continue to be applied to the lease contracts signed or amended before its first application. The change in the definition of a lease mainly refers to the criterion of control ("right of use"). According to IFRS 16, a contract contains a lease if the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.
The company applies the definition of lease and the related provisions under IFRS 16 for all lease contracts signed or amended after July 1, 2019.
The lessees will also have to remeasure the lease liability if certain events occur (for example: a change in the terms and conditions of the lease contract, changes in future lease payments resulting from a change in an index or a rate used to determine those payments).
Contract terms are established contractually and, in the event of contractual clauses that allow for its early termination or extension or renewal, an analysis is carried out for each contract on the likelihood of such clauses being exercised. The company used its own experience to determine the terms of the leases containing extension or termination options.
The incremental borrowing rate was calculated for each contract using the spreads commonly applied to the company for its loans with similar conditions and terms to those of the leases with the addition of the normal variable rates on the basis of lease term, currency and geographical area (e.g. EURIBOR, USD LIBOR, EURIRS).
For disclosure purposes, the company made use of the exemptions granted by IFRS 16 section C5 letters a and b.
The company made use of these exemptions in two circumstances, allowed by the standard: lease contracts in which the underlying asset is of modest value (IFRS 16:5(b), e.g. personal computers, printers) and short-term lease contracts (e.g. contracts with expiry date within 12 months – IFRS 16:5(a)). The value of the cost for use of third-party assets relating to these exemptions is equal to around 700 thousand euro.
For these exemptions, neither the financial liability of the lease nor the related right of use were recognised, but the rent was recognised in the income statement, as was done in the past, among operating costs.
The right of use is amortised systematically at the lower of the lease term and the residual useful life of the underlying asset. If the lease contract transfers the ownership of the related asset or the cost of the right of use reflects the company's desire to exercise the option to purchase, the related right of use is amortised over the useful life of the asset in question. Amortisation begins from the start of the lease.
The liability arising from the lease is not stated in a separate item but among current and non-current borrowings.
After initial recognition, by applying the amortised cost method for measuring the liability arising from the lease, the carrying value of this liability is increased by the interest on it (using the effective interest method) and decreased to take account of the payments made as a result of the lease contract.

The company redetermines the balance of the liability arising from the lease (and implements an adjustment of the corresponding value of the right of use) if:
- the lease term changes or there is a change in the measurement of exercising the option right during the financial year;
- the value of the lease payments changes following changes to the indicators or rates or the amount of the guarantees for the expected residual value changes;
- a lease contract has been amended and the amendment does not fall under the cases for the recognition of a separate contract.

The company did not record any of the aforesaid changes in the current period.

Investments in subsidiaries

The companies over which the company exercises control as a result either of owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of these companies and to obtain the related benefits, irrespective of shareholding relationships, are subsidiaries. The existence of potential voting rights that can be exercised at the date of the financial statements are considered for the purpose of determining control.
Investments in subsidiaries are measured at purchase or subscription cost, including ancillary costs, from which any principal repayments are deducted, subsequently adjusted for impairment losses determined using the same methods indicated previously for tangible assets. In particular, if events are identified that could indicate that the carrying amount of the investments cannot be recovered, they are written down until their realisable value is reflected, represented by the net selling price or the value in use, whichever is greater. When defining the value in use, the expected future cash flows are discounted using a discount rate that reflects the current market estimate referring to the cost of money compared to the time and the specific risks of the investee company.
The risk arising from any losses exceeding shareholders' equity is recognised in a specific reserve where the company is required to fulfil legal or implicit obligations towards the investee company or in any case to cover its losses.
The original value of the investment is reversed in subsequent financial years if the reasons for the write-down cease to exist. Write-downs and any reversals are posted to the income statement, under income and expenses on equity investments.

Other equity investments

Other equity investments in which the ownership percentage is less than 20%, or 10% if listed, or over which the company exercises no significant influence are measured at cost. They continue to be carried at cost even when this exceeds the amount determined by the equity method, provided that earnings prospects or implicit capital gains make it likely that the higher value will be recovered.

Financial receivables and assets

At initial recognition, financial assets are classified, where appropriate, on the basis of the subsequent methods of measurement, i.e. at amortised cost, at fair value through other comprehensive income, and at fair value through profit and loss.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model used by the company to manage them. With the exception of trade receivables that do not contain a significant financial component or for which the company has applied a practical expedient, the company initially measures a financial asset at its fair value plus transaction costs in the case of a financial asset not at FVPL. Trade receivables that do not contain a significant financial component or for which the company has applied a practical expedient are measured at the price of the transaction determined according to IFRS 15.
For a financial asset to be classified and measured at amortised cost or at FVOCI, it must generate cash flows that depend solely on the principal and the interest of the principal amount to be repaid (Solely Payments of Principal and Interest (SPPI)). This measurement is indicated as an SPPI test.

Treasury shares

Treasury shares that are repurchased are deducted from shareholders' equity on the basis of the purchase price. The purchase, sale, issue and cancellation of equity instruments in the company share capital do not have any impact on gain or loss in the income statement. Voting rights associated with treasury shares are cancelled, as is the right to receive dividends.

Inventories

Inventories of raw and ancillary materials and consumables are recognised at the lower of purchase cost (including ancillary expenses), determined using the weighted average cost method, and estimated realisable value as determined from market trends at the end of the period.
Finished and semi-finished products are valued at the weighted average purchase or production cost; any negative difference between cost and the corresponding market value at the end of the period is accrued to a specific product write-down reserve, which directly reduces the closing value of inventories.

Work in progress is valued at the production cost related to the year of manufacture, based on the stage of completion achieved.

Construction contracts for more than one year are recorded using the state of advancement (or percentage of completion), under which revenues (and consequently the margin) are recognised on the basis of production progress, determined by the company on the basis of the costs already incurred to complete the job order in proportion to the total, including using updated final costs. For construction contracts where the invoicing carried out exceeds the costs incurred plus the identified margins, the net value is stated in current liabilities –*contracts liabilities*.
The value is determined based on estimated revenues and costs over the full life of the projects, for which the measurement is influenced, by nature, by significant subjective components. The assumptions on which the measurements are based are updated periodically. The economic effects of the revised estimates are recorded in the year in which the updates are made.
The valuation of construction contracts includes additional fees, compared with those agreed contractually, if their receipt is considered more than probable and the amount can be reliably estimated.
With the exception of trade receivables that do not contain a significant loan component or for which the company has applied a practical expedient, the company initially values a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
Construction contracts with prices denominated in a currency different from the functional one and exceeding the advances received are affected by the closing exchange rate for the period in question, which contributes to determining the total contractual revenue of the order, to which to apply the state of advancement percentage.

Cash and cash equivalents

Cash and cash equivalents are kept to meet short-term cash commitments; the latter are highly liquid and easily convertible to cash for a known amount. Their value is subject to an irrelevant risk of fluctuation, with the exception of those in foreign currencies, which are subject to exchange rate risk.

Post-employment benefits

Employee severance indemnity (*trattamento di fine rapporto*, or TFR) falls within the scope of IAS 19 (employee benefits), since it is similar to defined benefit plans. Construction contracts with duration of less than or more than one year are recorded according to progress (or percentage of completion) method, under which income (and consequently margins) are recognised on the basis of production progress, determined by the company on the basis of the costs already incurred for the completion of the job order in proportion to the total, including the costs to be updated. Gains and losses from the actuarial valuation are fully recognised in the statement of comprehensive income in the period in which they occur. Any effects on profit and loss of the revision of estimates are recorded in the financial year in which the updates are made.
Following the changes made to the TFR provision rules by Law 296 of 27 December 2006, and subsequent decrees and regulations issued in the early months of 2007, TFR accrued from 1 January 2007 has assumed the nature of a defined contribution plan, whether the employee has opted for benefits to be held in a complementary pension fund or in the Treasury Fund managed by the Social Security agency INPS.

Provisions for risks and charges
If it is expected that completion of a job order will result in a loss at operating margin level, also deriving from the estimate of any future charges relating to the completion of the job order, this is recognised in full in the financial year in which it becomes reasonably predictable and recognised to a specific provision. The amount recognised is the best estimate of the expense required to completely extinguish the present obligation.
Restructuring costs are recognised if the company has a detailed restructuring plan that it has communicated to the interested parties.
For contracts whose execution involves inevitable costs that exceed the presumed economic benefits of the agreements, the present contractual obligation is recorded on the same basis as a standard provision.

Financial liabilities
Company financial liabilities include trade payables, other liabilities, bank debts and loans.

Trade payables, customer advance payments and other liabilities
Trade payables, advance payments received from customers and other current and non-current liabilities are recognised initially at nominal value, which represents fair value at the reference date. After initial recognition, these financial liabilities are measured at amortised cost, using the original effective interest method.

Loans
Initially, all loans are entered at the fair value of the amount received, net of transaction costs incurred to obtain the loan. After initial recognition, loans are measured at amortised cost using the effective interest rate method.
Loans are classified within current liabilities unless the company has an unconditional right to defer payment for at least 12 months after the date of the financial statements.
Financial liabilities are derecognised when they are extinguished and the company has transferred all risks and charges related to the instrument.

Derivative financial instruments
The company uses derivative financial instruments such as forward sales/purchases of foreign currency, including synthetic ones with accumulation of forward purchases/sales, outrights with barrier, interest rate swaps.
Derivative instruments are classified as hedging instruments in accordance with IFRS 9 when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedging, checked initially and periodically, is high.
Transactions that meet all the qualifying criteria for hedge accounting are recognised as follows:
Fair value hedging
The change in the fair value of hedging derivatives is recognised in profit or loss under other costs. The change in the fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying value of the hedged item and is also recognised in profit or loss under other costs.
With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The amortisation so determined can commence as soon as there is an adjustment but cannot extend beyond the date on which the hedged item ceases to be adjusted due to changes in the fair value attributable to the hedged risk.
If the hedged item is derecognised, the fair value not amortised is immediately recognised in profit or loss.
When an unrecognised irrevocable commitment is designated as a hedged item, the subsequent accumulated changes in its fair value attributable to the hedged risk are entered in the accounts as assets and liabilities and the corresponding profits or losses are recognised in profit or loss.
Cash flow hedge
With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.
Changes in the fair value of derivatives that do not meet the conditions to be classified as hedging instruments in accordance with IFRS 9 are recognised in the income statement.

Revenues, interest and dividends
Revenues from construction contracts are recognised on the basis of the agreed considerations in proportion to the stage of completion of the work, determined using the percentage of completion method ("Performance obligations satisfied over time") measured on the basis of the costs already incurred for a specific project out of the total estimated costs for a specific project (input method).
This method of recognition and the contracts with customer on which it is based comply with the requirements of IFRS 15.
This is illustrated in greater detail in the section on inventories.
Revenues from sales and services are recognised in accordance with the provisions of IFRS 15 and of the transfer of control over the goods sold or services rendered and the fulfilment of the "Performance obligation" envisaged by the contractual agreements with the counterparties ("Performance obligations satisfied at a point in time").
Revenues for partially provided services are recognised for the amount of the consideration earned, provided it is possible to reliably determine the stage of completion and there is no significant uncertainty about the amount or existence of the income and relative costs; otherwise they are recognised up to the amount of the recoverable costs incurred.
Revenues are booked net of returns, discounts, allowances and rebates, as well as of directly associated taxes on sales (value added tax).
For all financial instruments valued at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is entered using the effective interest rate (EIR), which is the rate that discounts estimated future payments and receipts over the expected life of the financial instrument.
Dividends are recognised the year in which they are resolved and the right to their collection arises.

Costs
Costs are recognised when they relate to goods and services sold or consumed in the financial year or by systematic allocation or when a useful future life can no longer be determined.
Operating lease instalments are allocated to the income statement over the life of the contract.
Personnel costs include the amount of earnings paid, accruals for pension funds and holidays due but not taken and social security costs, in application of the labour contracts and current legislation.
Costs for the acquisition of new knowledge or discoveries; for research into alternative products or processes, new technologies or models; for design and construction of prototypes or, in any case, for other scientific research or technological development activities are normally treated as research costs and charged to the income statement the year they are incurred.
Development costs incurred relative to a given project are recorded as intangible assets when the company can demonstrate:
i) the technical feasibility of completing the project to make it available for use or sale;
ii) its intention to complete the asset;
iii) its ability to use it or sell it;
iv) the way in which the asset will generate future economic benefits;
v) the existence of available resources to complete the asset; and
vi) the ability to reliably evaluate the cost attributable to the asset during its development.
Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised as part of the cost of such asset. All other financial charges are recognised as costs the year they are incurred.

Income taxes
Current taxes are recognised for the value expected to be paid to the tax authority, in accordance with the provisions and rates in force (24.0% for IRES, corporate tax, and 3.9% for IRAP, regional tax).
Current taxes related to items not reported in the income statement are taken directly to equity or to the statement of comprehensive income, consistently with the recognition of the item to which they refer.
As a consolidating company, the company joined the National Tax Consolidation, which makes it possible to determine IRES on a tax base corresponding to the algebraic sum of the positive and negative tax bases of the individual member companies. In addition to the Parent Company, the following companies adopted the consolidation regime: Danieli Automation S.p.A., Danieli Special Cranes S.r.l., Turismo 85 S.r.l., Stem S.r.l. and Danieli Centro Cranes S.p.A. The economic relations, in addition to the responsibilities and mutual obligations, between the parent company and the aforesaid subsidiaries are defined in the "Danieli Group Regulations on Participation in the National Consolidation Tax Regime". In particular, based on this agreement, the tax losses realised during the tax consolidation procedure are remunerated within the limits of the effective use by the Tax Consolidation.

Deferred tax assets are recorded for all temporary differences to the extent that it is probable that taxable income will be achieved against which the deductible temporary difference can be used. The same principle applies to recording deferred tax assets for any usable tax losses.
The carrying value of deferred tax assets is reviewed at the reporting date and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be generated to permit recovery of all or part of the asset. Such reductions are reversed in the event that the conditions for which they were made no longer apply.
Deferred tax liabilities are calculated using the "liability method" on all temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, save for specific exceptions.
Deferred tax assets and liabilities are calculated based on the values expected to be recovered from the tax authorities with the rates expected to be applicable during the financial year in which the asset will be realised or the liability extinguished, using tax rates (24% and 3.9% for IRAP, regional tax).

Use of estimates
Preparation of the financial statements involves making accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions considered to be reasonable and realistic on the basis of information known at the time of the estimate. The use of accounting estimates influences the carrying value of assets and liabilities, and information on potential assets and liabilities at the date of the financial statements, as well as the amount of income and costs for the period. Actual results may differ due to the uncertainty of the assumptions and the conditions on which the estimates are based.
The following accounting estimates used in drawing up the separate financial statements are considered to be significant because they involve significant recourse to subjective opinions, assumptions and estimates regarding matters that are, by nature, uncertain. Changes in the conditions on which opinions and assumptions are based can have a significant effect on the subsequent results.
In particular, the estimates made for measuring construction contracts are more significant in the preparation of the separate financial statements due to their undoubted complexity and relevance.

Construction contracts
Orders managed by the company refer mostly to plants for the steel industry and for those of non-ferrous metals. They can be for very significant amounts and are sometimes concluded with counterparties in countries subject to political instability. These projects with duration exceeding one year are always characterised by a highly technological and often highly innovative level, and include performance guarantees upon the final delivery of the plants, which contribute to making the estimates related to the measurement of the construction contracts particularly complex
The estimate process used by the company envisages the preparation for each job order of a well-structured and rigorous identification and management process of all the cost items required for its completion, broken down in detail for the different types of activities and/or services (grouped by project affinity). This process is aimed at quantifying and monitoring throughout the life of the project all the activities to be carried out for the various stages of production with the relative costs and revenues and the overall margin, by also identifying the gradual stage of completion related to the timely development of each single order. These estimates take into account any additional fee if agreed contractually or if their receipt is considered probable and the amount can be reliably estimated, whereas any additional costs compared to those initially estimated and any penalties are measured in the estimate of construction contracts by using all the information available to the company's management at the time of preparation of the financial statements. Assumptions and estimates are reviewed periodically, and their effects are reflected in the income statement. As part of these assumptions and estimates, the impact of the Covid pandemic, albeit limited, was also considered at the end of the reporting period.
If it is expected that completion of a job order will result in a loss at operating margin level, also deriving from the estimate of any future charges relating to the completion of the job order, this is recognised in full in the financial year in which it becomes reasonably predictable and recognised in a specific provision. In particular, funds totalling 18.8 million euro (31.0 million euro as at June 30, 2021) were determined for the company's job orders in progress of the company as at June 30, 2022, which include the estimate of any other related charges that appear probable on the basis of a careful measurement of the overall stage of the construction contracts at the end of the reporting period.

The measurement of construction contracts denominated in currencies (mainly USD) other than the functional currency (euro for the company) envisages that the portion exceeding the advances invoiced at the end of the reporting period be translated at the exchange rate at the end of the reporting period, helping to determine the total job order contractual revenue.

Company policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may envisage the management of foreign currency purchases in order to obtain a natural hedging effect or the use of derivative contracts. Due to the intrinsic difficulty in preparing a meticulous planning of incoming cash flows to order, derivative contracts on exchange rates used in the period (and in the previous one) do not have the characteristics to qualify for hedging from an accounting point of view (known as hedge accounting). Consequently, the measurement of construction contracts is also affected by the change in the Euro/USD exchange rate occurred in the period.

Provisions for risks
The company makes accruals mainly in connection with employee benefits, legal and tax disputes and measurement of the job orders. Estimates for these accruals are the result of a complex process involving the subjective opinions of Company management that vary over time in relation to the information available.

Write-downs
Property, plant and equipment and intangible assets are written down in value when events or changed circumstances indicate that the amount recognised in the financial statements is not recoverable. The write-down is calculated by comparing the carrying value with the related recoverable amount, represented by the greater of fair value net of disposal costs and value in use, which is calculated by discounting to present value the expected cash flows deriving from use of the asset, net of disposal costs. Expected cash flows are quantified in light of the information available when the estimate is made, on the basis of subjective opinions on the trend of future variables — such as prices, costs, growth in demand and production profiles — and discounted to present value using a rate that takes into account the risk inherent in the asset in question.

Deferred tax assets
Deferred tax assets are recognised on the basis of expected profit in future years. The estimation of future profits for the purpose of recognising deferred tax assets depends on factors that can change over time and significantly impact their measurement. Note that the company did not recognise assets for tax losses in the financial year ended June 30, 2022.

Estimate of fair value
The fair value of financial instruments listed on public markets is determined with reference to bid prices at the end of the reporting period.
The fair value of financial instruments not listed on public markets is calculated using financial measurement techniques. Specifically:
- the fair value of Interest Rate Swaps (IRS) is calculated by discounting future cash flows based on interest rate curves;
- the fair value of currency purchase/sale contracts with optional content is calculated by discounting the differentials between contractual forward exchange rates and market forward exchange rates at the end of the reporting period on the basis of the expected forward rates, and taking account of the optional components if inherent in certain types of contract.

Management of business risks and financial risks
The company provides continuous management of business risks for all corporate functions by actively monitoring them in accordance with risk management methodology and principles in order to identify, reduce, and eliminate risks and thereby safeguard shareholders' rights.

Risks related to the general state of the economy
The earnings and finances of the company are solid, balanced and diversified by segments and product lines, albeit still with the potential to be affected by the various macro-economic situations of the markets it serves around the world. During the financial year ended as at June 30, 2022 the financial markets were characterised by growing interest rates and a depreciation of the EUR-USD exchange rate of approximately 10% in favour of the latter compared to June 30, 2021. Real economic performance on a global basis was affected from 2022 by high inflation, mainly caused by the increase in the cost of production and energy factors. The monetary policies implemented by the central banks of the main industrialised countries became more restrictive, while maintaining support for the economies most affected by production restrictions, the fall in consumption caused by COVID-19 and the energy crisis caused by the Russian/Ukrainian conflict.

The increase in the rates will penalise the trend of sovereign debt in Italy, which nevertheless remains under control essentially due to corrective measures promoted by the European Central Bank. The bank credit market therefore looks to be evolving, especially in the USA and EU, with possible positive developments in the global macroeconomic context with the exception of negative effects (of a yet unforeseeable extent) linked to the ongoing Russian/Ukrainian conflict.

Risk related to market conditions

This risk consists of the possibility that there may be no demand from the market for Danieli products, either for technological reasons or because of financial problems. We believe that the company's constant focus on research and development to propose solutions to customers to operate with production efficiency is one of our major strengths. Group Management continuously monitors these aspects so as to safeguard our leadership position.
The company operates in the engineering and plant making business, is certified to ISO 14001, and carries out a continuous process of identifying, managing, and mitigating the price risk that might have an economic impact on its business, issuing subcontracting orders that fix the prices of strategic components by nature and in cases of long lead times.

Risks associated with commodity prices, the cancellation of job orders and relations with suppliers

Company results can be significantly influenced by fluctuations in commodity prices, insofar as they affect the cost of completing job orders. Management follows an ongoing process for the identification, management and mitigation of price risk.
The company is active in several markets around the world; operating mainly to order, for each individual contract it sets up a policy for the management of the price volatility of subcontracts, negotiating orders with deliveries exceeding six to eight months as soon as job orders become effective.
The management of each individual project is always structured to align the "expenditure curve" with the "receipts curve", so as to limit financial imbalances in the event of a job order being cancelled; in addition, for unusual projects in terms of type or geographical area, suitable insurance or financial coverage is taken out to protect customer solvency.

Market risk associated with fluctuations in exchange rates and interest rates

Market risk concerns the possibility that changes in interest rates and exchange rates between the euro and other currencies in which the company operates could negatively affect the value of assets or liabilities or the amount of cash flows.

Exchange rate risk
Company policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may envisage the management of foreign currency purchases in order to obtain a natural hedging effect, or the use of derivative contracts.
Exposure to fluctuations in exchange rates can have the following impacts:
- income risk from the different valuation of costs and income expressed in foreign currencies at different periods of time;
- transaction risk from the conversion of trade and/or financial receivables and payables expressed in foreign currencies.

Exposure to exchange rate risk is closely correlated with future cash flows from the gradual completion of contracts, taking account of contractual advances received, and with the payment of purchases in currencies other than the euro. The effects of such transactions are reflected in revenues and the valuation of current inventory, as well as in purchase cost.
The planning, coordination and management of these activities, and the measurement of exchange rate derivative instruments at fair value, are carried out by the company's finance department that monitors the correct correlation between derivative instruments and underlying cash flows, systematically basing these on market prices and ensuring proper accounting in compliance with international accounting standards.

The foreign exchange gain reported in the income statement for the period is mostly related to the performance of the US dollar against the euro, which entailed a write-down of foreign currency funds of the company as at June 30, 2022.
Regarding all significant financial assets and liabilities in foreign currencies, a sensitivity analysis was carried out to determine the impact on the income statement and on shareholders' equity in the event of a hypothetical 5% or 10% increase or decrease in the Euro/USD exchange rate compared with exchange rates as at June 30, 2022. This analysis did not consider the impact of exchange rate fluctuations on the measurement of construction contracts (as these are not financial assets according to IAS 32).
The following table summarises the adverse effects on shareholders' equity and on the income statement, before the tax effect, deriving from a possible strengthening of the euro and the positive effects should the US currency strengthen:

(in thousands of euro)	-10%	-5%	5%	10%
Foreign exchange gain/(loss) deriving from a fluctuation in the Euro/USD exchange rate	58,643	27,778	(25,133)	(47,980)
Total	**58,643**	**27,778**	**(25,133)**	**(47,980)**

Interest rate risk
For the company, the risk associated with interest rate fluctuations essentially concerns floating-rate, long-term loans for which no interest rate swaps have been signed.
A sensitivity analysis has been conducted to measure the profit and loss impact that could arise from a hypothetical increase or decrease by 50 or 100 bp in interest rates. This increase or decrease in interest rates would entail higher or lower financial income and charges before the tax effect as reported below:

(in thousands of euro)	-100BP	-50BP	+50BP	+100BP
(Lower)/Higher financial income	(5,641)	(2,821)	2,821	5,641
Lower/(Higher) financial charges	5,772	2,886	(2,886)	(5,772)
Total	**131**	**66**	**(66)**	**(131)**

Credit and country risk

Credit risk is the company' exposure to potential losses arising from the failure of counterparties to meet their obligations; this activity is monitored continuously by the Group's financial and executive management teams as part of routine business operations starting from the contract negotiation stage for the construction of plants.
The company carries out most of its activities in foreign countries and continuously evaluates political, social and financial risks in the areas in which it does business.
Exposure to counterparty credit risk is minimised by using insurance coverage to protect against the insolvency of customers or the countries in which they operate.
In the current year, there have been no significant cases of counterparty default, and credit risk is not significantly concentrated by area and/or customer, except for receivables from an important Egyptian customer already present in the financial statements in the previous year.
The changes in this item are described in note 6).
Adjustment to the EU sanctions against certain Russian customers brought some projects that began prior to February 2022 to a halt, without generating significant effects on the 2021-22 financial statements, though they put a stop to many projects that have now been removed from the backlog due to the impossibility to complete them, with margins missing in the upcoming financial years.

Liquidity risk

The company enjoys financial equilibrium by funding its plant making activities essentially with advance payments from customers. Liquidity, bolstered by access to partially utilised credit lines, is managed prudently by investing most temporary cash surpluses in short-term instruments.

Management of capital

Capital includes ordinary shares, savings shares and equity attributable to the shareholders of the parent company.
The primary objective of capital management is to obtain a strong credit rating and healthy financial ratios in order to support operating activities and maximise shareholder value.
The company manages and makes adjustments to its capital structure based on changes in general economic conditions. To maintain or adapt the capital structure, the company can adjust dividend payments to shareholders, return capital to shareholders or issue new shares, convert preference shares and buy and sell treasury shares.
There were no changes to the objectives, policies or processes during the financial years ended June 30, 2022, and June 30, 2021, or capital transactions during the two periods, except for the distribution of dividends.
The company monitors capital by following the indebtedness ratio, which compares the amount of net indebtedness with total capital plus net indebtedness. The company includes interest on loans and borrowing and cash and cash equivalents, also with regard to companies of the Group, in net indebtedness.

(millions of euro)	30/06/2022	30/06/2021
Gross financial indebtedness	666.6	626.4
Financial assets	(564.1)	(392.6)
Net financial position	102.5	233.8
Shareholders' equity	829.0	811.8
Capital and net indebtedness	931.5	1,045.6
Indebtedness ratio with third parties	**11.0%**	**22.4%**

Risks associated with environmental policy

The company's activities are subject to many national and international environmental protection laws and regulations.
In the segment in which the company operates, developments in environmental policy should be seen as an opportunity rather than a risk: with the enactment of more stringent rules and regulations (in addition to energy restraints in steel production, applying concepts like SuSteel and GreenSteel), the company can explore new favourable markets for its internally developed technologies and for its innovative plants.

Risks associated with human resources, safety, management and taxation

As at June 30, 2022, the company had 2,297 employees (2,247 as at June 30, 2021).
The human resource department has worked to manage normal turnover (with an improvement in education level and a decrease in average employee age), but also to optimise personnel for the company's new international needs.
Measures have been taken to reduce accident risks by implementing plant management policies in line with the best industrial practices, and by turning to the insurance market to make sure our units are well protected against third-party liability even in the event construction is halted and/or as part of the responsibility of directors towards shareholders/creditors.
Action has also been taken to train and motivate executive managers to ensure efficiency and continuity of operations, in the context of a difficult market caused by general reduction in consumption.

In the area of tax risks, note that the company substantially closed with integrated tax returns all findings present in the report (on the 2013/14, 2014/15 and 2015/16 financial years) delivered at the end of December 2018, covering nearly 100% of the findings disputed (initially approximately 2 million euro net of losses that can be carried forward) by the Trieste Revenue Agency. No disputes remain open.

The recourse related to the appeal submitted by the Trieste Revenue Agency to the Regional Tax Commission against the judgment of the Provincial Tax Commission totally in favour of the company, for the only dispute of a significant amount (with a dispute of around 14 million euro) between Danieli & C. Officine Meccaniche S.p.A. and the Trieste Revenue Agency relating to the (alleged) non-existence of some supply costs was still pending as at June 30, 2022. The enacting clause of the judgment of first instance was, however, very clear and pointed out the correct behaviour of the company in this regard and allowed in September 2022 for a conciliative solution to be found with the Agency, closing also this dispute with an expense for the company of around 1 million euro.
The Court of Appeal also confirmed in the second instance the acquittal of the Chairman, the Manager in Charge and other former managers of the Group already obtained in the first instance regarding the allegation of fraud due to the "non-existence" of costs incurred in foreign sites for which the aforementioned tax dispute is now being closed.
On February 26, 2021, the Court of Appeal of Trieste ruled that the Chairman and the Manager in charge of the Group had been acquitted "because the fact does not exist" in relation to the allegation of foreign ownership of the Group's Luxembourg companies.
The judgment reformed what had been previously decided in October 2018 by the Court of Udine, which had instead convicted the defendants with regard to the offence of "esterovestizione" (setting up foreign companies to evade taxes) of the Luxembourg subsidiaries, a case for which the competent tax commission had instead ruled in favour of the company and then definitively closed in part with self-defence (without the payment of taxes) and in part with settlement to the Revenue Agency.
On December 20, 2021, the acquittal ruled by the Court of Appeal of Trieste became irrevocable and the case was closed with the final, total and definitive acquittal of the aforementioned defendants.

Classes of financial instruments and hierarchical levels of measurement at fair value

The following table shows the classes of financial instrument held by the company.

30/06/2022 (thousands of euro)	Notes	Financial assets at fair value recognised through profit or loss		Financial assets measured at amortised costs	Financial assets at fair value recognised through comprehensive income	Equity Instruments (Initial recognition)	Total
		Initial recognition	According to IFRS9				
Financial assets							
Other non current receivables	6			100,031			100,031
Trade receivables	8/9			504,737			504,737
Current financial assets	11	10,522					10,522
Total Financial assets		**10,522**	**0**	**604,768**	**0**	**0**	**615,290**

30/06/2022 (thousands of euro)	Notes	Financial liabilities at fair value recognised through profit or loss		Financial liabilities measured at amortised costs		Total
		Initial recognition	According to IFRS9			
Financial liabilities						
Bank debts and other financial liabilities	14/21	5,354		564,885		570,239
Trade payables	17/18			1,279,438		1,279,438
Other current liabilities	19			62,960		62,960
Total Financial liabilities		**5,354**	**0**	**1,907,283**	**0**	**1,912,637**

30/06/2021 (thousands of euro)	Notes	Financial assets at fair value recognised through profit or loss		Financial assets measured at amortised costs	Financial assets at fair value recognised through comprehensive income	Equity Instruments (Initial recognition)	Total
		Initial recognition	According to IFRS9				
Financial assets							
Other non current receivables	6			102,469			102,469
Trade receivables	8/9			470,079			470,079
Current financial assets	11	5,116					5,116
Total Financial assets		**5,116**	**0**	**572,548**	**0**	**0**	**577,664**

30/06/2021 (thousands of euro)	Notes	Financial liabilities at fair value recognised through profit or loss		Financial liabilities measured at amortised costs		Total
		Initial recognition	According to IFRS9			
Financial liabilities						
Bank debts and other financial liabilities	14/21	0		620,046		620,046
Trade payables	17/18			1,021,234		1,021,234
Other current liabilities	19			53,690		53,690
Total Financial liabilities		**0**	**0**	**1,694,970**	**0**	**1,694,970**

Among these financial instruments, the company measured at fair value through OCI current financial assets, as detailed in note 11) Current financial assets, and derivative contracts, whose essential aspects are summarised below. For the other financial instruments, the carrying value represents a reasonable approximation of fair value.

INFORMATION ON THE BALANCE SHEET

NON-CURRENT ASSETS

1) Property, plant and equipment

The net value of 65,022 thousand euro as at June 30, 2022, increased by 5,594 thousand euro compared to 59,428 thousand euro as at June 30, 2021, due to the difference between investments in the financial year, net of depreciations charged for the year.

(thousands of euro)	Land	Industrial buildings Light constructions	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Asset under construction	Total
Historical cost	**3.220**	**80.214**	**157.126**	**28.543**	**37.591**	**1.086**	**307.780**
Accumulated depreciation	**0**	**(46.780)**	**(147.061)**	**(26.354)**	**(34.534)**	**0**	**(254.729)**
Balance at June, 30 2020	**3.220**	**33.434**	**10.065**	**2.189**	**3.057**	**1.086**	**53.051**
Changes during the period							
Increase	0	664	7.624	1.161	1.500	2.566	13.515
Transfers and disposals	0	0	(3)	0	(45)	0	(48)
Depreciation	0	(2.121)	(2.899)	(1.037)	(1.034)	0	(7.091)
Historical cost	**3.220**	**80.866**	**163.209**	**29.701**	**38.706**	**3.652**	**319.354**
Accumulated depreciation	**0**	**(48.889)**	**(148.421)**	**(27.388)**	**(35.228)**	**0**	**(259.926)**
Balance at June, 30 2021	**3.220**	**31.977**	**14.788**	**2.313**	**3.478**	**3.652**	**59.428**
Changes during the period							
Increase	0	924	11.104	957	659	(15)	13.629
Transfers and disposals	0	0	(1)	0	(1)	0	(2)
Ammortamenti	0	(2.137)	(3.748)	(1.067)	(1.081)	0	(8.033)
Historical cost	**3.220**	**81.790**	**173.006**	**30.573**	**39.340**	**3.637**	**331.566**
Accumulated depreciation	**0**	**(51.026)**	**(150.862)**	**(28.371)**	**(36.285)**	**0**	**(266.544)**
Balance at June, 30 2022	**3.220**	**30.764**	**22.144**	**2.202**	**3.055**	**3.637**	**65.022**

Depreciations charged to the income statement amounted to 8,033 thousand euro, calculated at rates considered to be representative of the estimated useful life of the assets.
The main investments in the financial year concerned new plants, models and electronic machines included in the general company plan for the technological updating of plants.
No write-downs were charged to the value of property, plant and equipment in current and previous financial years.

2) Right of use

They amounted to 8,840 thousand euro as at June 30, 2022 (9,946 as at June 30, 2021) and referred to the right of use (ROU) underlying the application of IFRS 16 net of the depreciation charge calculated for the period. Changes as at June 30, 2022, are shown below:

(thousands of euro)	Industrial buildings in leasing	Plant and machinery in leasing	Industrial and commercial equipment in leasing	Other tangible assets in leasing	Total
Historical cost	**12,710**	**0**	**130**	**1,140**	**13,980**
Accumulated depreciation	**(3,199)**	**0**	**(115)**	**(720)**	**(4,034)**
Balance at June, 30 2021	**9,511**	**0**	**15**	**420**	**9,946**
Changes during the period					
Increase	734	35	0	71	840
Transfers and disposals				(14)	
Other movements	13				
Depreciation ROU benefit to employees	(244)			(189)	(433)
Depreciation	(1,443)	(9)	(12)	(76)	(1,540)
Historical cost	**13,444**	**35**	**130**	**1,211**	**14,820**
Accumulated depreciation	**(4,873)**	**(9)**	**(127)**	**(971)**	**(5,980)**
Balance at June, 30 2022	**8,571**	**26**	**3**	**240**	**8,840**

3) Intangible assets

The balance of 11,514 thousand euro as at June 30, 2022, is slightly lower than the total of 11,811 thousand euro as at June 30, 2021, mainly due to the difference between investments in the period and amortisation charged as represented below:

(thousands of euro)	Intellectual property rights	Concessions, licences and trademarks	Other intangible assets	Asset under development and advances	Total
Historical cost	**22,822**	**75,648**	**2**	**4,048**	**102,520**
Accumulated amortisation	**(21,561)**	**(68,579)**	**(2)**		**(90,142)**
Balance at June, 30 2020	**1,261**	**7,069**	**0**	**4,048**	**12,378**
Changes during the period					
Increase	1,368	7,669	0	(3,839)	5,198
Transfers and disposals	0	0	0		0
Amortisation	(1,231)	(4,534)	0	0	(5,765)
Historical cost	**24,190**	**83,317**	**2**	**209**	**107,718**
Accumulated amortisation	**(22,792)**	**(73,113)**	**(2)**	**0**	**(95,907)**
Balance at June, 30 2021	**1,398**	**10,204**	**0**	**209**	**11,811**
Changes during the period					
Increase	1,078	3,727	0	645	5,450
Transfers and disposals	0	0	0		0
Amortisation	(1,247)	(4,500)	0	0	(5,747)
Historical cost	**25,267**	**87,046**	**2**	**854**	**113,169**
Accumulated amortisation	**(24,039)**	**(77,614)**	**(2)**		**(101,655)**
Balance at June, 30 2022	**1,228**	**9,432**	**0**	**854**	**11,514**

"Intellectual property rights" include the cost of purchasing and finalising new patents for process solutions, machinery and equipment.
"Concessions, licences and trademarks" consist mainly of the costs of acquiring licences and of developing management software and programs used in the company's operations.
Assets under development refer to some investment projects for management software programmes not yet completed.

The balance sheet does not include any intangible assets with indefinite useful lives.

Impairment of property, plant and equipment and intangible assets

As at June 30, 2022, there were no indications that property, plant and equipment and intangible assets might be impaired. In accordance with IAS 36, no impairment test was carried out at said date.

4) Equity investments

(thousands of euro)	30/06/2022	30/06/2021
Investment in subsidiaries	1,170,798	1,170,798
Other equity investments	51	36
Total	**1,170,849**	**1,170,834**

The list of investments and changes in the various items are shown in attachment I.
There were no significant changes with respect to the balance as at June 30, 2021.
Considering the performance of Danieli & C. Officine Meccaniche S.p.A.'s indirect subsidiaries and the absence of specific indications that they may be impaired, given that as at June 30, 2022, the carrying values of the investments in Industrielle Beteiligung SA were lower than the corresponding shares of net equity, the company's directors have found it unnecessary to conduct any further analysis demonstrating the recoverability of the value of equity investments.
Comparison between the value recognised in the financial statements of investments and the corresponding proportion of shareholders' equity showed a higher net value of directly held investments, as shown in detail in attachment III. It also shows the higher value of the shareholders' equity stake compared to the value recognised in the financial statements also of indirect investments, except for a few situations specifically mentioned in the note, for which the higher value of cost compared to the shareholders' equity is justified by the value attributable to specific assets and liabilities identified during the acquisition, or seems to refer to temporary situations.
Key data from the financial statements of Group companies as at June 30, 2022, is provided in attachment II.

5) Deferred tax assets and liabilities

They are calculated on temporary differences between carrying values and values reported for tax purposes.
The amounts of deferred tax assets and deferred tax liabilities for which recovery is expected within or beyond the next financial year are as follows:

(thousands of euro)	30/06/2022	30/06/2021
Deferred tax assets		
- Recoverable within next fiscal year	13,179	1,508
- Recoverable beyond next fiscal year	19,715	21,264
Total	**32,894**	**22,772**
Deferred tax liabilities		
- Recoverable within next fiscal year	6,096	1,677
Total	**6,096**	**1,677**
Net position	**26,798**	**21,095**

The attachment to the explanatory notes no. IX shows the initial and final composition, the impact on income statement and shareholders' equity and the reclassifications of the asset and liability items related to deferred tax assets and liabilities, respectively.

6) Trade and other receivables

Trade and other receivables amounted to 100,031 thousand euro as at June 30, 2022 (102,469 thousand euro as at June 30, 2021) and are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Trade receivables from customers	43,861	44,609
Other receivables	56,170	57,860
Total	**100,031**	**102,469**

Non-current trade receivables from customers related to terms of sale negotiated for the supply of complex plants with long start-up times, the increase in the year is mainly due to the restructuring of some existing receivables.
During the year, receipt of trade receivables from an important Egyptian customer continued in line with the agreements made between the parties and according to the dates defined, while the repayment times remain confirmed for the financial rescheduling agreement for USD 74,704 thousand from that same customer (and present in the item "Other receivables"), which are related to the management of some important job orders developed with the same customer and that, for this reason, are considered as of a commercial nature.
As a result of these agreements, the calculation related to discounting expected cash flows on existing receivables was updated with a negative economic effect during the year of 10,232 thousand euro.

Receivables are broken down below by maturity at the end of this and the previous year:

(thousands of euro)	30/06/2022		
Deadlines	**Trade receivables from customers**	**Other receivables**	**Total**
2023/2024	42,193	17,365	59,558
2024/2025	325	15,000	15,325
2025/2026	1,344	0	1,344
2026/2027 and beyond	0	23,804	23,804
Total	**43,862**	**56,169**	**100,031**

(thousands of euro)	30/06/2021		
Deadlines	**Trade receivables from customers**	**Other receivables**	**Total**
2022/2023	33,647	1,703	35,350
2023/2024	5,896	0	5,896
2024/2025	114	0	114
2025/2026 and beyond	4,953	56,156	61,109
Total	**44,610**	**57,859**	**102,469**

CURRENT ASSETS

7) Inventories and construction contracts

The balance of 325,272 thousand euro as at June 30, 2022, was 36,972 thousand euro higher than the amount of 288,300 thousand euro as at June 30, 2021.

(thousands of euro)	30/06/2022	30/06/2021
Raw materials, consumables and supplies	24,602	25,943
Work in progress and semi-finished products	48,067	47,860
Contract Assets	166,775	165,870
Advances to Group companies	29,638	20,086
Advances to suppliers	56,190	28,541
Total	**325,272**	**288,300**

The balance of 166,775 thousand euro for construction contracts can be broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Construction contracts third parties - gross	464,579	501,518
Invoices issued third parties	(317,759)	(381,147)
Write downs	(18,786)	(10,036)
Contract assets with third parties	**128,033**	**110,335**
Construction contracts Group - gross	139,880	306,332
Invoices issued Group	(101,138)	(250,797)
Contract assets with Group Companies	**38,742**	**55,535**
Total	**166,775**	**165,870**

Construction contracts with a negative net value, resulting, for each individual job order, from the sum between work progress and amounts invoiced, have been reclassified to "Contract Liabilities and Advances from Customers " in current liabilities (see also note 18).
They are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Construction contracts third parties - gross	2,921,895	2,999,651
Invoices issued third parties	(3,019,846)	(3,117,751)
Contracts liabilities	**(97,951)**	**(118,100)**
Construction contracts Group - gross	766,459	488,750
Invoices issued Group	(815,684)	(519,394)
Contracts liabilities to Group Companies	**(49,225)**	**(30,644)**
Total	**(147,176)**	**(148,744)**

Payables for construction contracts and customer advance payments refer to amounts paid by third-party customers and by Group companies prior to the start or at the beginning of works and are related to job orders in progress. These advance payments, intended to be reabsorbed in proportion to the invoices issued as job order progresses, are broken down in note 18).

8) Trade receivables

The balance of 486,057 thousand euro as at June 30, 2022, was 27,987 thousand euro lower than the amount of 458,070 thousand euro as at June 30, 2021.
There are no significant concentrations of counterparty credit risk.
Trade receivables are recognised net of the provision for doubtful accounts that came to 48,556 thousand euro as at June 30, 2022 (35,550 thousand euro as at June 30, 2021).

(thousands of euro)	30/06/2022	30/06/2021
Customers	296,540	228,893
Collection order and bills	900	1,028
Provision for doubtful accounts	(48,556)	(35,550)
Total trade receivables from third parties	**248,884**	**194,371**
Trade receivables from Group companies	237,173	263,699
Total trade receivables	**486,057**	**458,070**

Trade receivables from Group companies are detailed in attachment X.
In the financial year, trade receivables were not factored without recourse (4,145 thousand euro as at June 30, 2021).
Changes in the provisions for doubtful accounts were as follows:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**35,550**	**30,252**
Provision	14,327	7,500
Release of unused provisions	0	0
Other movements	(1,321)	(2,202)
Closing balance	**48,556**	**35,550**

Regarding the provision for doubtful accounts, the risk of loss on receivables is often a combination of technical risk (arising from design changes and/or delays in execution), customer risk and country risk. Credit risk and the appropriateness of this provision should therefore be viewed together with the write-down provision for construction contracts described in note 18).
The company determines the amount of expected credit losses through the use of a matrix of provisions, estimated on the basis of the historical experience of losses on receivables based on the past due of creditors, adjusted to reflect current conditions and estimates of future economic conditions. As a result, the credit risk profile (including technical risk as explained above) is presented according to the past due brackets according to the provision matrix.
In the assessment of credit recovery risks, carried out on the basis of the provisions of IFRS 9, the possible, albeit limited, worsening of the solvency of counterparties arising from the Covid pandemic were considered.

9) Other receivables

These amounted to 18,680 thousand euro as at June 30, 2022, showing an increase of 6,670 thousand euro compared to the balance of 12,010 thousand euro as at June 30, 2021, and comprising:

(thousands of euro)	30/06/2022	30/06/2021
Prepaid SACE fees	36	70
ST Prepaid expense	3,523	4,216
Due from social security institutions	606	647
Foreign tax receivables	658	843
Travel expenses advances to employees, consultants and sites	597	492
Indirect tax receivables	5,999	0
Other Receivables	7,261	5,742
Total	**18,680**	**12,010**

10) Current tax assets

This item is made up as follows:

(thousands of euro)	30/06/2022	30/06/2021
Foreign tax receivables	13,490	7,754
Direct tax receivables	2,689	9,715
Other current tax receivables	10	748
Total	**16,189**	**18,217**

Direct tax receivables as at June 30, 2022, include the IRES advance payments related to the tax consolidation and the IRAP advance payments during the year, net of the provision for current taxes, and receivables for taxes paid abroad, recoverable in accordance with relevant Italian and/or foreign laws and regulations.

11) Other financial receivables

(thousands of euro)	30/06/2022	30/06/2021
Financial Receivables ST	9,565	3,942
Accrued interest	957	903
Derivative financial instruments	0	271
Total	**10,522**	**5,116**

These totalled 10,522 thousand euro as at June 30, 2022, with an increase of 5,406 thousand euro compared to the balance of 5,116 thousand euro as at June 30, 2021 and refer for 9,565 thousand euro to intra-group financing operations regulated through an intercompany current account at market rates and conditions, for 957 thousand euro to accruals and deferrals on financial transactions.
Loans to the Group companies are detailed in attachment X.

12) Cash and cash equivalents

The balance of 553,556 thousand euro as at June 30, 2022, increased by 166,096 thousand euro compared to the amount of 387,460 thousand euro as at June 30, 2021, and included cash in hand of 818 thousand euro and short-term bank deposits of 552,738 thousand euro.
The company's cash remained stable, allowing it to manage on its own a possible extraordinary expenditure connected with the start-up of innovative plants and with the financing of defined research programmes.
See the statement of cash flows for further details.

SHAREHOLDERS' EQUITY

13) Shareholders' equity

Shareholders' equity at 30 June 2022 amounted to 828,955 thousand euro, an increase of 17,187 thousand euro compared to 811,768 thousand euro at 30 June 2021.
Dividends paid in the last two financial years related to the results achieved in the financial years ended June 30, 2021 and June 30, 2020, in accordance with Art. 7 of the Articles of Association, were as follows:

	Dividends paid at			
	30/06/2022		**30/06/2021**	
(thousands of euro)	euro per share		euro per share	
Ordinary shares	0.1700	6,395	0.1400	5,309
N.C. Saving shares	0.1907	6,955	0.1607	5,862
Total dividends paid		**13,350**		**11,171**

Changes in shareholders' equity items are summarised in the "Statement of changes in shareholders' equity".

13.1) Share capital
Share capital is fully paid in and amounted to 81,305 thousand euro as at June 30, 2022 (81,304,566 shares with a par value of 1 euro each, comprised of 40,879,533 ordinary shares and 40,425,033 savings shares).

13.2) Treasury shares
The value of treasury shares amounted to 87,138 thousand euro as at June 30, 2022 (unchanged compared to June 30, 2021). The portfolio was made up of 3,255,603 ordinary shares and 3,953,863 savings shares, with a unit par value of 1 euro each and a total par value of 7,209 thousand euro (8.87% of the share capital).

13.3) Share premium account
As at June 30, 2022, this amounted to 22,523 thousand euro (unchanged from June 30, 2021) and concerns the share premiums paid on the exercise of warrants associated with the conversion of the bonds that matured in November 1999 and on July 1, 2003, and the gains/losses realised from the sale of treasury shares.

13.4) Other reserves
These totalled 782,434 thousand euro as at June 30, 2022, and decreased by 9,698 thousand euro compared to 792,132 thousand euro as at June 30, 2021. They are comprised as follows:

(thousands of euro)	**30/06/2022**	**30/06/2021**
Legal reserve	18,576	18,576
Extraordinary reserve	750,050	760,454
IAS 19 actuarial gains/(losses) reserve	(2,853)	(3,559)
Revaluation reserve	7,634	7,634
Merger surplus	11,036	11,036
Effect of adoption of IFRS9 at 01.07.2018	(2,009)	(2,009)
Total	**782,434**	**792,132**

The table in attachment IV shows the situation of reserves and capital funds indicating their origin, availability and utilisation in previous years. In the attached table, the items of shareholders' equity are also broken down according to the tax system applicable in case of distribution.

Legal reserve
The legal reserve totalled 18,576 thousand euro as at June 30, 2022 and is unchanged since the value as at June 30, 2021. The amount of the legal reserve as at June 30, 2022 exceeded the requirement stated in Art. 2430 of the Italian Civil Code, so a further allocation of the net profit for the year was no longer mandatory.

Other reserves
The remaining reserves consist of:

Extraordinary reserves
Extraordinary reserves totalled 750,050 thousand euro and decreased by a total of 10,404 thousand euro compared to the balance of 760,454 thousand euro as at June 30, 2021 following the allocation of the profit for financial year 2020/2021 and the distribution of dividends for 13,350 thousand euro as resolved by the Shareholders' Meeting on October 28, 2021.

Gains (losses) from IAS 19
They comprise the recognition in the comprehensive income of the actuarial gains and losses deriving from application of IAS 19 (Employee benefits).

Revaluation reserves
Totalling 7,634 thousand euro (unchanged since June 30, 2021), these represent revaluations of assets carried out in accordance with the law.

Merger surplus
This amounted to 11,036 thousand euro as at June 30, 2022, unchanged since June 30, 2021.

13.5) Profit (loss) for the year
This amounted to a positive balance of 29,832 thousand euro as at June 30, 2022 (a positive balance of 2,946 thousand euro as at June 30, 2021).

NON-CURRENT LIABILITIES

14) Loans

Non-current financial liabilities, which totalled 66,768 thousand euro as at June 30, 2022 (201,329 thousand euro as at June 30, 2021, with a decrease of 134,561 thousand euro), include the non-current portion of financial liabilities recognised in accordance with IFRS 16 for 7,740 thousand euro, 59,028 thousand euro consisted of the medium and long-term portions of loans arranged with banks and other institutional lenders.
A detailed list of debts and interest rates and their breakdown by current/non-current portion is provided in attachment V.
There continue to be contractual covenants on some loans. Based on the results of the financial statements for the year ended June 30, 2022, the economic and equity parameters set out in the loan agreements have been complied with.

The maturity dates of the non-current portions of loans were as follows:

(thousands of euro)	**30/06/2022**	**30/06/2021**
2022/2023	-	84,984
2023/2024	49,632	78,396
2024/2025	11,667	22,098
2025/2026	1,014	15,851
2026/2027 and beyond	4,455	-
Total	**66,768**	**201,329**

The breakdown of the company's net financial position as at June 30, 2022, is shown below, which includes financial payables and receivables with Group companies, compared to the previous financial year, is set below:

(thousands of euro)	30/06/2022	30/06/2021	Variation
Current financial assets			
Securities and other financial assets	10,522	5,116	5,406
Cash and cash equivalents	553,556	387,460	166,096
Total	**564,078**	**392,576**	**171,502**
Non-current financial liabilities			
Non-current financial liabilities	59,028	192,639	(133,611)
Lease liabilities non-current IFRS 16	7,740	8,690	(950)
Total	**66,768**	**201,329**	**(134,561)**
Current financial liabilities			
Bank debts and other financial liabilities	598,211	423,451	174,760
Lease liabilities current IFRS 16	1,549	1,647	(98)
Total	**599,760**	**425,098**	**174,662**
Current net financial position	**(35,682)**	**(32,522)**	**(3,160)**
Non-current net financial position	**(66,768)**	**(201,329)**	**134,561**
Net financial position	**(102,450)**	**(233,851)**	**131,401**

The net financial position includes, as "Bank debts and other financial liabilities", customer advance payments on job orders not yet in production amounting to 96,288 thousand euro (6,381 as at June 30, 2021). These amounts are included among payables for construction contracts and customer advance payments in the balance sheet.
The remaining advances from customers and from companies of the Group, still recognised under payables for construction contracts and customer advance payments and amounting to 457,540 thousand euro as at June 30, 2022, and 321,234 thousand euro as at June 30, 2021, respectively, were instead included in working capital as they are used to finance job orders in progress, together with advances to suppliers.
The diagram shown above includes all the components envisaged for the calculation of the net financial position as indicated in CONSOB communication no. 5-21 of April 29, 2021, which refers to ESMA guideline 32-382-1138. The item trade payables and other non-current liabilities envisaged by the aforesaid guideline, which is a significant component of implicit or explicit financing, is included in the column "Bank debts and other financial liabilities" as outlined above.

15) Post-employment benefits

The balance of 11,076 thousand euro decreased by 2,494 thousand euro compared to 13,570 thousand euro as at June 30, 2021.
Changes were as follows:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**13,570**	**15,369**
Cost relating to employee compensation with defined benefits	0	44
Benefits paid	(1,598)	(1,672)
Actuarial (gains)/losses recognized in the statement of comprehensive income	508	32
Other accruals for employee benefits	(1,404)	(203)
Closing balance	**11,076**	**13,570**

The cost relating to employee compensation with defined benefits was recognised in the income statement among financial charges, whilst payments to complementary pension funds were recognised among personnel costs, as indicated in Note 25). As shown in the table, actuarial losses and gains are recorded in the statement of comprehensive income, among those items that will not be reclassified subsequently to the result for the year.

The main actuarial assumptions used were the following:

	30/06/2022	30/06/2021
Discount rate	2.74%	0.25%
Rate of increase in management salaries	1.0%	1.0%
Rate of increase in wages and salaries	1.0%	1.0%
Turnover rate	5.0%	5.0%

The sensitivity analysis of the main evaluation parameters is as follows:

(in thousands of euro)

Turnover rate +1%	Turnover rate -1%	Inflation rate +0,25%	Inflation rate -0,25%	Discount rate +0,25%	Discount rate -0,25%
10	-11	121	-120	-189	195

16) Provisions for risks

Totalling 28,504 thousand euro as at June 30, 2022, this item increased compared to the balance of 23,717 thousand euro as at June 30, 2021, as shown in the following changes:

(thousands of euro)	30/06/2022	30/06/2021
Opening balance	**23,717**	**2,761**
Provision	4,800	21,000
Utilisations and other changes	(13)	(44)
Closing balance	**28,504**	**23,717**

Provisions for risks are set up to cover costs and expenses that may arise from the settlement of positions whose outcome, at June 30, 2022, was still uncertain.
The provision for risks includes the provision for the entire expected loss at operating margin level of a job order including the estimate of any future charges related to its completion as well as to the possible recognition of contractual penalties.
The provision also includes extraordinary charges for closing the job order related to a dispute with a Malaysian customer which has remained unchanged since June 30, 2021, reflecting in full the potential liabilities for legal expenses, scheduled interest and any damage present in the systems that the company could be required to repurchase. The provision nevertheless remains prudential, covering the costs required, though there is still a good chance that the company will reach an agreement with the customer.
Estimates for these accruals and the amount of the provisions resulting at the end of the period are the result of a detailed assessment by the Company management which takes into account the information available on various elements, by their nature uncertain, that influence the estimate, historical experience and assumptions considered reasonable. Because of the uncertainty that characterises the assumptions and conditions on which the estimates are based, the outcomes of the situations for which these estimates and assumptions have been used may differ from those reported in the financial statements and may therefore give rise to impacts on the results of operations in subsequent periods.

CURRENT LIABILITIES

17) Trade payables

Trade payables are broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
ST payables to suppliers	274,477	292,732
Payables to group companies	303,956	252,143
Total	**578,433**	**544,875**

Amounts due to suppliers increased by 18,255 thousand euro compared to the balance as at June 30, 2021. The amount includes payables in foreign currencies totalling 41.2 million euro (of which 35.5 million USD, equivalent to 32.7 million euro and 150 million Algerian dinars equivalent to approximately 1.1 million euro) at the financial year-end exchange rate. At the end of the previous year, payables in foreign currencies totalled 17.3 million euro, of which 15.56 million USD equivalent to 13.05 million euro and 179 million Algerian dinars equivalent to approximately 1.3 million euro, at the exchange rate at the end of the previous financial year. There are no significant concentrations of payables on one or a small number of suppliers. Trade payables also include positions subject matter of Reverse Factoring with leading national operators for an amount of approximately 23.7 million euro as at June 30, 2022, with different maturities but less than 12 months (35 million euro as at 30 June 2021).
These liabilities maintain their original nature as trade payables in consideration of the fact that there are no financial charges borne by the Company, they do not fall within the financial credit lines used by the Company and the terms of payment follow the normal conditions of supply for the types of business in which the Company is active.

Payables to Group companies, which increased by 51,813 thousand euro compared to the value as at June 30, 2021, are broken down in attachment X.

18) Contracts liabilities and advance from customers

Contract liabilities and advance from customers, totalling 701,005 thousand euro as at June 30, 2022, increased by 224,646 thousand euro from 476,359 thousand euro as at June 30, 2021, comprise:

(thousands of euro)	30/06/2022	30/06/2021
ST Advances from customers	351,130	251,899
Advances from Group Companies	106,410	69,336
Contracts liabilities	97,951	118,100
Contracts liabilities to Group Companies	49,225	30,644
Other advances on job orders not yet in production	96,289	6,380
Total	**701,005**	**476,359**

“Current customer advance payments” and “Group company advance payments” represent amounts paid by customers prior to the start or at the beginning of works and related job orders in progress. These are reabsorbed in proportion to the invoices issued as job order progresses. The change in this item relates to the volume of orders acquired and job orders in progress.
“Other advances on job orders not yet in production” (96,288 as at June 30, 2022) include amounts paid by some customers as guarantee deposits relating to job orders, not yet in force, included in the net financial position (6,380 thousand euro as at June 30, 2021).
“Payables for construction contracts” and “Payables for construction contracts to Group companies” include the negative net value resulting, for each individual job order, from the sum between work progress and amounts invoiced in advance. The items are shown in more detail in Note 7.
Advance payments and trade payables to Group companies are detailed in attachment X.

19) Other current liabilities

Other current liabilities amounted to 62,960 thousand euro as at June 30, 2022 (53,690 thousand euro as at June 30, 2021) and they are mainly comprised of:

(thousands of euro)	30/06/2022	30/06/2021
Due to employees	29,741	29,372
Indirect tax payables	3,333	0
Withholding tax due	4,303	4,193
Guarantee deposits	13,547	10,637
Due to supplementary pension funds	690	674
Due to social security institutions	6,273	5,877
Due to company boards and committees	328	146
Other ST liabilities	4,745	2,791
Total	**62,960**	**53,690**

Amounts due to employees consist mainly of the payable for holidays earned but not taken at the end of the year. “Payables for guarantee deposits” include amounts paid by some customers as guarantee deposits relating to job orders.

20) Current tax liabilities

As at June 30, 2022 the net balance of current taxes, which includes provisions set aside for current taxes on the economic results of the company and the advance payments during the year, shows a debt.

21) Bank debts and other financial liabilities

These referred to the current portion of non-current borrowing and loans, bank current account overdrafts, the short-term portion of financial payables recognised in accordance with IFRS 16 and intra-group financing operations, at market rates and conditions, through an intercompany current account, and to existing derivative financial instruments. As at June 30, 2022, the liability item totalled 498,117 thousand euro, compared to 418,717 thousand euro as at June 30, 2021.

(thousands of euro)	30/06/2022	30/06/2021
ST Bank financial Loan	303,611	167,611
ST Loans from subsidiaries	192,463	249,270
Accruals on financial payables	494	189
Lease liabilities current IFRS 16	1,549	1,647
Total	**498,117**	**418,717**

Financial payables with Group companies are detailed in attachment X.

22)Guarantees and commitments

These show commitments and guarantees given by the company to third parties and were made up as follows:

(thousands of euro)	30/06/2022	30/06/2021
Bank guarantees and liens to third parties	1,595,128	935,138
Bank guarantees and liens to third parties on behalf of Group companies	202,617	77,965
Total	**1,797,745**	**1,013,103**

Guarantees given by banks to third parties on the company’s behalf consist mainly of guarantees linked to the carrying-out of various job orders. Items in foreign currencies are entered at the year-end exchange rates.
At June 30, 2022, guarantees from third parties in the company’s favour amounted to 43,631 thousand euro.

INFORMATION ON THE INCOME STATEMENT

23) Revenues

Revenues are broken down as follows:

(thousands of euro)	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Revenues from sales a nd services	847,816	284,907	909,593	411,619
Changes in finished products and construction contracts	207	0	(3,229)	0
Other operating income	24,626	18,601	20,854	14,089
Total revenues	**872,649**	**303,508**	**927,218**	**425,708**

The different composition between revenues from sales and changes in construction contracts depends on how much progress has been made on job orders in progress and to what extent they have been completed.
Revenues from Group companies are detailed in attachment X.
There are no significant concentrations of revenues from the same extra-Group counterparties that exceed 10% of the company's total revenues.

24) Purchase costs of raw materials and consumables

(thousands of euro)	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Purchase of raw materials	33,372	0	38,067	0
Purchase of finished products	437,777	197,166	481,421	157,171
Other purchases	213		150	
Purchase cost of of raw materials and consumables	**471,362**	**197,166**	**519,638**	**157,171**

Purchase costs of raw materials and consumables, of finished products and goods, net of the respective changes in inventories, are directly related to the composition and type of job orders included under "Revenues".

25) Personnel costs

Personnel costs are broken down as follows:

(thousands of euro)	30/06/2022 Managers and staff	30/06/2022 Blue collars	30/06/2021 Managers and staff	30/06/2021 Blue collars
Wages and salaries	97,380	17,622	95,301	17,847
Social security contributions	26,919	5,640	25,738	5,701
Employee Termination Indemnity	6,451	1,329	6,457	1,269
Other personnel costs	2,746	189	2,141	226
Personnel costs	**158,276**		**154,680**	

The average number of personnel during the last two financial years was as follows:

	30/06/2022	30/06/2021
Executives	82	82
White collars / Managers	1,569	1,622
Blue collars	474	505
Apprentices	153	135
Total	**2,277**	**2,344**

Changes in "Personnel costs" relate to the size of the organisation and the natural trend in earnings.

26) Other operating costs

These amounted to 231,517 thousand euro as at June 30, 2022 (235,349 thousand euro as at June 30, 2021) and consisted of:

(thousands of euro)	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Cost for services	212,215	49,815	217,163	54,436
Use of third parties assets	10,531	512	8,739	480
Provisions	2,450		0	
Operating costs	6,321	571	9,447	(312)
Total other operating costs	**231,517**	**50,898**	**235,349**	**54,604**

26.1) Cost of services

Cost of services included in "Other operating costs" amounted to 212,215 thousand euro as at June 30, 2022, and 217,163 thousand as at June 30, 2021, thus decreasing by 4,948 thousand euro. They are made up as follows:

(thousands of euro)	30/06/2022	of which with related parties	30/06/2021	of which with related parties
Outsourcing	50,534	49,815	66,482	54,436
Energy and motive power	4,333		2,544	
Utilities	2,675		742	
Plant management, repairs and mantenance	5,916		4,917	
Travel and living expenses	10,500		7,366	
Commissions and premiums	1,214		3,877	
Despatch, transportations and porterage	63,370		59,447	
Insurances	3,437		3,333	
Legal and administrative consultancy	6,707		3,794	
Cleaning and security expenses	958		1,075	
Bank services	6,975		3,456	
Postal and communication costs	1,379		1,901	
Advertising and promotion expenses	734		404	
Other services	53,483		57,825	
Total cost for services	**212,215**	**49,815**	**217,163**	**54,436**

Outsourcing to Group companies is detailed in attachment X, under operating costs.
"Other cost of services" include emoluments to the Board of Statutory Auditors, amounting to 140 thousand euro (130 thousand euro as at June 30, 2021).

26.2) Cost for use of third party assets

These totalled 10,531 thousand euro as at June 30, 2022, and increased by 1,792 thousand euro compared to 8,739 thousand euro as at June 30, 2021. They refer mainly to the rental of electronic equipment, civil and industrial motor vehicles and software which do not fall under the scope of application of IFRS 16.

(thousands of euro)	30/06/2022		30/06/2021	
		of which with related parties		of which with related parties
Use of third parties assets	**10,531**	**512**	**8,739**	**480**

26.3) Other operating costs

These amounted to 6,321 thousand euro as at June 30, 2022, compared to 9,447 thousand euro as at June 30, 2021, with a decrease of 3,126 thousand euro and includes:

(thousands of euro)	30/06/2022		30/06/2021	
		of which with related parties		of which with related parties
Loss on disposal of tangible assets	1		15	
Sundry taxes	913		1,250	
Other charges	0		0	
Contributions	1,023		1,079	
Other operating costs	2,415	571	3,339	(312)
Extraordinary expense	1,969		3,764	
Total other costs	**6,321**	**571**	**9,447**	**(312)**

27) Depreciation, amortisation and write-downs

In detail:

(thousands of euro)	30/06/2022	30/06/2021
Depreciation of property, plant and equipment	8,033	7,091
Depreciation of right of use	1,540	1,537
Amortisation of intangible assets	5,747	5,765
Total depreciation and amortisation	**15,320**	**14,393**
Write-down/(Reversal) of impairment losses	13,292	6,465
Write-downs	**13,292**	**6,465**
Total write-downs, depreciation and amortisation	**28,612**	**20,858**

28) Financial income

This amounted to 2,869 thousand euro as at June 30, 2022, and consisted mainly of:

(thousands of euro)	30/06/2022		30/06/2021	
		of which with related parties		of which with related parties
Dividends from subsidiares	0	0	17,500	17,500
Interest income on bank deposits	2,280		1,675	
Interest from customers	543		606	
Other financial income	46	0	2,725	1
Total	**2,869**	**0**	**22,506**	**17,501**

29) Financial charges

These consisted of:

(thousands of euro)	30/06/2022		30/06/2021	
		of which with related parties		of which with related parties
Interest on loans and debts with banks and lessors	218	93	894	376
Interest on discount operations	0		50	
Charges for discounting of receivables	22,543		0	
Other financial charges	270		230	
Total	**23,031**	**93**	**1,174**	**376**

Note that interest expense for leases amounting to 146 thousand euro are also included.
Charges for discounting of receivables implement the discounting of expected cash flows, as already commented in note 6).
Financial charges on the employee severance indemnity relate to the recognition as a result of the application of the amendments to IAS 19 - Employee Benefits.

30) Gains (losses) on foreign exchange transactions

(thousands of euro)	30/06/2022	30/06/2021
Exchange gains	102,181	25,903
Exchange losses	(23,063)	(43,688)
Total	**79,118**	**(17,785)**

This item reflects both exchange differences realised in the period and the effects of translating items in foreign currencies at year-end spot exchange rates.
The overall positive result is mainly linked to the performance of the exchange rate of the US dollar against the euro. The exchange gain relating to the adjustment on items of a financial nature is equal to around 73,708 thousand euro, while the exchange gain on items of an operating nature is equal to around 5,409 thousand euro.

31) Income taxes

These amounted to 12,006 thousand euro and were broken down as follows:

(thousands of euro)	30/06/2022	30/06/2021
Income taxes	394	641
(Income)/charges from tax consolidation	17,539	(3,565)
Prior year income taxes	0	2,709
Deferred tax assets	(10,346)	(1,920)
Deferred tax liabilities	4,419	(571)
Total	**12,006**	**(2,706)**

They include the estimate of current and deferred taxes commensurate with results for the year.
“Income/charges from tax consolidation” includes the benefits deriving from the fact that the company opted for the national tax consolidation.
The Italian tax rates for IRES (corporate tax) and IRAP (regional tax) applied by the company on the estimated taxable income for the year and on deferred tax assets and liabilities were 24.0% and 3.9%, respectively.
There are no other deferred tax assets to be recognised in the financial statements relating to temporary differences between carrying values and values for tax purposes or related to previous years’ losses.
The reconciliation between the theoretical tax charge and that actually shown in the income statement is provided in attachment VIII.

32) Related party transactions

Transactions carried out by Danieli & C. Officine Meccaniche S.p.A. with related parties basically concerned the supply of services, the trading of goods, and the contracting and use of financial resources with other companies in which shares are held directly or indirectly; they form part of standard operations and are governed by normal market conditions, equivalent to those that would apply between two independent parties.

The following is reported with regard to the fees of directors, statutory auditors and general managers of Danieli & C. Officine Meccaniche S.p.A.:

(thousands of euro)	30/06/2022	30/06/2021
Fixed fees	2,314	1,458
Variable fees	245	52
Benefits in kind	59	35
Total	**2,618**	**1,545**

33) Disclosure of public funds pursuant to Italian Law 124/2017

Grants and contributions received in the period from July 1, 2021, to June 30, 2022, from public administrations, from companies controlled by them and from publicly-owned companies, as required by the annual law for the market and competition (Italian Law 124/2017, art. 1, paragraphs 125 – 129), are shown below:

Identification data of the disbursing subject	Amount of the economic benefit received (euro)	Description of the type of benefit
Revenue Agency	220,414	CRED. NEW CAPITAL GOODS ORDINARY 2020/2021 - Tax credit for the purchase of new capital goods destined for production facilities located in the territory of the Italian State (Italian Law 160/2019 - Italian Law 178/2020)
Revenue Agency	2,887,882	CRED. NEW CAPITAL GOODS INDUSTRY 4.0 2021/2022 - Tax credit for the purchase of new capital goods destined for production facilities located in the territory of the Italian State (Italian Law 160/2019 - Italian Law 178/2020)
Revenue Agency	438,840	RESEARCH, DEVELOPMENT AND INNOVATION 2020/2021 - Tax credit for investments in research and development, ecological transition, technological innovation 4.0 and other innovative activities (Italian Law 160/2019 - Italian Law 178/2020)
Revenue Agency	20,726	DISINFECTION COSTS AND PURCHASE OF PROTECTIVE EQUIPMENT 2020/2021 - Tax credit for sanitation costs and for the purchase of protective equipment (Art. 125 of Italian Legislative Decree no. 34/2020)
Revenue Agency	107,136	GAS-INTENSIVE CREDIT - Tax credit in favour of businesses with high natural gas consumption (Italian Decree Law 4/2022)
Friuli Venezia Giulia Region	150,000	FVG Region Contribution for cybersecurity, big data and digital skills development
Formazienda (national interprofessional joint fund for continuing education)	312,066	Contributions for employee training

Disclosures pursuant to art. 114 of Italian Legislative Decree 58/1998

Pursuant to Legislative Decree and Consob letter 6064293 of July 28, 2006, the disclosures concerning related party transactions, significant, non-recurring and/or atypical and unusual events and transactions, and the net financial position were presented in these Explanatory notes, in the corresponding sections of these notes and in some attachments to the financial statements.

Events occurring after the reporting period

Operations continued with no significant events occurring since June 30, 2022.
With regard to the COVID-19 pandemic, there are no events that have created an impact on the company after June 30, 2022. For more details, refer to the specific disclosure in the Directors' Report.

There are no other significant unknown factors for the year ahead, barring unforeseeable events beyond our control.
The conversion of currency items at the spot exchange rate prevailing on September 27, 2022 would result in an increase of approximately 38 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2022.
Except for what has already been discussed, no other events occurred after June 30, 2022, that could have had an impact on the economic, equity and financial position as shown in the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows at said date, or required further adjustments or additional notes to the separate financial statements.
The allocation of the profits for the year proposed by the Board of Directors is shown in the Directors' Report, part of this same document.

ATTACHMENT NO. I

SCHEDULE OF EQUITY INVESTMENTS

(thousands of euro)	Balance as at 30/06/2020	Purchases and subscriptions	Sales or decreases	Write-downs	Balance as at 30/06/2021	Purchases and subscriptions	Sales or decreases	Write-downs	Balance as at 30/06/2022	Number of shares held	%
Direct subsidiaries and other equity investments											
Danieli Finance Solutions SA Luxembourg (LUX)	667,705				667,705				667,705	10,080,173	83.83
Industrielle Beteiligung SA Luxembourg (LUX)	502,945				502,945				502,945	13,148,000	100.00
Dana Petro Foulad Pasargad Co. Esfahan (IRN)	148				148				148	5,100,000	51.00
Other equity investments	1	35			36	15			51	43	1.75
	1,170,799	**35**	**-**	**-**	**1,170,834**	**15**	**-**	**-**	**1,170,849**		
Grand Total	**1,170,799**	**35**	**-**	**-**	**1,170,834**	**15**	**-**	**-**	**1,170,849**		

ATTACHMENT No. II

SCHEDULE SUMMARISING THE KEY DATA FROM THE FINANCIAL STATEMENTS
APPROVED BY THE ADMINISTRATIVE BODIES OF THE SUBSIDIARIESE

BALANCE SHEET

(in thousands)

CONSOLIDATED COMPANIES	Original Currency	Last approved Fin. Statements	Non-current assets	Current assets	Shareholders' equity	Non-current liabilities	Current liabilities
ABS Centre Métallurgique SaS - Metz (FRA)	EURO	30/06/2022	3,428	4,146	7,071	-	503
ABS Deutschland GmbH - Ratinger (DEU)	EURO	30/06/2022	77	102	51	52	75
Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	EURO	30/06/2022	3	142	128	-	17
Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD)	EURO	30/06/2022	677,061	818,666	764,727	64,299	666,701
Acciaierie Bertoli Safau Scandinavia AB - Örebro (SWE)	SEK	30/06/2022	-	1,127	734	-	393
Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	HRK	30/06/2022	458,052	505,261	228,608	176,784	557,921
Corte delle Fucine S.r.l. - Buttrio (UD)	EURO	30/06/2022	50	674	154	10	560
Danieli Automation S.p.A. - Buttrio (UD)	EURO	30/06/2022	170,371	140,761	167,184	8,771	135,178
Danieli Automation Co. Ltd. - Rayong (THA)	THB	30/06/2022	42,987	54,773	40,883	2,589	54,288
Danieli Finance Solutions S.A. - Luxembourg (LUX)	EURO	30/06/2022	6,812	1,055,941	1,058,866	-	3,887
Danieli Canada Inc. - Toronto (CAD)	CAN	30/06/2022	36	1,174	804	-	406
Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	INR	30/06/2022	26,436	828,317	254,284	99,364	501,105
Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI)	EURO	30/06/2022	2,556	132,175	13,597	2,847	118,287
Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS)	EURO	30/06/2022	25	5,481	5,293	-	213
Danieli Changsu Trading Co. Ltd - Changshu (CHN)	CNY	30/06/2022	3,236	52,507	3,890	-	51,852
Danieli Co. Ltd. - Rayong (THA)	EURO	30/06/2022	38,601	368,105	96,850	2,304	307,552
Danieli Construction International S.p.A. - Buttrio (UD)	EURO	30/06/2022	3,944	39,053	29,584	522	12,890
Danieli Corporation - Wilmington, Delaware (USA)	USD	30/06/2022	15,655	297,335	3,897	3,607	305,487
Danieli Corus BV - Ijmuiden (NLD)	EURO	30/06/2022	11,616	70,501	60,166	-	21,951
Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	INR	30/06/2022	62,930	942,805	353,819	-	651,915
Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN)	CNY	30/06/2022	27	61,761	19,827	-	41,961
Danieli Czech Engineering AS - Praha (CZE)	CZK	30/06/2022	2,208	172,542	45,380	-	129,369
Danieli Do Brasil LTDA - Diadema (BRA)	BRL	30/06/2022	15,260	77,488	55,169	-	37,578
Danieli Engineering & Services GmbH - Völkermarkt (AUT)	EURO	30/06/2022	4,777	72,772	49,580	123	27,846
Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	JPY	30/06/2022	59,051	587,543	(198,017)	-	844,612
Danieli Engineering Rom Srl - Cluj Napoca (ROU)	RON	30/06/2022	216	7,824	7,270	216	554
Danieli Germany Gmbh - Duisburg (DEU)	EURO	30/06/2022	12,285	118,268	4,115	5,097	121,341
Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR)	UAH	30/06/2022	10,204	130,799	119,232	19,498	2,273
Danieli Henschel SAS - Méry (FRA)	EURO	30/06/2022	361	1,630	685	140	1,166
Danieli Henschel Service OOO in liquidazione - Moscow (RUS)	RUB	30/06/2022	1,358	8,387	(17,970)	-	27,716
Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN)	CNY	30/06/2022	539	271,733	15,904	1,398	254,970
Danieli Holdings Inc. - Wilmington, Delaware (USA)	USD	30/06/2022	65,863	3,621	61,651	-	7,833
Danieli Industrial Automation (Suzhou) Co., Ltd - Suzhou (CHN)	CNY	30/06/2022	10,850	67,989	44,584	-	34,255
Danieli India Ltd. - Kolkata (IND)	INR	30/06/2022	4,333,842	8,595,834	5,094,527	33,464	7,801,685
Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS)	MYR	30/06/2022	-	2,307	1,748	-	559
Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	CNY	30/06/2022	793,964	5,114,480	1,548,247	89,129	4,271,068
Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	CNY	30/06/2022	2,394	29,222	20,591	-	11,025
Danieli Middle East and North Africa LLC - Cairo (EGY)	EGP	30/06/2022	37	2,263	988	-	1,311
Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY)	EGP	30/06/2022	322	40,617	(59,164)	-	100,103
Danieli Procome Iberica SA - Dondika (ESP)	EURO	30/06/2022	1,053	10,219	10,572	100	600

ATTACHMENT No. II

SCHEDULE SUMMARISING THE KEY DATA FROM THE FINANCIAL STATEMENTS
APPROVED BY THE ADMINISTRATIVE BODIES OF THE SUBSIDIARIESE

BALANCE SHEET

(in thousands)

CONSOLIDATED COMPANIES	Original Currency	Last approved Fin. Statements	Non-current assets	Current assets	Shareholders' equity	Non-current liabilities	Current liabilities
Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO)	EURO	30/06/2022	669	2,102	2,652	-	119
Danieli Systec Doo - Labin (HRV)	HRK	30/06/2022	26,472	82,236	68,673	164	39,871
Danieli Systec Technology Doo - Nova Gorica (SLV)	EURO	30/06/2022	347	1,086	1,350	-	83
Danieli Systec Engineering Doo - Smederevo (SRB)	RSD	30/06/2022	9,634	300,675	276,101	-	34,209
Danieli Technology Inc. - Wilmington, Delaware (USA)	USD	30/06/2022	-	2,625	2,625	-	-
Danieli Tongchuang Information Technology (Beijing) Co.Ltd Beijing (CHN)	CNY	30/06/2022	930	49,823	23,910	-	26,843
Danieli UK Holding Ltd. - Rotherham (GBR)	GBP	30/06/2022	7,053	44,957	11,635	887	39,489
Danieli Volga LLC - Dzerdzhinsk (RUS)	RUB	30/06/2022	1,311,093	2,692,333	1,698,957	192,413	2,112,055
DWU Engineering Polska - Wroclaw (POL)	PLZ	30/06/2022	287	3,906	3,476	348	369
Elsid Cheda Ltd. - Moscow (RUS)	RUB	30/06/2022	514	95,122	88,949	-	6,687
ESW Röhrenwerke GmbH - Eschweiler (DEU)	EURO	30/06/2022	1,400	678	1,062	653	363
Fata Gulf Co. WLL - Doha (QAT)	QAR	30/06/2022	19	2,939	353	-	2,604
Fata S.p.A. - Pianezza (TO)	EURO	30/06/2022	12,818	128,153	5,740	1,066	134,165
Findan S.p.A. - Pradamano (UD)	EURO	30/06/2022	17,131	872	17,972	-	31
"Industrial Beteiligung Serv. & Contracting Co. LLC Al Khobar (SAU)"	SAR	30/06/2022	13	3,751	2,502	773	489
Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	VND	30/06/2022	115,533,826	103,562,998	155,193,710	-	63,903,115
Industrielle Beteiligung SA - Luxembourg (LUX)	EURO	30/06/2022	757,749	30,217	734,379	-	53,586
Innoval Technology Ltd.- Rotherham (GBR)	GBP	30/06/2022	156	1,362	1,156	-	363
Sabolarie Haven & Hospitability S.p.A. Buttrio (UD)	EURO	30/06/2022	18,100	2,699	9,913	-	10,886
More S.r.l. - Gemona del Friuli (UD)	EURO	30/06/2022	6,577	35,330	28,419	3,778	9,709
Morgårdshammar AB - Smedjebacken (SWE)	SEK	30/06/2022	769	249,974	88,891	-	161,851
Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS Eshtehard (IRN)	IRR	30/06/2022	1,232,322,203	1,252,432,918	86,434,951	884,838,427	1,513,481,744
Rotelec SA - St. Quentin (FRA)	EURO	30/06/2022	580	17,276	12,388	227	5,241
Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - (CHN)	CNY	30/06/2022	3,449	24,269	23,582	3,000	1,135
Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD)	EURO	30/06/2022	5,678	828	1,377	4,215	914
Stem S.r.l. in liquidazione - Magnago (MI)	EURO	30/06/2022	147	1,268	1,374	-	41
Sund Birsta AB - Sundsvall (SWE)	SEK	30/06/2022	8,128	534,292	386,958	8,378	147,084
Sund Birsta Beijing Metallurgical Equipment Co. Ltd. - Beijing (CHN)	CNY	30/06/2022	2,792	86,405	63,019	-	26,177
Sund Birsta Inc. - Jacksonville, Florida (USA)	USD	30/06/2022	481	8,677	7,373	-	1,785
Sund Strap AB - Sundsvall (SWE)	SEK	30/06/2022	-	116	116	-	-
Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	CNY	30/06/2022	213	10,435	1,339	20	9,288
Danieli Telerobot Labs Srl - Genova	EURO	30/06/2022	199	5,254	949	334	4,170
Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	TRY	30/06/2022	10,857	17,761	11,726	-	16,892
Turismo 85 S.r.l. - Buttrio (UD)	EURO	30/06/2022	606	3,415	867	584	2,569
Zerotredici Educational Hub S.r.l. - Buttrio (UD)	EURO	30/06/2022	7	344	114	20	218

ATTACHMENT NO. II
SCHEDULE SUMMARISING THE KEY DATA FROM THE FINANCIAL STATEMENTS
APPROVED BY THE ADMINISTRATIVE BODIES OF THE SUBSIDIARIES

INCOME STATEMENT
(in thousands)

CONSOLIDATED COMPANIES	Value of Production	Cost of Production	Fin. income and expenses	Taxes for the year	Net profit	Number of employees
ABS Centre Métallurgique SaS - Metz (FRA)	3,734	(2,935)	0	(73)	727	19
ABS Deutschland GmbH - Ratinger (DEU)	775	(735)	(1)	(12)	28	4
Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	180	(170)	-	(4)	7	1
Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD)	1,642,637	(1,518,305)	6,886	(25,479)	105,739	1,291
Acciaierie Bertoli Safau Scandinavia AB - Örebro (SWE)	2,160	(2,091)	(1)	(16)	52	1
Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	1,219,177	(1,284,128)	(4,363)	-	(69,314)	175
Corte delle Fucine S.r.l. - Buttrio (UD)	429	(788)	-	-	(359)	14
Danieli Automation S.p.A. - Buttrio (UD)	151,129	(140,991)	1,795	(3,046)	8,888	434
Danieli Automation Co. Ltd. - Rayong (THA)	74,231	(86,464)	(2,488)	-	(14,721)	25
Danieli Finance Solutions S.A. - Luxembourg (LUX)	7	(2,019)	16,845	(998)	13,836	4
Danieli Canada Inc. - Toronto (CAD)	2,557	(1,924)	10	(12)	632	4
Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	344,696	(286,538)	14,982	(28,690)	44,450	61
Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI)	59,780	(58,690)	521	(555)	1,056	117
Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS)	5	(37)	(0)	24	(8)	
Danieli Changsu Trading Co. Ltd - Changshu (CHN)	26,598	(26,221)	(13,575)	3,299	(9,898)	
Danieli Co. Ltd. - Rayong (THA)	230,615	(208,962)	2,615	(3,446)	20,822	899
Danieli Construction International S.p.A. - Buttrio (UD)	6,403	(6,093)	5	(111)	203	21
Danieli Corporation - Wilmington, Delaware (USA)	349,324	(361,023)	2,303	(1,005)	(10,401)	165
Danieli Corus BV - Ijmuiden (NLD)	79,250	(76,070)	5,679	(252)	8,607	135
Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	902,504	(919,152)	2,314	-	(14,334)	73
Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN)	88,574	(72,521)	(2,109)	(3,486)	10,459	12
Danieli Czech Engineering AS - Praha (CZE)	152,959	(148,751)	391	(3,428)	1,170	5
Danieli Do Brasil LTDA - Diadema (BRA)	108,705	(83,074)	580	(2,086)	24,125	18
Danieli Engineering & Services GmbH - Völkermarkt (AUT)	115,072	(82,802)	1,182	(8,366)	25,091	64
Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	393,628	(469,959)	353	(192)	(76,169)	8
Danieli Engineering Rom Srl - Cluj Napoca (ROU)	5,132	(4,713)	16	-	436	26
Danieli Germany Gmbh - Duisburg (DEU)	47,959	(43,277)	291	(3,773)	1,200	86
Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR)	58,685	(50,542)	(986)	(219)	6,937	68
Danieli Henschel SAS - Méry (FRA)	761	(485)	7	-	282	
Danieli Henschel Service OOO in liquidazione - Moscow (RUS)	-	-	-	-	-	
Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN)	135,834	(134,680)	117	(318)	953	37
Danieli Holdings Inc. - Wilmington, Delaware (USA)	0	(17)	741	(3)	721	
Danieli Industrial Automation (Suzhou) Co., Ltd - Suzhou (CHN)	31,610	(37,059)	33	-	(5,416)	59
Danieli India Ltd. - Kolkata (IND)	6,480,883	(6,375,809)	51,680	497,147	653,900	484
Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS)	-	(96)	-	-	(96)	
Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	2,275,921	(2,186,493)	29,862	(17,893)	101,396	952
Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	10,939	(10,373)	39	(14)	591	13
Danieli Middle East and North Africa LLC - Cairo (EGY)	11,350	(10,337)	-	(79)	934	11
Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY)	-	(1,678)	(3,687)	-	(5,364)	

ATTACHMENT NO. II
SCHEDULE SUMMARISING THE KEY DATA FROM THE FINANCIAL STATEMENTS APPROVED BY THE ADMINISTRATIVE BODIES OF THE SUBSIDIARIES

INCOME STATEMENT
(in thousands)

CONSOLIDATED COMPANIES	Value of Production	Cost of Production	Fin. income and expenses	Taxes for the year	Net profit	Number of employees
Danieli Procome Iberica SA - Dondika (ESP)	2,393	(2,294)	4	(25)	79	13
Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO)	2	(20)	0	12	(6)	
Danieli Systec Doo - Labin (HRV)	171,982	(168,426)	(131)	(207)	3,217	272
Danieli Systec Technology Doo - Nova Gorica (SLV)	872	(835)	(0)	(7)	30	17
Danieli Systec Engineering Doo - Smederevo (SRB)	399,166	(390,017)	14,848	(3,562)	20,435	69
Danieli Technology Inc. - Wilmington, Delaware (USA)	-	(1)	0	-	(1)	
Danieli Tongchuang Information Technology (Beijing) Co.Ltd Beijing (CHN)	54,956	(55,443)	85	(119)	(521)	44
Danieli UK Holding Ltd. - Rotherham (GBR)	38,934	(37,930)	(153)	(157)	693	58
Danieli Volga LLC - Dzerdzhinsk (RUS)	2,296,604	(2,419,871)	375,099	(149,850)	101,982	146
DWU Engineering Polska - Wroclaw (POL)	11,580	(10,638)	(61)	(194)	687	67
Elsid Cheda Ltd. - Moscow (RUS)	104,135	(85,399)	(36,705)	-	(17,968)	29
ESW Röhrenwerke GmbH - Eschweiler (DEU)	-	-	-	-	(8,556)	2
Fata Gulf Co. WLL - Doha (QAT)	1,879	(2,416)	(2)	3	(536)	1
Fata S.p.A. - Pianezza (TO)	85,431	(84,993)	(144)	(205)	53	113
Findan S.p.A. - Pradamano (UD)	460	(638)	422	(93)	151	
"Industrial Beteiligung Serv. & Contracting Co. LLC Al Khobar (SAU)"	4,361	(3,971)	(7)	(64)	318	10
Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	192,306,612	(181,265,346)	(2,033,114)	(21,979)	8,986,173	212
Industrielle Beteiligung SA - Luxembourg (LUX)	-	23,536	36,199	(8)	59,727	1
Innoval Technology Ltd.- Rotherham (GBR)	1,671	(1,734)	19	41	(3)	21
Sabolarie Haven & Hospitability S.p.A. Buttrio (UD)	154	(131)	(0)	-	23	
More S.r.l. - Gemona del Friuli (UD)	25,097	(19,884)	606	(1,509)	4,305	89
Morgårdshammar AB - Smedjebacken (SWE)	85,016	(93,340)	5,467	-	(2,857)	24
Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS Eshtehard (IRN)	687,289,313	(702,683,598)	(97,286,815)	-	(112,681,100)	61
Rotelec SA - St. Quentin (FRA)	14,674	(10,721)	13	(1,106)	2,861	37
Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - (CHN)	17,968	(10,362)	(528)	(886)	6,191	29
Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD)	520	(465)	(44)	(3)	8	
Stem S.r.l. in liquidazione - Magnago (MI)	89	(30)	(0)	(19)	39	
Sund Birsta AB - Sundsvall (SWE)	473,078	(412,815)	4,938	(10,875)	54,326	86
Sund Birsta Beijing Metallurgical Equipment Co. Ltd. - Beijing (CHN)	88,213	(62,553)	251	(6,418)	19,493	29
Sund Birsta Inc. - Jacksonville, Florida (USA)	9,586	(6,360)	(1)	(735)	2,490	9
Sund Strap AB - Sundsvall (SWE)	-	-	-	-	-	
Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	7,606	(8,331)	124	(21)	(622)	5
Danieli Telerobot Labs Srl - Genova	4,119	(4,277)	6	(9)	(161)	22
Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	13	(3,363)	(85)	-	(3,435)	3
Turismo 85 S.r.l. - Buttrio (UD)	4,403	(4,185)	(3)	(13)	202	26
Zerotredici Educational Hub S.r.l. - Buttrio (UD)	829	(797)	-	(20)	12	17

ATTACHMENT NO. III

SCHEDULE SUMMARISING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

(thousands of euro)	Financial year-end date	% Interest held	(A) Shareholders' equity	(B) Cost value as at June 30, 2022	(C) = (A-B) Difference	Notes
SUBSIDIARIES						
Direct						
Danieli Finance Solutions S.A. - Luxembourg (LUX)	30.06	100.00	1,058,866	824,303	234,563	
Industrielle Beteiligung S.A. - Luxembourg (LUX)	30.06	100.00	734,379	502,945	231,434	
Indirect						
ABS Centre Métallurgique SaS - Metz (FRA)	30.06	100.00	7,071	5,000	2,071	
ABS Deutschland GmbH - Ratinger (DEU)	30.06	100.00	51	225	(174)	2)
Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	30.06	100.00	128	42	86	
Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD)	30.06	100.00	764,727	348,989	415,739	
Acciaierie Bertoli Safau Scandinavia AB - Örebro (SWE)	30.06	100.00	68	6	63	
Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	30.06	100.00	30,357	42,413	(12,056)	2)
Corte delle Fucine S.r.l. - Buttrio (UD)	30.06	100.00	154	155	(0)	
Danieli Automation S.p.A. - Buttrio (UD)	30.06	100.00	167,184	12,664	154,520	
Danieli Automation Co. Ltd. - Rayong (THA)	30.06	100.00	1,112	1,112	(0)	
Danieli Canada Inc. - Toronto (CAD)	30.06	100.00	599	2,142	(1,543)	2)
Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	31.03	100.00	3,097	366	2,730	
Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI)	30.06	100.00	13,597	3,292	10,305	
Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS)	30.06	100.00	5,293	5,279	14	
Danieli Changsu Trading Co. Ltd - Changshu (CHN)	31.12	100.00	559	144	415	
Danieli Co. Ltd. - Rayong (THA)	30.06	100.00	96,850	29,918	66,932	
Danieli Construction International S.p.A. - Buttrio (UD)	30.06	100.00	29,584	24,769	4,815	
Danieli Corporation - Wilmington, Delaware (USA)	30.06	100.00	3,752	52,169	(48,417)	2)
Danieli Corus BV - Ijmuiden (NLD)	30.06	100.00	60,166	32,200	27,966	
Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	30.06	100.00	4,309	1,954	2,355	
Danieli Hoogovens Steel Making Technology Ltd. Shanghai (CHN)	30.06	100.00	2,848	3,854	(1,007)	2)
Danieli Czech Engineering AS - Praha (CZE)	30.06	100.00	1,834	116	1,719	
Danieli Do Brasil LTDA - Diadema (BRA)	31.12	100.00	10,173	2,486	7,688	
Danieli Engineering & Services GmbH - Völkermarkt (AUT)	30.06	100.00	49,580	4,000	45,580	
Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	30.06	100.00	(1,399)	(1,399)	0	
Danieli Engineering Rom Srl - Cluj Napoca (ROU)	31.12	100.00	1,470	5	1,464	
Danieli Germany Gmbh - Duisburg (DEU)	30.06	100.00	4,115	2,915	1,200	
Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR)	31.12	100.00	3,922	3,280	642	
Danieli Henschel SAS - Méry (FRA)	31.12	100.00	685	19,282	(18,597)	3)
Danieli Henschel Service OOO in liquidazione - Moscow (RUS)	31.12	100.00	(334)	2	(336)	2)
Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN)	30.06	100.00	2,284	1,500	784	
Danieli Holdings Inc. - Wilmington, Delaware (USA)	30.06	100.00	59,354	16,026	43,328	
Danieli India Ltd. - Kolkata (IND)	31.03	100.00	62,043	52,225	9,818	
Danieli Industrial Automation (Suzhou) Co., Ltd (CHN)	31.12	100.00	6,404	7,181	(778)	2)
Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS)	31.12	100.00	382	111	271	
Danieli Metall. Equip. & Service (China) Co Ltd. Changshu (CHN)	31.12	100.00	222,373	30,000	192,372	
Danieli Metallurgical Industry China Co Ltd (CHN)	31.12	100.00	2,957	2,672	285	
Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO)	30.06	100.00	2,652	2,650	2	
Danieli Systec Doo - Labin (HRV)	30.06	100.00	9,119	12	9,107	
Danieli Systec Technology Doo - Nova Gorica (SLV)	30.06	100.00	1,350	13	1,337	
Danieli Systec Engineering Doo - Smederevo (SRB)	31.12	100.00	2,363	0	2,363	
Danieli Technology Inc. - Wilmington, Delaware (USA)	30.06	100.00	2,527	4,082	(1,555)	2)
Danieli Tongchuang Information Technology (Beijing) Co.Ltd Beijing (CHN)	30.06	100.00	3,434	1,823	1,611	
Danieli UK Holding Ltd. - Rotherham (GBR)	30.06	100.00	13,557	11,635	1,922	
Danieli Volga LLC - Dzerdzhinsk (RUS)	31.12	100.00	31,545	20,137	11,408	
DWU Engineering Polska - Wroclaw (POL)	30.06	100.00	741	182	559	
Elsid Cheda Ltd. - Moscow (RUS)	31.12	100.00	1,652	79	1,573	
ESW Röhrenwerke GmbH - Eschweiler (DEU)	30.06	100.00	1,062	43,633	(42,572)	3)
Fata S.p.A. - Pianezza (TO)	31.12	100.00	5,740	56,167	(50,427)	3)
Findan S.p.A. - Pradamano (UD)	30.06	100.00	17,972	17,269	703	
"Industrial Beteiligung Serv. & Contracting Co. LLC Al Khobar (SAU)"	30.06	100.00	642	650	(8)	2)
Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	30.06	100.00	6,421	2,514	3,907	
Innoval Technology Ltd.- Rotherham (GBR)	30.06	100.00	1,346	3,914	(2,568)	3)
Sabolarie Haven & Hospitability S.p.A. Buttrio (UD)	30.06	100.00	9,913	10,000	(87)	2)
More S.r.l. - Gemona del Friuli (UD)	30.06	100.00	28,419	3,346	25,073	
Morgårdshammar AB - Smedjebacken (SWE)	30.06	100.00	8,284	6,953	1,332	
Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS Eshtehard (IRN)	30.06	100.00	1,981	14,803	(12,821)	2)
Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD)	30.06	100.00	1,377	500	877	
Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	30.06	100.00	192	424	(232)	2)
Stem S.r.l. in liquidazione - Magnago (MI)	30.06	100.00	1,374	1,348	26	
Sund Birsta AB - Sundsvall (SWE)	30.06	100.00	36,063	3,217	32,846	
Sund Birsta Beijing Metallurgical Equipment Co. Ltd. Beijing (CHN)	30.06	100.00	9,051	482	8,569	
Sund Birsta Inc. - Jacksonville, Florida (USA)	30.06	100.00	7,098	7	7,091	
Sund Strap AB - Sundsvall (SWE)	30.06	100.00	11	5	6	
Danieli Telerobot Labs Srl - Genova	31.12	100.00	949	965	(16)	2)
Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	31.12	100.00	677	677	0	
Turismo 85 S.r.l. - Buttrio (UD)	30.06	100.00	867	59	809	
Zerotredici Educational Hub S.r.l. - Buttrio (UD)	30.06	100.00	114	100	14	
Danieli Procome Iberica SA - Dondika (ESP)	30.06	99.99	10,572	218	10,354	
Rotelec SA - St. Quentin (FRA)	30.06	99.99	12,388	341	12,047	
Danieli Middle East and North Africa LLC - Cairo (EGY)	31.12	99.80	51	3	48	
Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY)	31.12	99.80	(3,029)	(3,029)	(0)	
Zhuozhou Ruixin Metallurgy Equipment Co., Ltd Zhuozhou (CHN)	30.06	51.00	3,387	366	3,021	
Fata Gulf Co. WLL - Doha (QAT)	31.12	49.00	93	20	73	
ASSOCIATES						
Indirect						
Danieli Taranis LLC - Chelsea (USA)	30.06	50.00	2,731	3,146	(415)	2)
Inter-Rail S.p.A. - Udine	31.12	50.00	9,642	4,683	4,959	
Telefriuli S.p.A. - Udine	31.12	31.51	110	89	21	
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	31.12	30.00	596	2,777	(2,182)	2)
OTHERS						
Indirect						
Metal Interconnettor S.c.p.A. - Milano	31.12	3.80	6,848	6,848	-	
Total higher value					**1,405,029**	

Key to letters: **1)** Proportion attributable at the date of the last approved financial statements or interim position prepared for the purposes of the consolidated financial statements, converted at the financial year-end exchange rate. **2)** Non-permanent losses because they relate to temporary situations; there are well-founded reasons to believe that these situations will not continue, as shown in company budgets. **3)** Differences on companies acquired in previous years recognised, at the consolidation level, in goodwill when not specifically attributed to specific assets and liabilities.

ATTACHMENT NO. IV

TAX REGIME OF CAPITAL AND RESERVES (ITALIAN PRESIDENTIAL DECREE NO. 917 OF DECEMBER 22, 1986)

(thousands of euro)	Total	Reserves or other funds which, in the vent of distribution, form part of the taxable income of the company	Reserve or other funds which, in the event of distribution, do not form part of taxable income of the shareholders	Profit reserves or other funds	Allowed uses	Available portion
Share capital	22,492			22,492		
Legal reserve (1)	58,813	750	15,122	42,941		
Total share capital	**81,305**	**750**	**15,122**	**65,433**		
Legal reserve (1)	18,576			18,576	B	
Share premium account	22,397	0	22,397		A B	22,397
Treasury shares at cost	(87,138)			(87,138)		
Extraordinary reserve	731,882			731,882	A B C	731,882
Merger difference	11,036			11,036	A B C	11,036
Revaluation reserve per law no. 72/1983	2,825	2,825			A B C	2,825
Revaluation reserve per law no. 413/1991	4,809	4,809			A B C	4,809
VAT allowances on investments Laws no. 526/82 and no. 130/83	126	126			A B C	126
Research grant low no. 46/1982	4,639	4,264		375	A B C	4,639
Non-opted Rights reserve	125		125		A B C	125
IAS transition impact	13,404			13,404		
Actuarial reserve from IAS 19	(2,854)			(2,854)		
Reserve of first time adoption of IFRS 9	(2,009)			(2,009)		
Total reserves	**717,818**	**12,024**	**22,522**	**683,272**		**777,839**
Profit for the year	**29,832**					
Grand total	**828,955**	**12,774**	**37,644**	**748,705**		**777,839**

Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders

(1) - Scrip issues in previous financial years made by use of the Legal Reserve

ATTACHMENT NO. V
BANK DEBTS

(thousands of euro)	Original amounts	Current portions due by June 30, 2023	Portions due after June 30, 2023	Total
Payables to banks for loans				
- **BPER loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	50,000	50,000	-	50,000
- **Banca Intesa Brescia loan** (Annual floating rate 0,124% - last instalment by October 2023, in euro)	50,000	12,500	6,250	18,750
- **BNL loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	40,000	40,000	-	40,000
- **Friuladria loan** (Annual floating rate 0,10% - last instalment by July 2022, in euro)	25,000	25,000	-	25,000
- **Banca Intesa loan** (Annual floating rate 0,05% - last instalment by September 2022, in euro)	15,000	15,000	-	15,000
- **Banca Intesa loan** (Annual floating rate 0,05% - last instalment by July 2022, in euro)	5,000	5,000	-	5,000
- **Bank Austria loan** (Annual floating rate 0,0% - last instalment by September 2022, in euro)	50,000	50,000	-	50,000
- **Banca Intesa loan** (Annual floating rate 0% - last instalment by December 2025, in euro) (Covenants: NFP/EBITDA ratio not greater than 2,0x; NFP/shareholders' equity ratio not greater than 1,0x)	95,000	21,111	52,777	73,888
- **Credem loan** (Annual floating rate 0,049% - last instalment by June 2023, in euro)	35,000	35,000	-	35,000
- **UBI Banca loan** (Annual floating rate 0,099% - last instalment by April 2023, in euro)	50,000	50,000	-	50,000
Total	**415,000**	**303,611**	**59,027**	**362,638**
Other loans			-	-
	415,000	**303,611**	**59,027**	**362,638**
Short-term payables to banks		**192,957**		**192,957**
IFRS 16 Financial Loans		**1,549**	**7,740**	**9,289**
GRAND TOTAL	**415,000**	**498,117**	**66,767**	**564,884**

ATTACHMENT NO. VI
EQUITY INVESTMENTS HIGHER THAN 10% IN UNLISTED COMPANIES AS AT JUNE 30, 2022

Italian subsidiaries

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	amount
1	Acciaierie Bertoli Safau S.p.A. - Via Buttrio 28 33050 Pozzuolo (UD)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.919 0.081	euro	290,000
2	Corte delle Fucine S.r.l. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	100
3	Danieli Automation S.p.A. - Via B. Stringher 4 33042 Buttrio (UD)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.95 0.05	euro	10,000
4	Danieli Centro Combustion S.p.A. - Via G. Galilei 40 20092 Cinisello Balsamo (MI)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.80 0.20	euro	2,500
5	Danieli Centro Cranes S.p.A. in liquidazione Via Trebocche 12/14 - 25081 Bedizzole (BS)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	75.00 25.00	euro	120
6	Danieli Construction International S.p.A. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.999 0.001	euro	6,000
7	Danieli Special Cranes S.r.l. in liquidazione - Via dell'Industria 6 34072 Gradisca d'Is. (GO)	100.00		x	Findan S.p.A.	100.00	euro	2,700
8	Danieli Telerobot Labs Srl a s.u. - via Corso F. M. Perrone 47/R, 16152 Genova	100.00		x	Danieli Automation S.p.A.	100.00	euro	595
9	Fata S.p.A. - Strada Statale n. 24 Km 12 10044 Pianezza (TO)	100.00		x	Industrielle Beteiligung SA	100.00	euro	5,000
10	Findan S.p.A. - Via Dante 56 33040 Pradamano (UD)	100.00		x	Industrielle Beteiligung SA Danieli Constr. Intern. S.p.A.	99.96 0.04	euro	2,500
11	More S.r.l. - Via Santa Lucia 7 33013 Gemona del Friuli (UD)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	79.16 20.84	euro	240
12	Sabolarie Haven & Hospitability S.p.A. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	2,100
13	Scuole e Asili Cecilia Danieli S.r.l. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Turismo Srl Findan S.p.A.	99.000 1.0000	euro	500
14	Stem S.r.l. in liquidazione - Via G. Galilei 7 21052 Busto Arsizio (VA)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.00 1.00	euro	265
15	Turismo 85 S.r.l. - Via Nazionale 8/C 33042 Buttrio (UD)	100.00		x	Industrielle Beteiligung SA Findan S.p.A.	99.00 1.00	euro	10
16	Zerotredici Educational Hub S.r.l. - Via Nazionale 41 33042 Buttrio (UD)	100.00		x	Findan S.p.A.	100.00	euro	100
17	Absolute Scarl - Via Buttrio 28 33050 Pozzuolo del Friuli (UD)	50.00		x	Acc. Bertoli Safau S.p.A.	50.00	euro	50
18	Inter-Rail S.p.A. - via Carducci 44 33100 Udine	50.00		x	Acc. Bertoli Safau S.p.A.	50.00	euro	120
19	Editoriale il Friuli S.r.l. - via Nazionale 120 33010 Tavagnacco (UD)	31.51		x	Telefriuli S.p.A.	100.00	euro	100
20	Euronews S.r.l. - via Nazionale 120 - 33010 Tavagnacco (UD)	31.51		x	Editoriale il Friuli S.r.l.	100.00	euro	15
21	Telefriuli S.p.A. - via Nazionale 120 - 33010 Tavagnacco (UD)	31.51		x	Findan S.p.A.	31.51	euro	227
22	D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	30.00		x	Industrielle Beteiligung SA	30.00	euro	1,000
23	Inter-Rail S.p.A. - via Carducci 44 - 33100 Udine	50.00		x	Acc. Bertoli Safau S.p.A.	50.00	euro	120
24	In-Rail S.p.A. - via M. Boccanegra 15 - 16126 Genova	18.47		x	Inter-Rail S.p.A.	36.93	euro	1,850
25	Primus Capital S.p.A. In liquidazione - corso Venezia 36 20121 Milano	9.00		x	Industrielle Beteiligung SA	9.00	euro	8,000

Foreign subsidiaries

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	amount
26	ABS Centre Métallurgique Sas - Metz (FRA)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	5,000
27	ABS Deutschland GmbH - Ratinger (DEU)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	25

Foreign subsidiaries

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	amount
28	Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	euro	3
29	Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	SEK	50
30	Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	100.00		x	Acc. Bertoli Safau S.p.A.	100.00	HRK	811,833
31	Danieli Automation Co. Ltd. - Rayong (THA)	100.00		x	Industrielle Beteiligung S.A.	100.00	THB	82,000
32	Danieli Finance Solutions SA - Luxembourg (LUX)	100.00	x	x	Danieli & C. Off. Mecc. S.p.A. Danieli Automation S.p.A.	83.83	euro	400,000
33	Danieli Canada Inc. - Toronto (CAD)	100.00		x	Danieli Corporation	100.00	CAD	7,922
34	Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	100.00		x	Industrielle Beteiligung S.A.	100.00	INR	24,000
35	Danieli Changsu Trading Co. Ltd - Changshu (CHN)	100.00		x	Danieli Metall. Equip. & Service (China) Co Ltd.	100.00	CNY	1,000
36	Danieli Co. Ltd. - Rayong (THA)	100.00		x	Industrielle Beteiligung S.A.	100.00	THB	1,445,000
37	Danieli Corporation - Cranberry Twp (USA)	100.00		x	Danieli Holdings Inc.	100.00	USD	1
38	Danieli Corus BV - Ijmuiden (NLD)	100.00		x	Industrielle Beteiligung S.A.	100.00	euro	136
39	Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	100.00		x x	Danieli Corus BV Industrielle Beteiligung S.A.	99.95 0.05	INR	875
40	Danieli Czech Engineering AS - Praha (CZE)	100.00		x	Industrielle Beteiligung S.A.	100.00	CZK	3,000
41	Danieli do Brasil LTDA - Diadema (BRA)	100.00		x	Industrielle Beteiligung S.A.	100.00	BRL	10,558
42	Danieli Engineering & Services GmbH - Völkermarkt (AUT)	100.00		x	Industrielle Beteiligung S.A.	100.00	euro	4,000
43	Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	100.00		x	Industrielle Beteiligung S.A.	100.00	JPY	40,000
44	Danieli Engineering Rom Srl - Cluj Napoca (ROU)	100.00		x	Industrielle Beteiligung S.A.	100.00	RON	10
45	Danieli Germany GmbH - Duisburg (DEU)	100.00		x	Industrielle Beteiligung S.A.	100.00	euro	10,000
46	Danieli Heavy Machinery Engineering LLC- Dnipro (UKR)	100.00		x	Industrielle Beteiligung S.A.	100.00	UAH	177,882
47	Danieli Henschel SAS - Méry (FRA)	100.00		x	Industrielle Beteiligung S.A.	100.00	euro	192
48	Danieli Henschel Service LLC - Moscow in liquidazione (RUS)	100.00		x	Danieli Henschel SAS	100.00	RUB	50
49	Danieli High Technology (Changshu) Co., Ltd	100.00		x	Industrielle Beteiligung S.A.	100.00	cny	11,710
50	Danieli Holdings Inc. - Wilmington, Delaware (USA)	100.00		x	Industrielle Beteiligung S.A.	100.00	USD	8,825
51	Danieli Hoogovens Steel Making Technology Ltd. Shanghai (CHN)	100.00		x	Danieli Corus BV	100.00	cny	3,627
52	Danieli India Ltd. - Kolkata (IND)	100.00		x	Industrielle Beteiligung S.A.	100.00	INR	5,649,416
53	Danieli Industrial Automation (Suzhou) Co., Ltd	100.00		x	Danieli Metall. Equip. & Service (China) Co Ltd.	100.00	cny	50,000
54	Danieli Malaysia Sdn. Bhd. - Perai (MYS)	100.00		x	Danieli Constr. International S.p.A.	100.00	MYR	500
55	Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	100.00		x	Industrielle Beteiligung S.A.	100.00	cny	280,111
56	Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	100.00		x	Industrielle Beteiligung S.A.	100.00	cny	20,000
57	Danieli Systec doo - Labin (HRV)	100.00		x	Danieli Automation S.p.A.	100.00	HRK	750
58	Danieli Systec Engineering Doo - Smederevo (SRB)	100.00		x	Danieli Automation S.p.A.	100.00	RSD	51
59	Danieli Systec Technology Doo - Nova Gorica (SLV)	100.00		x	Danieli Automation S.p.A.	100.00	euro	38
60	Danieli Technology Inc. - Wilmington, Delaware (USA)	100.00		x	Danieli Holdings Inc.	100.00	USD	1

Foreign subsidiaries

no.	investee company	% as at June 30, 2022	dir.	ind.	through	%	Share Capital (thousands) currency	amount
61	Danieli UK Holding Ltd. - Rotherham (GBR)	100.00		x	Industrielle Beteiligung S.A.	100.00	GBP	12,489
62	Danieli Volga LLC - Dzerdzhinsk (RUS)	100.00		x	Industrielle Beteiligung S.A.	100.00	RUB	305,383
63	DWU Engineering Polska SP.z.o.o.- Wroclaw (POL)	100.00		x	Industrielle Beteiligung S.A.	100.00	PLN	900
64	Elsid Cheda Ltd. - Moscow (RUS)	100.00		x	Danieli Automation S.p.A.	100.00	RUB	10
65	ESW Röhrenwerke GmbH - Eschweiler (DEU)	100.00		x	Industrielle Beteiligung S.A.	100.00	euro	25
66	Industrial Beteiligung for Serv. & Contracting Co. LLC Al Khobar (SAU)	100.00		x	Industrielle Beteiligung S.A. Findan S.p.A.	99.00 1.00	SAR	500
67	Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	100.00		x	Industrielle Beteiligung S.A.	100.00	VND	80,183,393
68	Industrielle Beteiligung S.A. - Luxembourg (LUX)	100.00	x		Danieli & C. Off. Mecc. S.p.A.	100.00	euro	328,700
69	Innoval Technology Ltd.- Rotherham (GBR)	100.00		x	Danieli UK Holding Ltd.	100.00	GBP	1
70	More North America Corp. - Brooklyn (USA)	100.00		x	More S.r.l.	100.00	USD	80
71	Morgårdshammar AB - Smedjebacken (SWE)	100.00		x	Industrielle Beteiligung S.A.	100.00	SEK	25,000
72	Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS Eshtehard (IRN)	100.00		x	Danieli Metall. Equip. & Service (China) Co Ltd.	100.00	IRR	521,344,600
73	Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN)	100.00		x	Sund Birsta AB	100.00	cny	5,000
74	Sund Birsta AB - Sundsvall (SWE)	100.00		x	Industrielle Beteiligung S.A.	100.00	SEK	10,000
75	Sund Birsta Inc. - Plantation, Florida (USA)	100.00		x	Sund Birsta AB	100.00	USD	10
76	Sund Strap AB - Sundsvall (SWE)	100.00		x	Sund Birsta AB	100.00	SEK	100
77	Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	100.00		x	More S.r.l.	100.00	cny	1,961
78	Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	100.00		x	Industrielle Beteiligung S.A.	100.00	TRY	134,037
79	Danieli Procome Iberica SA - Sondica (ESP)	99.99		x	Industrielle Beteiligung S.A.	99.99	euro	108
80	Rotelec SA - St Quentin Fallavier (FRA)	99.99		x	Industrielle Beteiligung S.A.	99.99	euro	600
81	Danieli Middle East for Eng. Services LLC - Cairo (EGY)	99.80		x	Industrielle Beteiligung S.A.	99.80	EGP	50
82	Danieli Middle East and North Africa LLC - Cairo (EGY)	99.80		x	Industrielle Beteiligung S.A.	99.80	EGP	50
83	Danieli Tongchuang Information Technology (Beijing) Co., Ltd	51.00		x x	Industrielle Beteiligung S.A. Danieli Telerobot Labs s.r.l.	49.00 2.00	CNY	25,000
84	International Engineering Dana Petro Foulad Passargad (PJSCO) Esfahan (IRAN)	51.00	x		Danieli & C. Off. Mecc. S.p.A.	51.00	rial iraniano	3,500,000
85	Zhuozhou Ruixin Metallurgy Equipment Co., Ltd Zhuozhou (CHN)	51.00		x	Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd.	51.00	cny	5,000
86	Danieli Taranis LLC - Chelsea, Alabama (USA)	50.00		x	Danieli Holdings Inc.	50.00	USD	1
87	Fata Gulf Co. WLL - Doha (QAT)	49.00		x	Fata S.p.A.	49.00	QAR	200
88	Ghadir Energy Fata Company (IRAN)	40.00		x	Fata S.p.A.	40.00	IRR	7,000,000

ATTACHMENT NO. VII

SCHEDULE OF RESEARCH AND DEVELOPMENT ACTIVITIES RELATING TO PROJECTS FOR PRODUCT AND PROCESS INNOVATION (ART. 2428 ITALIAN CIVIL CODE)

The costs quantified for performing research and development activities durig the 2021/2022 financial year, taken from the management accounting records and the relevant sections of a detailed report are summarised below:

(thousands of euro)

A) Name and nature of	B) Cost incurred from July 01, 2021 to June 30, 2022				
PROJECT	**Personnel and similar costs for R&D**	**Materials and services used for R&D projects**	**Total**	**c) Basic results achieved**	**c) Potential manufactoring spin-offs**
Theoretical income taxes	8,356.00	12,733.00	21,089.00	Improvement of the control of the specific process	Reduction in production costs and improved finished product quality
Total R&D for the 2021/2022 financial year	**8,356.00**	**12,733.00**	**21,089.00**		

D) The company, aware of the importance of research and development for the future of its business, invested large amounts during the 2020/2021 financial year. The mentioned projects, innovative worldwide, deal with activities nearing completion that are expected to bring significant future benefits to the company.

ATTACHMENT NO. VIII

RECONCILIATION BEETWEEN THE TAX CHARGE (IRES) IN THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX CHARGE

	June 30, 2022			June 30, 2021		
(thousands of euro)	**Taxable income**	**Rate**	**Tax**	**Taxable income**	**Rate**	**Tax**
Profit before tax (A)	41,838			241		58
Theoretical income tax charge/(benefit) of (A)		24%	10,041		24%	
Taxable income (B)	62,371					0
Effective tax rate of (B)		24%	14,969		24%	0%
Effective tax rate % on (A)			36%			0
Use of past year tax losses (80%)			0			0
Uses of past years ACE	576		138,24			0
CURRENT IRES (Italian income tax)	**62,947**		**15,107**	**0**	**0**	**0**
(Deductable) and taxable in next fiscal years temporary changes and tax rate change effect	21,808	24%	5,939	10,165	24%	2,490.60
Entry of tax benefit on past year losses due to the partecipation to the National Tax Consolidation (*)	(62,500)	24%	(15,000)	14,854	24%	3,565
Entry of deferred tax assets on past year tax losses				N.A.		
Other tax changes and IRAP			(2,946)	N.A.		(3,351)
Total taxes recognised in the financial statements			**(12,007)**			**2,705**

(*) the company joined the National Tax Consolidation with some Group companies.

ATTACHMENT NO. IX
INFORMATION ON DEFERRED TAX ASSETS AND LIABILITIES
AND CONSEQUENT EFFECTS

(thousands of euro)

Deferred tax assets	June 30, 2021				June 30, 2022					
	IRES	IRAP	Taxable income	Deferred tax assets	IRES	IRAP	Taxable income	Deferred tax assets	Through profit or loss	To shareholders' equity
Taxed provisions	24.00%	3.90%	27,250	7,603	24.00%	3.90%	42,237	11,784	4,181	
Taxed provisions	24.00%		24,376	5,850	24.00%		47,011	11,283	5,432	
Tax losses that may be be carried fwd	24.00%		-	-	24.00%			-	-	
Provision for doubtful accounts	24.00%		32,705	7,849	24.00%		44,728	10,735	2,886	
IAS multi-year adjustments	24.00%				24.00%	3.90%	478	133	133	
Other tax changes	24.00%		4,723	1,134	24%/27.9%		(3,683)	(1,009)	(2,141)	
Discounting of employee serv. indemnity	24.00%		1,401	336	24.00%		(133)	(32)	(145)	(223)
TOTAL DEFERRED ASSETS			**90,455**	**22,772**			**130,638**	**32,894**	**10,346**	**(223)**

Deferred tax liabilities	June 30, 2021				June 30, 2022					
	IRES	IRAP	Taxable income	Deferred tax assets	IRES	IRAP	Taxable income	Deferred tax assets	Through profit or loss	To shareholders' equity
Changes in construction contracts	24.00%	3.90%	-	-	24.00%	3.90%		-		
Discouting of employee sev. indemnity	24.00%		-	-	24.00%			-		
Recovery of unrealised exchanged gains	24.00%		6,989	1,677	24.00%		25,400	6,096	4,419	
DEFERRED TAX LIABILITIES			**6,989**	**1,677**			**25,400**	**6,096**	**4,419**	**-**

ATTACHMENT NO. X
SUMMARY OF BALANCE SHEET AND INCOME STATEMENT RELATIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES

(thousands of euro)	Inventories and advances	Trade and other Receivables	Financial Receivables	Advances received	Trade and other Payables	Financial Payables
Subsidiaries						
Indirect, residing in Italy						
Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD)	2,500	5,070	-	4,807	172	-
Corte delle Fucine S.r.l. - Buttrio (UD)	-	0	413	-	4	-
Danieli Automation S.p.A. - Buttrio (UD)	14,780	16,045	0	-	56,941	8,788
Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI)	7,118	943	-	14	30,995	53,842
Danieli Centro Cranes S.p.A. in liquidazione - Bedizzole (BS)	-	8	-	-	35	309
Danieli Construction International S.p.A. - Buttrio (UD)	-	119	-	-	646	30,152
Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO)	-	1	-	-	-	1,810
Danieli Telerobot Labs Srl a s.u. - Genova	(285)	14	-	-	363	-
Fata S.p.A. - 10044 Pianezza (TO)	(6)	905	1,657	-	181	-
Findan S.p.A. - Pradamano (UD)	-	11	-	-	114	395
More S.r.l. - Gemona del Friuli (UD)	654	23	-	-	1,864	10,500
Sabolarie Haven & Hospitability S.p.A. - Buttrio (UD)	-	0	6,665	-	-	-
Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD)	-	1	786	-	146	-
Stem S.r.l. in liquidazione - Busto Arsizio (VA)	-	-	-	-	0	879
Turismo 85 S.r.l. - Buttrio (UD)	-	55	0	-	269	-
Zerotredici Educational Hub S.r.l. - Buttrio (UD)	-	0	-	-	150	79
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	-	539	-	-	1,545	-
Total companies residing in Italy	**24,761**	**23,734**	**9,521**	**4,821**	**93,426**	**106,753**
Direct, not residing in Italy						
Danieli Finance Solutions SA - Luxembourg (LUX)	-	-	-	-	-	(0)
Industrielle Beteiligung S.A. - Luxembourg (LUX)	-	-	-	-	-	-
Indirect, not residing in Italy						
ABS Centre Métallurgique Sas - Metz (FRA)	-	4	-	-	29	-
ABS Deutschland GmbH - Ratinger (DEU)	-	2	-	-	-	-
Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	-	-	-	-	-	-
Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE)	-	-	-	-	-	-
Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	-	56	-	-	-	-
Danieli Automation Co. Ltd. - Rayong (THA)	-	38	-	-	3	-
Danieli Canada Inc. - Toronto (CAD)	-	37	-	-	-	-
Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	795	1,352	-	-	5	-
Danieli Changsu Trading Co. Ltd - Changshu (CHN)	1,518	-	-	-	878	-
Danieli Co. Ltd. - Rayong (THA)	6,723	4,644	-	3,512	126,878	-
Danieli Corporation - Cranberry Twp (USA)	(31,104)	113,053	-	83,203	4,985	-
Danieli Corus BV - Ijmuiden (NLD)	335	113	-	-	119	-
Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	-	-	-	-	-	-
Danieli Czech Engineering AS - Praha (CZE)	(178)	3,451	-	-	40	1,639

(thousands of euro)	Inventories and advances	Trade and other Receivables	Financial Receivables	Advances received	Trade and other Payables	Financial Payables
Indirect, not residing in Italy						
Danieli do Brasil LTDA - Diadema (BRA)	-	545	-	12	238	-
Danieli Engineering & Services GmbH - Völkermarkt (AUT)	-	2,163	-	-	2,268	9,390
Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	-	970	-	-	116	-
Danieli Engineering Rom Srl - Cluj Napoca (ROU)	-	-	-	-	195	-
Danieli Germany GmbH - Duisburg (DEU)	(127)	5,697	-	8,374	2,350	43,573
Danieli Heavy Machinery Engineering LLC- Dnipro (UKR)	-	25	-	-	913	-
Danieli Henschel SAS - Méry (FRA)	-	309	-	-	-	-
Danieli Henschel Service LLC - Moscow in liquidazione (RUS)	-	-	-	-	-	-
Danieli High Technology (Changshu) Co., Ltd	574	42	-	-	-	-
Danieli Holdings Inc. - Wilmington, Delaware (USA)	-	-	-	-	-	-
Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN)	-	-	-	-	-	-
Danieli India Ltd. - Kolkata (IND)	2,251	23,245	-	-	6,872	-
Danieli Industrial Automation (Suzhou) Co., Ltd	-	19	-	-	1	-
Danieli Malaysia Sdn. Bhd. - Perai (MYS)	-	110	-	-	-	-
Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	8,880	30,850	-	-	47,028	-
Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	-	5	-	-	-	-
Danieli Systec doo - Labin (HRV)	-	194	-	-	961	-
Danieli Systec Engineering Doo - Smederevo (SRB)	-	23	-	-	875	-
Danieli Systec Technology Doo - Nova Gorica (SLV)	-	19	-	-	158	-
Danieli Technology Inc. - Wilmington, Delaware (USA)	-	-	-	-	-	-
Danieli UK Holding Ltd. - Rotherham (GBR)	3,956	10,278	0	4,810	699	582
Danieli Volga LLC - Dzerdzhinsk (RUS)	3,333	11,274	-	1,676	5,099	-
DWU Engineering Polska SP.z.o.o.- Wroclaw (POL)	-	-	-	-	270	64
Elsid Cheda Ltd. - Moscow (RUS)	-	-	-	-	-	-
ESW Röhrenwerke GmbH - Eschweiler (DEU)	-	-	-	-	-	-
Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU)	-	-	-	-	96	-
Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	-	666	-	-	1,412	-
Innoval Technology Ltd.- Rotherham (GBR)	-	4	-	-	42	-
Morgårdshammar AB - Smedjebacken (SWE)	1	49	-	-	83	80
Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS Eshtehard (IRN)	-	3,323	44	-	666	825
Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN)	-	-	-	-	-	-
Sund Birsta AB - Sundsvall (SWE)	(1,624)	-	-	-	4,414	17,266
Sund Birsta Inc. - Plantation, Florida (USA)	-	1	-	-	-	-
Sund Strap AB - Sundsvall (SWE)	-	-	-	-	-	-
Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	-	-	-	-	-	-
Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	100	309	-	-	56	-
Danieli Procome Iberica SA - Sondica (ESP)	34	25	-	-	827	8,488
Rotelec SA - St Quentin Fallavier (FRA)	(1,341)	23	-	-	987	3,804
Danieli Middle East for Eng. Services LLC - Cairo (EGY)	-	384	-	-	2,157	-
Danieli Middle East and North Africa LLC - Cairo (EGY)	-	50	-	-	75	-
Danieli Tongchuang Information Technology (Beijing) Co., Ltd	-	11	-	-	-	-
Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN)	-	-	-	-	-	-
Fata Gulf Co. WLL - Doha (QAT)	-	-	-	-	-	-
Danieli Taranis LLC. - Chelsea (USA)	267	84	-	-	360	-
Total companies not residing in Italy	**(5,606)**	**213,449**	**44**	**101,589**	**212,155**	**85,710**
TOTAL	**19,156**	**237,183**	**9,565**	**106,410**	**305,581**	**192,463**

ATTACHMENT NO. X continued

SUMMARY OF BALANCE SHEET AND INCOME STATEMENT RELATIONS WITH SUBSIDIARY AND ASSOCIATED COMPANIES

(thousands of euro)	Operating revenues	Operating costs	Financial income	Financial charges
Subsidiaries				
Indirect, residing in Italy				
Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD)	13,614	261	-	-
Corte delle Fucine S.r.l. - Buttrio (UD)	1	32	-	-
Danieli Automation S.p.A. - Buttrio (UD)	9,762	60,700	-	-
Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI)	1,314	25,306	-	-
Danieli Centro Cranes S.p.A. in liquidazione - Bedizzole (BS)	1	-	-	-
Danieli Construction International S.p.A. - Buttrio (UD)	531	842	-	-
Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO)	0	-	-	-
Danieli Telerobot Labs Srl a s.u. - Genova	3	1,085	-	-
Fata S.p.A. - 10044 Pianezza (TO)	427	237	-	-
Findan S.p.A. - Pradamano (UD)	11	461	-	-
More S.r.l. - Gemona del Friuli (UD)	45	2,959	-	-
Sabolarie Haven & Hospitability S.p.A. - Buttrio (UD)	0	-	-	-
Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD)	1	480	-	-
Stem S.r.l. in liquidazione - Busto Arsizio (VA)	-	-	-	-
Turismo 85 S.r.l. - Buttrio (UD)	76	7	-	-
Zerotredici Educational Hub S.r.l. - Buttrio (UD)	7	150	-	-
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)	-	-	-	-
Total companies residing in Italy	**25,794**	**92,519**	**-**	**-**
Direct, not residing in Italy				
Danieli Finance Solutions SA - Luxembourg (LUX)	15	-	-	93
Industrielle Beteiligung S.A. - Luxembourg (LUX)	2	-	-	-
Indirect, not residing in Italy				
ABS Centre Métallurgique Sas - Metz (FRA)	4	121	-	-
ABS Deutschland GmbH - Ratinger (DEU)	-	-	-	-
Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	-	-	-	-
Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE)	-	-	-	-
Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	43	-	-	-
Danieli Automation Co. Ltd. - Rayong (THA)	13	3	-	-
Danieli Canada Inc. - Toronto (CAD)	125	-	-	-
Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	101	6	-	-
Danieli Changsu Trading Co. Ltd - Changshu (CHN)	0	429	-	-
Danieli Co. Ltd. - Rayong (THA)	17,290	64,506	-	-
Danieli Corporation - Cranberry Twp (USA)	191,236	4,134	-	-
Danieli Corus BV - Ijmuiden (NLD)	891	169	-	-
Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	-	-	-	-
Danieli Czech Engineering AS - Praha (CZE)	3,245	153	-	-
Danieli do Brasil LTDA - Diadema (BRA)	1,287	660	-	-

(thousands of euro)	Operating revenues	Operating costs	Financial income	Financial charges
Indirect, not residing in Italy				
Danieli Engineering & Services GmbH - Völkermarkt (AUT)	10,071	3,375	-	-
Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	512	329	-	-
Danieli Engineering Rom Srl - Cluj Napoca (ROU)	31	696	-	-
Danieli Germany GmbH - Duisburg (DEU)	3,843	2,660	-	-
Danieli Heavy Machinery Engineering LLC- Dnipro (UKR)	52	1,465	-	-
Danieli Henschel SAS - Méry (FRA)	7	-	-	-
Danieli Henschel Service LLC - Moscow in liquidazione (RUS)	-	-	-	-
Danieli High Technology (Changshu) Co., Ltd	658	-	-	-
Danieli Holdings Inc. - Wilmington, Delaware (USA)	-	-	-	-
Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN)	-	-	-	-
Danieli India Ltd. - Kolkata (IND)	4,814	19,993	-	-
Danieli Industrial Automation (Suzhou) Co., Ltd	29	3	-	-
Danieli Malaysia Sdn. Bhd. - Perai (MYS)	-	-	-	-
Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN)	27,937	23,109	-	-
Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	5	-	-	-
Danieli Systec doo - Labin (HRV)	203	4,862	-	-
Danieli Systec Engineering Doo - Smederevo (SRB)	45	1,838	-	-
Danieli Systec Technology Doo - Nova Gorica (SLV)	12	384	-	-
Danieli Technology Inc. - Wilmington, Delaware (USA)	-	-	-	-
Danieli UK Holding Ltd. - Rotherham (GBR)	10,729	1,835	-	-
Danieli Volga LLC - Dzerdzhinsk (RUS)	3,524	5,871	-	-
DWU Engineering Polska SP.z.o.o.- Wroclaw (POL)	92	1,570	-	-
Elsid Cheda Ltd. - Moscow (RUS)	-	-	-	-
ESW Röhrenwerke GmbH - Eschweiler (DEU)	-	-	-	-
Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU)	0	334	-	-
Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	626	3,631	-	-
Innoval Technology Ltd.- Rotherham (GBR)	15	104	-	-
Morgårdshammar AB - Smedjebacken (SWE)	77	79	-	-
Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN)	0	378	-	-
Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN)	-	-	-	-
Sund Birsta AB - Sundsvall (SWE)	67	6,953	-	-
Sund Birsta Inc. - Plantation, Florida (USA)	1	-	-	-
Sund Strap AB - Sundsvall (SWE)	-	-	-	-
Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	-	-	-	-
Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	0	1	-	-
Danieli Procome Iberica SA - Sondica (ESP)	51	1,824	-	-
Rotelec SA - St Quentin Fallavier (FRA)	23	3,356	-	-
Danieli Middle East for Eng. Services LLC - Cairo (EGY)	0	-	-	-
Danieli Middle East and North Africa LLC - Cairo (EGY)	-	618	-	-
Danieli Tongchuang Information Technology (Beijing) Co., Ltd	10	-	-	-
Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN)	-	-	-	-
Fata Gulf Co. WLL - Doha (QAT)	-	-	-	-
Danieli Taranis LLC. - Chelsea (USA)	27	100	-	-
Total companies not residing in Italy	**277,715**	**155,545**	**-**	**93**
Total	**303,508**	**248,065**	**-**	**93**

DECLARATION IN ACCORDANCE WITH ART. 154-B PARA. 5 OF THE TAX CONSOLIDATION ACT RELATIVE TO THE ANNUAL FINANCIAL STATEMENTS (PURSUANT TO ART. 81-*C* OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND ADDITIONS)

1. We, the undersigned Gianpietro Benedetti, Chairman of the Board of Directors, and Alessandro Brussi, Manager responsible for the preparation of company accounting documents, of Danieli & C. Officine Meccaniche S.p.A. certify, also taking account of the provisions of art. 154-*b*, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:

- the suitability in relation to the characteristics of the company and
- the effective application of administrative and accounting procedures for the preparation of the annual financial statements, during the period from July 1, 2021 to June 30, 2022

Assessment of the suitability of the administrative and accounting procedures for the preparation of the financial statements for the year to June 30, 2022 was based on a model established by Danieli & C. Officine Meccaniche S.p.A. consistent with the CoSO framework and also takes account of the document *“internal control over financial reporting - Guidance for Smaller Public Companies”*, both developed by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally generally accepted reference framework.

2. It is also certified that the financial statements for the year to June 30, 2022

a) were prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC regulation no. 1606/2002 of the European Parliament and the Council, of July 19, 2002;

b) correspond with the accounting records and the entries therein;

c) provide, in an appropriate way, a true and fair view of the balance sheet, profit and loss and financial position of the issuing company.

3. The directors’ report contains a reliable analysis of performance and profit, together with a description of the principal risks and uncertainties to which they are exposed.

September 27, 2022

Chairman of the Board of Directors
Gianpietro Benedetti
Signed

Manager responsible for the preparation of company accounting documents
Alessandro Brussi
Signed

REPORT OF THE BOARD OF AUDITORS TO THE MEETING OF THE SHAREHOLDERS UNDER ART. 153, D. LGS. No 58/98 AND ART. 2429, PAR. 2, ITALIAN CIVIL CODE

To the Meeting of the Shareholders of
DANIELI & C. OFFICINE MECCANICHE S.P.A.

Dear Shareholders,
by this report, drafted in accordance with Art. 153, [Italian] Legislative Decree 58/98 and Art. 2429 of the [Italian] Civil Code, the Board of Auditors of Danieli & C. Officine Meccaniche S.p.A. intends to inform you about the supervision and control activities carried out, in compliance with the Board's duties, during the financial year ended 30 June 2022.

LAWS, REGULATIONS AND ETHICAL SOURCES
During the financial year ended 30 June 2022, the Board of Auditors performed the supervisory duties for which it is responsible under Art. 149 Legislative Decree 58/98 in accordance with the Rules of Conduct of the Boards of Auditors of listed companies, issued by the [Italian] National Council of Chartered Accountants and Accounting Experts in April 2015 and updated to April 2018, and with the Consob [Italian national commission for listed companies and the stock exchange] recommendations on corporate controls and the activity of Boards of Auditors.
The Board of Auditors is also vested with the role of Internal Control and Audit Committee under Art. 19, Legislative Decree 39/2010, as amended by Legislative Decree no. 35 of 17 July 2016, implementing Directive 2014/56/EU.

THE BOARD OF AUDITORS' ACTIVITY

The Board of Auditors planned its activities based on the reference legislative framework, and carried out the inspections deemed most appropriate in relation to the Company's business and size.
The Board performed the following activities:
– regular meetings with the Managers of the various departments of the Company;
– participation in the meetings of the corporate bodies, particularly of the Board of Directors, the Executive Committee and the Shareholder Meeting;
– regular exchange of information with the audit company, in accordance with the applicable legislation;
– exchange of information with the Board of Auditors of the main subsidiaries;
– acquisition of relevant information and assessment of the findings resulting from the Supervisory Body's review under Legislative Decree 231/2001.
We attended all five meetings of the Board of Directors and the meeting of the Executive Committee held during the financial year 2021/2022, and we obtained timely and adequate information, in accordance with the provisions under Art. 2381, comma 5, of the Italian Civil Code and under the Articles of Association, with regard to the management performance in general and to its outlook, as well as to the transactions of the Company regarded as most significant in terms of their size or characteristics. In particular, the decision-making process of the Board of Directors seemed to us properly founded on compliance with the fundamental informed action principle.
In the relevant financial year, the Board of Auditors performed its duties by attending 12 full board meetings, all duly recorded, and met with the subsidiaries' boards of auditors on a regular basis. The meetings were held both at the offices of the company Danieli & C. Officine Meccaniche S.p.A., and via conference call and/or online. The Board of Auditors met with the representatives from the company in charge of the statutory audit at least every six months.
The Board of Auditors asked for and obtained comparisons and reports on a regular basis from the Board of Directors, the Audit Company, the Staff involved in the Internal Control and Risk Management System, the Internal Audit and Compliance Manager, the Supervisory Body.
In addition, the Board of Auditors examined the Company's accounting records and other documents provided by the Managers in charge of the relevant departments.
Based on the information acquired during its supervision, the Board of Auditors has not detected any omissions and/or improper behaviour and/or any irregularities or, however, significant actions that would require to be reported to the Supervisory bodies or mentioned in this report; the Board of Auditors notes, moreover, that no notices under Art. 2408 of the Italian Civil Code or any other complaints have been received.

ADEQUATE MEASURES TAKEN TO MITIGATE THE CORONAVIRUS PANDEMICS
The 2021/2022 financial year was characterized by the evolution of the Covid-19 pandemic. Contrasting measures also continued.
The Italian authorities adopted increasingly stringent containment measures, and in 2021 and 2022 the vaccination campaign aimed at immunizing the entire population was launched.
In order to contain the effects of the contagion, the company has adopted adequate prevention and containment measures, putting in place and developing all those measures aimed at protecting the health and safety of workers.
Moreover, the Company has taken steps to mitigate the actual and potential consequences of Covid-19 on its financial situation and economic performance.
The Company has found no issue with regard to the going concern assumption.

ADOPTION OF SUITABLE MEASURES CONCERNING THE RUSSIA - UKRAINE CONFLICT
With regard to the consequences and effects of the Russian / Ukrainian conflict, the Company believes that there are no significant risks deriving from its activities in the reference markets; for this purpose, suitable monitoring measures have been adopted.
The Company complies with the regulations established in this area by the European Union.

SUPERVISORY ACTIVITIES

Supervision of compliance with the laws and the Articles of Association
The Board points out that the Company handled internal and external information flows through the co-ordination of the staff involved in compliance with the laws and the Articles of Association, as identified in the Report on corporate governance and on the ownership structure issued by the Board of Directors in accordance with Art. 123-bis T.U.F. [Italian Consolidation Act on Finance].
Moreover, the Board notes that:
– the Group's Register of persons having access to privileged Information is managed according to a proper procedure;
– the information requirements under the Internal Dealing regulations are managed according to a proper Internal Dealing Procedure;
– the information and privacy protection systems under the provisions of EU Regulation 2016/679 (GDPR) and of Italian Legislative Decree 101/2018 are managed through an organisational model adopted by a resolution of the Board of Directors of 10 May 2018;
– IT risk management takes place according to suitable group policies;
– transactions with related parties are regulated by a suitable procedure approved in the last case with a resolution of the Board of Directors of 27/09/2021;
The Board of Auditors confirms that based on the information gathered in performance of its supervisory duties, all bodies and departments of the Company have duly fulfilled their respective information requirements under law.
Based on the information acquired, the Board of Auditors confirms that no breach of law or of the Articles of Association has been committed by the Company or its bodies and no complaints have been lodged by the shareholders.

Supervision of compliance with the principles of good administration
Based on the information acquired during its supervision, particularly the information received from the Board of Directors, on a quarterly basis, with regard to the activity performed and the main economic, financial and investment transactions entered into by the Company and its subsidiaries, as well as the information gathered from the corporate documents examined, the Board of Auditors confirms that it had no reports:
– of any transactions in contrast with the principles of good administration;
– of any transactions resolved and implemented in contrast with the law and/or the Articles of Association;
– of any transactions in contrast with the interests of the Company;
– of any transactions in contrast with resolutions taken by the Meeting, or likely to damage the integrity of the share capital;

– of any transactions di that may cause conflicts of interest.
The Board of Auditors confirms, moreover, that it has been informed by the directors about the development of pending cases and litigation resulting from tax notices, and on the consequences that might still derive to the subsidiaries; this is further discussed in the explanatory notes.
Within the scope of our responsibility, we have acquired information on and supervised the compliance with the principle of sound and prudent management of the Company, and the duty of care in general, all on the basis of our participation in the meetings of the Board of Directors and of the Executive Committee, as well as of the documents and information timely received from the various managing bodies with regard to the transactions entered into by the Group. The information we have acquired has enabled us to verify that all actions decided and implemented complied with the laws and the Articles of Association and were not clearly imprudent or reckless.
The Managing Directors acted within the limits of the powers conferred on them. The Board of Auditors received accurate reports from the Managing Directors as to the performance of the Company and its subsidiaries.
The Board of Directors acted in compliance with the fundamental informed action principle.

Supervision of the adequacy of the organisational structure
The Board of Auditors supervised the adequacy of the organisational structure through information gathered from the managers in charge of organisational duties, and regular discussions with the Audit Company.
The Board of Auditors has no specific comments to make with regard to the organisational structure of the Company: at present, in fact, its structure, as well as the procedures, duties and responsibilities appear to be suited to the Company's size as well as to the nature of the corporate purpose and the methods followed to pursue such purpose.
The Board of Directors currently in office is comprised of nine members.
The Board of Directors includes three independent Directors, whose independence requirements under Art. 147-ter, par. 4, Legislative Decree 58/98 were verified by the Company. In this regard, the Board of Auditors confirms that the Company has fully complied with all applicable laws and regulations.
The Board of Directors has granted specific powers to individual members.
In addition, for operational reasons, the Board of Directors has appointed an Executive Committee, comprised of three members, responsible for deciding on all business matters and affairs, particularly those that need urgent action. The Board of Directors vested the Executive Committee with all powers of the Board of Directors, except for those that cannot be delegated according to law and to the Articles of Association.
The Board of Auditors is comprised of three statutory auditors and two alternate auditors. The Board verified that the requirements under Art. 2397 Italian Civil Code were met throughout the term of the assignment (the findings of the verification were transmitted on 29 July 2022), and that there were no causes for disqualification, ineligibility, and incompatibility under Arts. 2382 and 2399 Italian Civil Code and Art. 148, par. 3, Legislative Decree 58/98. The members of the Board of Auditors complied with the limit on the number of offices that can be held simultaneously under Art. 148-bis, Legislative Decree 58/98 and Arts. 144-duodecies and ff. of the Issuer Regulation.
Pursuant to Art. 2364 Italian Civil Code, the statutory audit of the accounts relevant to the financial statements for the year, the consolidated financial statements, and the limited audit of the half-yearly report is the responsibility of the audit company Deloitte & Touche S.p.A., which will be in charge thereof until the approval of the financial statements as at 30 June 2028.
The company was appointed by the Meeting of the Shareholders on 26 October 2018.

Supervision of the adequacy of the internal control and risk management system
The Board of Auditors confirms that the Company has determined the nature and level of risk in line with the strategic objectives of the Company; the above was illustrated in the Financial Report as at 30 June 2022, with respect to which, the Board of Auditors has no comments or objections to make.
The staff and the departments involved in the internal control and risk management system are:
– the Board of Directors;
– the Board of Auditors;
– the Supervisory Body;
– the Internal Audit and Compliance department;
– the Manager in charge of preparing the Company's accounting records.
The Board of Auditors points out that during the relevant year, we:
– supervised the Staff in charge of Internal Control;
– held regular meetings with the staff involved in the internal control and risk management system;
– examined the corporate documents;
– analysed the results of the work performed by the audit company;
– reviewed the results of the work performed by the Supervisory Body.
During the year, the Board of Auditors obtained from the Supervisory Body all useful information to verify the aspects relating to the autonomy, independence and professional expertise required to perform the duties entrusted to them.
In addition, the Board of Auditors obtained from the Supervisory Body information regarding the Organisation and Management Model adopted by the Company in accordance with Legislative Decree 231/2001, and its operation and implementation.
Further to the verifications carried out, the Board of Auditors confirms that the internal control system has been constantly and continuously strengthened and updated to all changes and amendments brough to the applicable legislation.
Based on the information obtained in the performance of our supervisory duties, we confirm that the mechanism of coordination of the staff involved in the internal control and risk management system enables an appropriate exchange of information between the bodies vested with such duties, and the internal control system shows no apparent weaknesses.

SUPERVISION OF THE ACCOUNTING - ADMINISTRATION SYSTEM AND THE AUDIT

Supervision of the accounting – administration system
The Board of Auditors supervised the proper conduction of the accounting - administration system to ensure proper representation of the management events, through direct observation, information obtained from the managers of the respective departments, the examination of corporate documents and the review of the work performed by the Audit Company.
We inform you that Danieli & C. Officine Meccaniche S.p.A. has adopted an integrated system for the management of the accounting-administration risk, as a valid support to financial reporting and to the evaluation of the compliance with the processes and procedures adopted (thus also verifying the adequacy of these latter); all in compliance with Law 252/2005 and according to the provision of Art. 19, par. 1, letter C) of Legislative Decree 39/2010.

Supervision of the audit
The Board of Auditors supervised the operations of the Audit Company which, as mentioned above, is Deloitte & Touche S.p.A.
The Board of Auditors held meetings with the Audit Company several times over the financial year, in order to exchange data and information regarding the activity carried out in performance of their respective duties. The Board of Auditors confirms that Deloitte & Touche S.p.A. carried out the audit of the financial statements in compliance with the International Standards on Auditing (ISA Italy) issued pursuant to Art. 11, Legislative Decree 39/2010.Accordingly, no improper behaviour and/or any irregularities were indicated in the Board of Auditors' report issued on 6 October 2022, which would require to be reported under Art. 155 TUF.
During the financial year, the Audit Company appointed for the time being performed the agreed audit services.
The Board received no requests for opinions, either from the Audit Company or from entities of this latter's network, with regard to other services, not included among those "not permitted" under the provisions referred to in Art. 19, par. 1, letter e), Legislative Decree 39/2010.

Comments on the financial statements and the consolidated financial statements
The Board of Auditors examined the draft separate financial statements and the draft consolidated financial statements as at 30 June 2022, which were made available within the required time limits. While this Board of Auditors is not responsible for conducting a detailed review of the merits regarding the contents of the financial statements, we supervised the compliance with the procedural rules for the planning and preparation of the separate and the consolidated financial statements as at 30 June 2022, and we have no particular comments to make.
More specifically, as regards the separate financial statements as at 30 June 2022, the Board of Directors verified their compliance with the laws regulating planning and preparation, through the checks performed and taking into account the information provided by the Audit Company, within the scope of the Board's duties under Art. 149, Legislative Decree 58/98.
Moreover, the Board of Auditors verified the compliance of the financial statements with the events and information learnt by the Board in the performance of its duties, and we have no comments to make in this regard.
The Board of Auditors has no specific comments to make on the Directors' report, which appears to have been prepared in accordance with the applicable laws.
The Board of Auditors confirms that in the Directors' report, the directors have indicated their assessment of the "business risks", in accordance with the provisions contained in Legislative Decree 32/2007 implementing Directive 2003/51/EC.
The Board of Auditors confirms that the Directors' report contains (in accordance with procedures that have been reviewed) a specific paragraph on the "consolidated non-financial statement of the company", under Legislative decree 254/2016, accompanied by the certificate of compliance issued by the Audit Company Deloitte & Touche S.p.A..

Methods of implementation of the corporate governance rules
The Board of Auditors confirms that (since 2010) Danieli & C. Officine Meccaniche S.p.A. has not adhered to the Self-Regulation Code issued by the Committee for Corporate Governance of Listed Companies; the Company has provided valid reasons in that respect.
Moreover, the Board of Auditors notes that the Annual Report on Corporate Governance was issued in compliance with Art. 123-bis, Legislative Decree 58/98, according to the instructions contained in the Rules of the Markets Organised and Managed by Borsa Italiana S.p.a.

Supervision of the relationships with subsidiaries and of related-party transactions
The Board of Auditors confirms that the regular checks carried out and the controls conducted on the Company have not revealed any atypical and/or unusual transactions with third parties, or related-party or intercompany transactions.
The Board has no comments to make with regard to the adequacy of the instructions given to subsidiaries under Art. 114, par. 2, Legislative Decree 58/98;
Lastly, the Board of Directors points out that on 12 November 2010, the Company adopted the Procedure for Related-Party transactions, later amended by the Board of Directors on 27 September 2021.

Indication of opinions given, proposals and comments made during the year in accordance with the law.
The Board of Auditors acknowledges that it issued no. 6 preventive opinions regarding the assignment of authorized assignments for services other than auditing.
During the Financial Year 2021/2022, the Board gave the following opinion:
– favourable opinion regarding the fees assigned to the members of the Board of Directors;
– favourable opinion on the renewal of the appointment of Mr. Alessandro Brussi to the office of executive in charge of preparing the corporate accounting documents.

Role of Internal Control and Audit Committee
Pursuant to Art. 19, Legislative Decree 39/2010, the Board of Directors holds the role of Internal Control and Audit Committee (CCIRC) and in the said role, we have performed the duties under law. In the same role, the Board of Directors confirms compliance with all applicable laws, with specific reference to Legislative Decree 39/2010 as amended by Legislative Decree 135/2016 implementing Directive 2014/56/EU and Regulation (EU) No 537/2014.

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

We received the Consolidated financial statements as at 30 June 2022 on time, jointly with all schemes and attachments and with the Directors' report.
The Audit Company Deloitte & Touche S.p.A. is in charge of checking the correspondence of the consolidated financial statements with the accounting records and their compliance with the applicable laws; in the relevant Report, it is indicated that the consolidated financial statements of the Danieli Group as at 30 June 2022 conform to the International Financial Reporting Standards issued by the European Union and that the Consolidated Balance Sheet and Income Statement entries are consistent with the information transmitted by the companies included in the Consolidated Statements.
Within the duties that the law reserves for the Board of Auditors, and taking into account the rules of conduct recommended by the National Board of Chartered Accountants and Accounting Experts, we analysed the form and contents of the financial statements in question, which appear to have been prepared in application of the criteria illustrated in the Explanatory Notes; we paid particular attention to the most significant issues and the economic performance of the main subsidiaries.
Moreover, the information and data contained in the Directors' Report on Consolidated Management seem consistent with the data resulting from the consolidated financial statements; the report properly illustrates the Group's performance during the financial year and represents the economic, share capital and financial situation of the companies included in the consolidation area; the consolidation criteria and the accounting standards applied, as well as the size of the consolidation area are separately indicated in the Explanatory Notes.
Accordingly, it can be reasonably concluded that the consolidated financial statements were prepared in a proper manner and in compliance – as a whole – with all applicable laws.

CONCLUSIONS

The Board of Auditors has no comments to make under Art. 153, Legislative Decree 58/98, also considering the outcome of the activity performed by the company in charge of the statutory audit of the accounts contained in the report on the audit of the separate and the consolidated financial statement, with regard to the matters for which we are responsible regarding the separate and consolidated financial statements and the relevant Explanatory notes and Directors' report.
The Board of Auditors has found no reasons preventing your approval of the financial statements as at 30 June 2022 as presented, and the acceptance of the resolution proposals.

Udine, 7 October 2022

The Board of Auditors

Chairman of the Board of Auditors	Davide Barbieri	(signed)
Statutory Auditor	Gaetano Terrin	(signed)
Statutory Auditor	Vincenza Bellettini	(signed)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Danieli & C. Officine Meccaniche S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Danieli & C. Officine Meccaniche S.p.A. (the "Company"), which comprise balance sheet as at June 30, 2022, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 Financial Statements section of our report. We are independent of 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Evaluation of Construction Contracts	
Description of the key audit matter	The separate financial statements of Danieli & C. Officine Meccaniche S.p.A. as of June 30, 2022 include Construction contracts assets for Euro 166.8 million and Construction contracts liabilities for Euro 147.2 million. Construction contracts are evaluated based on the percentage of completion, estimating the progress of works with the input method. The evaluation of Construction contracts under this methodology requires the estimate of total revenues, total costs and costs to complete for each project. Those estimates are periodically updated and request significant and complex assumptions from Management, that could be influenced by various factors such as: • management's capability to develop reasonable estimates at the beginning of the projects and at subsequent updates; • multi-annual duration of the projects; • projects' technological complexity and degree of innovation; • warranties issued by the Company on the plants performances; • possible critical geopolitical context in the countries in which the customers operate. Taking into consideration the relevance of Construction contracts on total Company's activities and the complexity of assumptions used in the estimates about costs to complete the projects, we deemed the evaluation of Construction contracts to be a key audit matter for the Company's financial statements at June 30, 2022. Disclosures related to Construction contracts assets and Construction contracts liabilities are included in notes 7 and 18 of the Company's financial statements as well as in the description of Accounting Standards used by the Company and in the paragraph "Accounting Estimates - Construction Contracts".

Audit procedures performed	The audit procedures addressing this key audit matter included, among others:
	
	• understanding of criteria and procedures adopted by Management in determining the percentage of completion of the projects;
	• comprehension of relevant internal controls pertaining to both initial estimates and subsequent periodical updates on total revenues, total costs and costs to complete the projects;
	• analysis, on a sample base, of reasonableness of estimates of projects' costs to complete through:
	  ○ analysis of contracts signed with counterparties,
	  ○ tests on projects costs incurred,
	  ○ discussions with project managers, controllers and/or head of business lines;

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- retrospective analysis on results of previous estimates related to Construction contracts;
- analysis on updates of Management's estimates related to total revenues and costs of projects;
- critical discussion with head of legal department of the Company and, if relevant, obtaining information from external legal counsels on lawsuits related to projects;
- examination of appropriateness of disclosure included in the explanatory notes of the separate financial statements and its compliance with applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company'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 for the termination of the operations or have no realistic alternative to such choices.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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;

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- 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 Company'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 Company'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 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Danieli & C. Officine Meccaniche S.p.A. appointed us on October 26, 2018 as auditors of the Company for the years from June 30, 2020 to June 30, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of the Company are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2022, including their consistency with the related financial statements and their 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 and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2022 and are prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
November 8, 2022

This report has been translated into the English language solely for the convenience of international readers.

RESOLUTIONS OF THE SHAREHOLDERS' MEETING

The shareholders of Danieli & C. Officine Meccaniche S.p.A. met on October 28, 2022, following a single convocation date, to approve the financial statements for the year ended June 30, 2022, and to examine the consolidated financial statements for the same period.

The shareholders also resolved:

1. the distribution of a dividend equal to Euro 0,2793 per each ordinary share and equal to Euro 0,3000 per each saving shares.
   Such dividend shall be paid - net of treasury shares that will be held at the "record date" indicated below and gross of any withholding tax- from the date of November 23, 2022, after detachment of coupon No. 44 on November 21, 2022, and with "record date" (i.e. date of entitlement to pay such dividend) on November 22, 2022.
2. a favorable opinion on the second section of the Report on Danieli's Remuneration Policy and Paid Remuneration. The result of the resolution has an advisory nature.
   Please note that, pursuant to art. 123-ter, paragraph 3-bis, of the TUF, the first section must be submitted to the vote of the shareholders at least every three years or on the occasion of changes to the remuneration policy. The first section has already been submitted to the binding vote of the Shareholders' Meeting on 28 October 2020, which approved it by a majority (shareholders present: 75.75% of the share capital; favorable shareholders present: 97.92%; shareholders against present: 2.08%) and, having not undergone any changes in the last financial year, this year it was not submitted to the vote of the Shareholders' Meeting.
3. to authorize the purchase and sale of own ordinary and savings shares to the maximum extent allowed by current regulations; the minimum and maximum purchase and sale price will be a unit price between +20% and –20% of the official stock exchange price on the day preceding the one on which the transaction is to take place.

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on the authorized storage mechanism
SDIR & STORAGE www.emarketstorage.com
and on the company website:
www.danieli.com, sezione Investors

DANIELI

DANIELI TEAM
A CENTURY OF PARTNERSHIP
EXPERIENCE

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FRANCE THE NETHERLANDS UK
SPAIN TURKEY USA BRAZIL
THAILAND INDIA CHINA JAPAN