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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated accounting schedules

Statement of financial position - Assets

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
Assets			
Non-current Assets			
Property, plant and equipment	8	799,102	721,578
Right-of-use assets	9	23,108	16,519
Intangible assets	10	7,809	8,964
Goodwill	11	8,077	8,077
Investments in associates and joint ventures	12	6,607	26,897
Other investments	13	463	461
Non-current financial assets	14	1,808	3,544
Deferred tax assets	15	37,334	31,190
Other non-current assets	16	1,131	3,482
Total non-current assets		**885,439**	**820,712**
Current assets			
Inventories	17	409,785	375,983
Trade receivables	18	190,883	242,577
Receivables from associates	19	346	49,625
Tax receivables	20	2,707	2,626
Current financial assets	21	3,658	5,563
Other current assets	22	102,819	55,698
Cash and cash equivalents and short-term deposits	23	121,749	50,720
Total current assets		**831,947**	**782,792**
Total assets		**1,717,386**	**1,603,504**

Statement of financial position – Labilities and shareholders' equity

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	24	50,000	50,000
Other reserves	24	843,680	883,061
Profit/loss for the year	24	(2,187)	(37,798)
Total Group Shareholders' Equity		**891,943**	**895,263**
Minority interest Shareholders' equity	24	20,724	331
Minority interest profit	24	2,588	56
Total shareholders' equity		**914,805**	**895,650**
Non-current liabilities			
Non-current financial payables	25	201,125	84,686
Non-current lease payables	9	13,760	9,985
Liabilities for employee benefits	26	4,974	5,090
Provisions for risks and charges	27	4,922	3,481
Deferred tax liabilities	15	3,060	1,903
Other non-current liabilities	28	8	859
Total non-current liabilities		**227,849**	**106,003**
Current liabilities			
Current financial payables	26	98,744	107,820
Current lease payables	9	5,063	3,781
Trade payables	29	355,134	385,381
Trade payables to associates	30	51,663	52,703
Tax payables	31	5,477	8,480
Other current liabilities	32	58,651	43,685
Total current liabilities		**574,732**	**601,850**
Total shareholders' equity and Liabilities		**1,717,386**	**1,603,504**

Consolidated income statement

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
Revenues from contracts with customers	33	1,703,187	1,652,984
Rental income	34	868	806
Other income	35	19,941	27,764
Changes in inventories of finished and semi-finished products		(4,411)	42,678
Raw materials and consumables	36	(1,093,799)	(1,176,036)
Cost of services	37	(383,391)	(382,162)
Personnel costs	38	(153,065)	(138,277)
Other operating costs	39	(5,897)	(6,208)
Increases in fixed assets for in-house work	40	4,253	6,227
Depreciation, amortisation and write-downs	41	(71,637)	(70,306)
Reversal/(Write-down) of financial assets	42	(444)	(132)
Financial income	43	477	1,199
Financial expenses	44	(14,708)	(7,676)
Share of profit of associates and joint ventures	45	531	3,069
Exchange gains and (losses)	46	231	(144)
Profit before tax from operating activities		**2,136**	**(46,214)**
Income taxes	**47**	**(1,735)**	**8,472**
Net result from operating activities		**401**	**(37,742)**
Net result		**401**	**(37,742)**
Result for the Group		(2,187)	(37,798)
Minority interest result		2,588	56

Statement of other comprehensive income

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
Net result		**401**	**(37,742)**
Other comprehensive income components			
Other comprehensive income components that will be reclassified to profit/loss for the year: (Net of tax)			
Net profit from the hedging of net investments			
Translation differences in foreign financial statements	23	77	(39)
Net (loss)/gain from cash flow hedges	23	(1,214)	(2,315)
Total other comprehensive income components that will later be reclassified to profit/(loss) for the year net of tax		**(1,137)**	**(2,354)**
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax			
(Loss)/gain from revaluation on defined benefit plans	23	-	67
Total other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax		**-**	**67**
Total other income statement items after tax		**(1,137)**	**(2,287)**
Total comprehensive profit/(loss) after tax		**(736)**	**(40,029)**
Result for the Group		(3,324)	(40,118)
Minority interest result		2,588	89

Cash flow statement

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
Net result		**401**	**(37,742)**
Adjustments to reconcile pre-tax profit with net cash flows:			
Depreciation and impairment of property, plant and equipment	41-8	64,502	62,532
Amortisation and impairment of intangible assets	41-10	2,946	3,864
Amortisation of right of use	41-9	4,189	3,783
Further write-downs of fixed assets		444	127
Capital loss/gain on disposal of assets	41	(3,452)	(564)
Financial income	43	(477)	(1,199)
Financial expenses	44	14,708	7,676
Finance costs on financial lease liabilities		350	275
Income taxes	47	1,735	(8,472)
Share of profit for the year of associates and joint ventures	45	(531)	(3,069)
Write-down of current assets	42	444	132
Net change in employee severance indemnity and pension funds	26	(253)	(115)
Net change in provisions for risks and charges	27	7	(3,133)
Net change in deferred tax assets and liabilities	15	(5,808)	(1,622)
Interest income received		297	744
Interest paid		(13,855)	(6,127)
Income taxes paid		(6,564)	(7,157)
Changes in working capital:			
(Increase)/decrease in inventories	17	(20,749)	(80,787)
(Increase)/decrease in trade receivables	18	89,917	64,991
(Increase)/decrease in other non-financial assets		2,344	7,667
Increase/(decrease) in trade payables	29	(36,941)	97,310
Increase/(decrease) in tax payables	31	2,847	(4,034)
Increase/(decrease) in other non-financial liabilities		4,115	323
Other decreases/(Other increases) in net working capital		(33,338)	9,914

Amounts in thousand euros	Notes	31.12.2025	31.12.2024
CASH FLOW GENERATED/ABSORBED BY OPERATING ACTIVITIES		**60,877**	**143,060**
Investing activities:			
Net investments in tangible fixed assets	8	(115,765)	(222,410)
Net investments in intangible assets	10	(1,768)	(1,511)
Net investments in financial fixed assets	9	(2)	(27)
Acquisition of subsidiaries, net of cash acquired		9,652	-
CASH FLOW GENERATED/ABSORBED BY INVESTING ACTIVITIES		**(107,883)**	**(223,948)**
Financing activities:			
New loans	25	229,697	838
Repayment of loans	25	(101,488)	(51,341)
(Increase)/decrease in financial receivables (incl. derivative assets)		2,610	3,259
Increase/(decrease) in financial payables (incl. derivative liabilities)		(33,446)	39,491
Principal payments - lease liabilities		(6,076)	(3,746)
Dividends paid to shareholders		(500)	-
Capital increase/decrease		-	7,700
Sale (purchase) of treasury shares		37	-
Other changes in Shareholders' equity		20,800	(39)
CASH FLOW GENERATED/ABSORBED BY FINANCING ACTIVITIES		**111,634**	**(3,839)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**71,029**	**(122,469)**
Net cash and cash equivalents at the beginning of the period		50,720	173,189
Net cash and cash equivalents at the end of the period		121,749	50,720

Statement of changes in shareholders' equity 2025

Amounts in thousand euros	Share capital	Other reserves	FTA Reserve	Reserve for employee benefits	Cash flow hedge reserve	Profit/loss for the year	Total Group Shareholders' Equity	Minority interest Shareholders' equity	Minority interest result	Total shareholders' equity
Balance as at 31 December 2024	**50,000**	**883,763**	**(2,130)**	**(100)**	**1,528**	**(37,798)**	**895,263**	**331**	**56**	**895,650**
Allocation of result for the period	-	(37,798)	-	-	-	37,798	-	56	(56)	-
Profit/loss for the period	-	-	-	-	-	(2,187)	(2,187)	-	2,588	401
Other comprehensive income	-	77	-	-	(1,214)	-	(1,136)	-	-	(1,136)
Total comprehensive income/loss	**-**	**77**	**-**	**-**	**(1,214)**	**(2,187)**	**(3,324)**	**-**	**2,588**	**(736)**
Dividends	-	-	-	-	-	-	-	-	-	-
Alpifer consolidation	-	-	-	-	-	-	-	20,800	-	20,800
Shareholder payment	-	-	-	-	-	-	-	(500)	-	(500)
Other changes	-	(447)	-	-	-	-	(447)	37	-	(410)
Balance as at 31 December 2025	**50,000**	**845,595**	**(2,130)**	**(100)**	**315**	**(2,187)**	**891,493**	**20,724**	**2,588**	**914,805**

Statement of changes in shareholders' equity 2024

Amounts in thousand euros	Share capital	Other reserves	FTA Reserve	Reserve for actuarial gains (losses)	Cash flow hedge reserve	Profit/loss for the year	Total Group Shareholders' Equity	Minority interest Shareholders' equity	Minority interest result	Total shareholders' equity
Balance as at 31 December 2023	**50,000**	**863,261**	**(2,130)**	**(167)**	**3,844**	**12,873**	**927,680**	**274**	**24**	**927,978**
Allocation of result for the period 2023		12,873				(12,873)	-	24	(24)	-
Profit/loss for the period						(37,798)	(37,798)	-	56	(37,741)
Other comprehensive income		(72)		67	(2,315)		(2,320)	33	-	(2,287)
Total comprehensive income/loss	**-**	**(72)**	**-**	**67**	**(2,315)**	**(37,798)**	**(40,118)**	**33**	**56**	**(40,029)**
Dividends	-	-	-	-	-	-	-	-	-	-
Capital increase	-	7,700					7,700	-	-	7,700
Shareholder payment	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	1	-	-	1
Balance as at 31 December 2024	**50,000**	**883,762**	**(2,130)**	**(100)**	**1,528**	**(37,798)**	**895,263**	**331**	**56**	**895,650**

Consolidated Annual Financial Report as at 31 December 2025

1. Corporate information

The publication of the consolidated financial statements of Feralpi Siderurgica S.p.A. and its subsidiaries (together, the Group) for the year ended 31 December 2025 was authorised by the Board of Directors on 31 March 2026.

Feralpi Siderurgica S.p.A. is a joint-stock company registered and domiciled in Italy, whose registered office is located in Brescia at Via A. Saffi, no. 15.

The activities of the Company and its subsidiaries are described in Note 4, while Note 5 provides information on the structure of the Group. Information on the Group's relations with other related parties is presented in Note 6.7.

Feralpi Group is one of Europe's leading steel producers specialising in building steels, special steels and renewable energy production. See section 5 for more information.

2. Transactions during the year 2025

In accordance with the industrial plan, new plants were launched during 2025 and a new production unit was made operational in Sicily with the aim not only of expanding the range of products with a reduced environmental impact, but also of strengthening the verticalisation process with a greater presence in markets in which an increase in the infrastructure sector is expected. With this in mind, the Group, through the company Presider, has launched a new pre-shaping centre in Misterbianco (Catania). The investment responds to a precise logic of geographical proximity to the market of southern Italy, an area with high potential thanks to the expansion cycle marked by the construction sector.

In fact, Feralpi completed and inaugurated a new "spooler" rolling mill at the Riesa site in Germany in May. The plant is at the forefront of the global steel industry, being the first in Germany to operate with zero direct emissions (Scope 1) thanks to electrically powered induction furnaces replacing traditional methane gas furnaces to accelerate decarbonisation. Feralpi has also become the first company in the world to produce spoolers with a format of up to 8 tonnes, ensuring that customers can optimise their production processes.

Also with a view to extending the range, a new spooler line was started up at the Lonato del Garda production site with innovative technology that increases production flexibility and the quality of the finished product, contributing to reduced waste and increased productivity for shaping centres and end customers. This plant is still recorded as an asset under construction, pending final testing, which will take place in the first months of 2026.

On 22 July 2025, Feralpi Power On S.r.l. completed the purchase of the shares of the corporate vehicle (Oriolo S.r.l.) that owns the necessary authorisations to build a 4.0 MWp photovoltaic power plant located in the municipality of Castenaso (Bologna). On 15 January 2026, the same company also purchased all the shares of the corporate vehicle (Cosina S.r.l.) that holds the permit to build a photovoltaic plant with a capacity of 4.18 MWp in the municipality of Collesalvetti (Livorno).

As of 1 January 2025, Feralpi Siderurgica S.p.A. changed the consolidation method for the Alpifer Group, moving from the equity method (adopted until the 2024 financial year) to the line-by-line method. For further details, refer to section 4 of this document.

3. Company exercising management and coordination

Feralpi Siderurgica S.p.A., as the Parent Company, is responsible for management and coordination in accordance with Articles 2497 sexies and 2497 septies of the Italian Civil Code.

4. Scope of consolidation

As at 31 December 2025, the consolidated financial statements of Feralpi Siderurgica comprise 26 companies, including the parent company Feralpi Siderurgica, its subsidiaries and associates.

The scope of consolidation aggregates the financial statements of the parent company and the companies over which it exercises direct or indirect control. For a complete breakdown of the consolidated companies and the related consolidation method adopted (line-by-line or equity), refer to the tables below.

As of 1 January 2025, Feralpi Siderurgica S.p.A. changed the consolidation method for the Alpifer Group, moving from the equity method (adopted until the 2024 financial year) to the line-by-line method.

This change, although it did not involve monetary outlays and left the distribution of the share capital unchanged (50.0% Feralpi Siderurgica S.p.A. and 50.0% Groupfer S.p.A.), is supported by the update of the shareholders' agreements of Alpifer S.r.l. signed in the 2025 financial year, in accordance with Article 2341-bis of the Italian Civil Code and IFRS 10. It should be noted that Alpifer S.r.l. owns Unifer S.p.A. and Steelfer S.r.l., companies active in the steel industry.

In addition, from the 2025 financial year, the company Oriolo Srl was also included in the scope of consolidation, following the acquisition of the relevant shares by Feralpi Power On S.r.l., as further specified in Paragraph 2.

In light of the above, the company Alpifer S.r.l., previously recorded among the associates, has been fully consolidated with its investee companies Unifer S.r.l. and Steelfer S.r.l.

Subsidiaries:

Name and location	Address of registered office	Share capital	Reference currency	% of ownership	Equity relationship	Consolidation method
Acciaierie di Calvisano S.p.A.	Calvisano (IT)	3,250	Euro	100.00%	Direct	Line-by-line
Defim Orsogril S.p.A.	Brescia (IT)	300	Euro	100.00%	Indirect	Line-by-line
Fer-Par S.r.l.	Lonato del Garda (IT)	20	Euro	100.00%	Indirect	Line-by-line
Presider S.p.A.	Borgaro Torinese (IT)	4,160	Euro	100.00%	Direct	Line-by-line
Presider Armatures S.a.S.	Saint-Soupplets (FR)	1,022	Euro	100.00%	Indirect	Line-by-line
Caleotto S.p.A.	Lonato del Garda (IT)	2,000	Euro	100.00%	Direct	Line-by-line
Arlenico S.p.A.	Lonato del Garda (IT)	1,000	Euro	100.00%	Direct	Line-by-line
Calvisano S.r.l.	Lonato del Garda (IT)	300	Euro	100.00%	Indirect	Line-by-line
ESF Elbe-Stahlwerke Feralpi GmbH	Riesa (DE)	11,000	Euro	100.00%	Direct	Line-by-line
Feralpi Stahlhandel GmbH	Riesa (DE)	2,100	Euro	100.00%	Direct	Line-by-line
Feralpi-Logistik GmbH	Riesa (DE)	1,000	Euro	100.00%	Indirect	Line-by-line
Feralpi-Praha S.r.o.	Kralupy (CZ)	95,000	Czech Koruna	100.00%	Indirect	Line-by-line
Feralpi-Hungária kft.	Budapest (HU)	4,833	Euro	100.00%	Indirect	Line-by-line
Industria de Expositores y Parrilas S.A.	Barcelona (ES)	163	Euro	100.00%	Indirect	Line-by-line
P.R. Soldadura S.L.	Girona (ES)	3	Euro	100.00%	Indirect	Line-by-line
Immobiliare Feralpi S.r.l.	Lonato del Garda (IT)	1,000	Euro	100.00%	Direct	Line-by-line
Feralpi Algerié S.a.r.l.	Orano (DZ)	55,000	Algerian Dinar	70.00%	Indirect	Line-by-line
Feralpi Power On S.r.l.	Lonato del Garda (IT)	500	Euro	100.00%	Direct	Line-by-line
Feralpi Villasor S.r.l.	Lonato del Garda (IT)	50	Euro	100.00%	Indirect	Line-by-line
Feralpi Cellere S.r.l.	Lonato del Garda (IT)	50	Euro	100.00%	Indirect	Line-by-line
Oriolo S.r.l.	Faenza (IT)	2.5	Euro	100.00%	Indirect	Line-by-line
Alpifer S.r.l.	Piacenza (IT)	9,560	Euro	50.00%	Direct	Line-by-line
Unifer S.r.l.	Finale Emilia (IT)	3,000	Euro	50.00%	Indirect	Line-by-line
Steelfer S.r.l.	Collecchio (IT)	51	Euro	50.00%	Indirect	Line-by-line

Associates and joint ventures

Name and location	Address of registered office	Share capital	Reference currency	% of ownership	Equity relationship	Consolidation method
Dima S.r.l.	Montichiari (IT)	1,000	Euro	31.00%	Indirect	Shareholders' equity
Media Steel S.r.l.	Massa (IT)	200	Euro	45.00%	Direct	Shareholders' equity

5. Group information

As at 31 December 2025, Feralpi Group incorporates a group of companies mainly operating in the following sectors:

- Construction Steel: divided into two business units, one called Construction Italy, the other Construction Germany. In particular, the range of products consists of long hot-rolled and cold-preprocessed products, which include wire rods, drawn coils, spacers, lattice girders, bars, spooler, electrowelded wire meshes, recoiled coils, shaped and pre-shaped products, as well as assembled and pre-assembled products, mechanical joints, and billets.
- Specialities: the area is divided into two business units, one called Specialities focusing on the mechanical and automotive sectors and the other called Diversified Products, which operates in the construction and coatings sectors.
- Production of energy from renewable sources.

The Group's consolidated financial statements include:

Name	Main activities	Registered office	Participation %
Acciaierie di Calvisano S.p.A.	Steelworks and trade in related products	Calvisano (IT)	100.00%
Defim Orsogril S.p.A.	Wholesale of building materials	Brescia (IT)	100.00%
Fer-Par S.r.l.	Holding, management and assumption of equity investments	Lonato del Garda (IT)	100.00%
Presider S.p.A.	Ironwork and metal carpentry	Borgaro Torinese (IT)	100.00%
Presider Armatures S.a.S.	Manufacture of wire products, chains and springs	Saint-Soupplets (FR)	100.00%
Caleotto S.p.A.	Wholesale of metal ores, ferrous metals and semi-finished products	Lonato del Garda (IT)	100.00%
Arlenico S.p.A.	Production of iron, steel and ferro-alloys	Lonato del Garda (IT)	100.00%
Calvisano S.r.l.	Production of iron, steel and ferro-alloys	Lonato del Garda (IT)	100.00%
ESF Elbe-Stahlwerke Feralpi GmbH	Steelworks and trade in related products	Riesa (DE)	100.00%
Feralpi Stahlhandel GmbH	Sale of metal and plastic for construction	Riesa (DE)	100.00%
Feralpi-Logistik GmbH	Road haulage services	Riesa (DE)	100.00%
Feralpi-Praha S.r.o.	Manufacture of wire products, chains and springs	Kralupy (CZ)	100.00%
Feralpi-Hungária kft.	Manufacture of wire products, chains and springs	Budapest (HU)	100.00%
Industria de Expositores y Parrilas S.A.	Manufacture of products from wire	Barcelona (ES)	100.00%
P.R. Soldadura S.L.	Manufacture of products from wire	Girona (ES)	100.00%
Feralpi Power On S.r.l	Power generation using photovoltaic solar technology	Lonato del Garda (IT)	100.00%
Feralpi Villasor S.r.l.	Power generation using photovoltaic solar technology	Lonato del Garda (IT)	100.00%
Feralpi Cellere S.r.l.	Power generation using photovoltaic solar technology	Lonato del Garda (IT)	100.00%
Oriolo S.r.l.	Power generation using photovoltaic solar technology	Faenza (IT)	100.00%
Immobiliare Feralpi S.r.l.	Lease of owned real estate	Lonato del Garda (IT)	100.00%
Feralpi Algerié S.a.r.l.	Resale products in stock	Orano (DZ)	70.00%
Alpifer S.r.l.	Management activities and trade in metal building products	Piacenza (IT)	50.00%
Unifer S.r.l.	Manufacture of wire products.	Finale Emilia (IT)	50.00%
Steelfer S.r.l.	Sale of steel products.	Collecchio (IT)	50.00%

In addition, the Group holds investments in associates listed below:

Name	Main activities	Registered office	Participation %
Dima S.r.l.	Recovery and preparation for recycling of municipal solid waste, industrial waste and biomass	Montichiari (IT)	31.00%
Media Steel S.r.l.	Wholesale of scrap and by-products of industrial metal processing	Massa (IT)	45.00%

6. Main accounting standards

6.1. Drafting principles

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets represented by equities or bonds in the portfolio, and contingent consideration, which are recorded at fair value. The carrying amount of assets and liabilities that are the subject of fair value hedges and would otherwise be carried at amortised cost is adjusted for changes in fair value attributable to the hedged risks.

The consolidated financial statements are presented in Euro and all values are rounded to the nearest thousand, unless otherwise indicated.

The Group has prepared the Financial Statements on the basis of the continued satisfaction of the going concern requirement.

6.2. Content and form of the financial statements

The formats adopted by the Group, in accordance with IAS 1, are composed as follows:

- *Statement of financial position*: by showing current/ non-current assets and liabilities separately, as specified in Section 6.3 "Classification criteria" below.
- *Consolidated income statement*: shows the items by nature, as it is considered the one that provides the most explanatory information.
- *Statement of other comprehensive income*: this includes other income and expense items that are allowed to be recognised in equity under IAS/IFRS.
- *Cash flow statement*: this presents the cash flows from operating, investing and financing activities as required by IAS 7.
- *Statement of changes in shareholders' equity*: shows the overall result for the year and further movements in the company's and the Group's risk capital.

6.3. Classification criteria

Assets and liabilities in the Group's balance sheet are classified on a current/non-current basis. An asset is current when:

- it is intended to be realised, or is held for sale or consumption, in the normal course of business;
- it is held primarily for trading purposes;
- it is intended to be realised within twelve months after the end of the financial year; or
- it is cash or cash equivalents unless it may be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to expire in its normal operating cycle;
- it is held primarily for trading purposes;
- it must be extinguished within twelve months after the end of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

With reference instead to the income statement, it should be noted that it is classified by nature, as it is considered that this representation is the one that best provides a correct representation of the Group's operations.

The Group has decided to present two separate statements, a consolidated statement of profit/(loss) for the year and a statement of other comprehensive income (OCI), rather than a single statement combining the two. The Group presents each OCI item net of the relevant tax impact.

The cash flow statement is presented using the indirect method.

6.4. Principles of consolidation

The consolidated financial statements include the financial statements of Feralpi Siderurgica S.p.A. and its subsidiaries as at 31 December 2025.

Control is achieved when the Group is exposed or entitled to variable returns from its relationship with the investee entity and, at the same time, has the ability to affect those returns by exercising its power over that entity. Specifically, as required by IFRS 10, the Group controls an investee if, and only if, the Group has:

- power over the investee entity (i.e. holds valid rights that give it the current ability to direct the relevant activities of the investee entity);
- the exposure or rights to variable returns arising from the relationship with the investee entity;
- the ability to exert its power over the investee entity to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights implies control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee entity, including:

- Contractual agreements with other holders of voting rights;
- Rights arising from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether or not it has control over an investee if facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the statement of comprehensive income are allocated to the shareholders of the parent company and the non-controlling interests, even if this implies that the non-controlling interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries to ensure compliance with the group's accounting policies. All intercompany assets and liabilities, shareholders' equity, revenues, costs and cash flows related to transactions between group entities are eliminated completely upon consolidation.

Changes in ownership interests in a subsidiary that do not result in a loss of control are accounted for in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of shareholders' equity, while any gain or loss is recognised in the income statement. Any retained interest must be recognised at fair value.

Conversion of items in foreign currency

The consolidated financial statements are presented in Euro, the functional and presentation currency adopted by the Parent Company. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified to the income statement upon the disposal of a foreign subsidiary represents the amount arising from the use of this method.

Below are the exchange rates used to convert the financial statements of companies in foreign currencies into euros:

Currency	2025 - Average exchange rate	31.12.25 - Exact exchange rate	2024 - Average exchange rate	31.12.24 - Exact exchange rate
Algerian Dinar	144.4750	152.0642	140.4777	140.8920
Hungarian Forint	399.8052	385.15	411.986	411.35
Czech Koruna	25.0012	24.237	25.1361	25.185

6.5. Summary of the main accounting standards

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the non-controlling interest in the acquiree. For each business combination, the Group determines whether to measure the non-controlling interest in the acquiree at fair value or in proportion to the non-controlling interest's share of the acquiree's identifiable net assets. Acquisition costs are expensed in the financial year and classified under administrative expenses.

The Group determines that it has acquired a business when the integrated set of activities and assets includes at least one factor of production and one substantial process that together contribute significantly to the ability to generate an output. The acquired process is considered substantial if it is critical to the ability to continue generating an output and the acquired inputs include an organised labour force that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to continue generating an output and is considered unique or scarce or cannot be replaced without significant cost, effort or delay to the ability to continue generating an output.

When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual terms, economic terms and other relevant conditions in place at the acquisition date. This includes testing whether an embedded derivative should be separated from the host contract.

Any contingent consideration to be recognised is recorded by the acquirer at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent payment is recognised in equity. The change in fair value of contingent consideration classified as an asset or liability, such as a financial instrument that is within the scope of IFRS 9 Financial Instruments must be recognised in the income statement in accordance with IFRS 9. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognised in the income statement.

Goodwill is initially recognised at cost represented by the excess of the aggregate of the consideration paid and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group reassesses whether it has correctly identified all assets acquired and all liabilities assumed and reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the remeasurement still results in a fair value of the net assets acquired exceeding the consideration, the difference (gain) is recognised in the income statement.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each cash-generating unit of the Group that is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the disposed asset is included in the carrying amount of the asset when determining the gain or loss on disposal. The goodwill associated with the discontinued operation is determined on the basis of the relative values of the discontinued operation and the retained portion of the cash-generating unit.

Investments in associates and joint ventures

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee without having control or joint control over it.

A joint venture is a jointly controlled arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint control means sharing control of an arrangement on a contractual basis, which only exists when decisions on relevant activities require the unanimous consent of all parties sharing control.

The considerations made to determine significant influence or joint control are similar to those required to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, an investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the investor's share of the investee's profits and losses realised after the acquisition date. Goodwill pertaining to the associate or joint venture is included in the carrying amount of the investment and is not subject to a separate impairment test.

The statement of profit/(loss) for the year reflects the Group's share of the profit/(loss) for the year of the associate or joint venture. Any changes in the other components of the statement of comprehensive income relating to these investees are presented as part of the Group's statement of comprehensive income. Furthermore, in the event that an associate or joint venture recognises a change with a direct charge to equity, the Group recognises its share, where applicable, in the statement of changes in shareholders' equity. Unrealised gains and losses arising from transactions between the Group and associates or joint ventures are eliminated in proportion to the interest in the associates or joint ventures.

The Group's aggregate share of the profit/(loss) for the year of associates and joint ventures is recognised in the statement of profit/(loss) for the year after operating profit/(loss) and represents the profit/(loss) after tax and the share of the other shareholders of the associate or joint venture.

The financial statements of associates and joint ventures are prepared on the same date as the Group's financial statements. Where necessary, the financial statements are adjusted to bring them into line with Group accounting standards.

Subsequent to the application of the equity method, the Group assesses whether it is necessary to recognise an impairment loss of its investment in associates or joint ventures. The Group assesses at each reporting date whether there is objective evidence that investments in associates or joint ventures are impaired. In this case, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the associate or joint venture in its financial statements, and recognises this difference in the statement of profit/(loss) for the year under the caption "share of profit/(loss) of associates and joint ventures".

Upon the loss of significant influence over an associate or joint control over a joint venture, the Group measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date of loss of significant influence or joint control and the fair value of the residual investment and consideration received is recognised in the income statement.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received for the sale of an asset, or paid for the transfer of a liability, in a regular transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

- in the principal market of the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they would act to satisfy their economic interest in the best way possible.

A fair value measurement of a non-financial asset considers the ability of a market participant to generate economic benefits by deploying the asset to its highest and best use or by selling it to another market participant who would deploy it to its highest and best use.

The Group uses measurement techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - measurement techniques for which the input data is not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level of the hierarchy input used for the valuation is classified.

For assets and liabilities recognised at fair value on a recurring basis, the Group determines whether transfers between levels of the hierarchy have occurred by reviewing the categorisation (based on the lowest level input, which is significant to the fair value measurement in its entirety) at each reporting date.

The Group Finance Department determines the criteria and procedures for both recurring fair value measurements, such as investments in equity instruments in unlisted companies, and non-recurring measurements, such as discontinued assets held for sale. At each reporting date, the Group Finance Department analyses changes in the values of assets and liabilities for which remeasurement or restatement is required under Group accounting standards.

For the purposes of fair value disclosures, the Group determines classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as illustrated above.

Revenues from contracts with customers

Feralpi Group is a leading manufacturer of construction steels and special steels for the mechanical engineering and automotive industries.

Revenues from contracts with customers is recognised when control of the goods is transferred to the customer, generally upon delivery, in an amount that reflects the consideration the Group expects to receive in exchange for those goods.

The Group considers whether there are other promises in the contract that represent contractual obligations on which part of the transaction consideration is to be allocated (e.g. guarantees). In determining the price of the product sales transaction, the Group considers the possible effects of variable consideration and significant financial components.

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the variable consideration at the time the contract is entered into. This value is not recognised until it is highly probable that it will be recognised in view of what has been agreed upon.

Government grants

Government grants are recognised when there is reasonable certainty that they will be received and that all the conditions attached to them have been met. Grants related to cost components are recognised as revenues, but are systematically allocated between periods in order to be commensurate with the recognition of the costs they are intended to offset. The grant related to an asset is recognised as revenue on a straight-line basis over the expected useful life of the relevant asset.

Where the Group receives a non-monetary contribution, the asset and the related contribution are recognised at nominal value and released to the income statement on a straight-line basis over the expected useful life of the relevant asset.

Contract assets

The contract asset represents the entity's right to obtain the agreed consideration for the transfer of control of assets to the customer.

If the Group settles the obligation by transferring goods to the customer before the customer pays the consideration or before payment is due, the entity shall recognise an asset arising from the contract, excluding amounts presented as receivables.

Trade receivables

A receivable is recognised if the consideration is unconditionally due from the customer (i.e. it is only necessary for time to run out for payment of the consideration to be obtained). Please refer to the paragraph on standards in the section on Financial instruments - Initial recognition and subsequent measurement.

Contract liabilities

A contract liability is an obligation to transfer to the customer goods or services for which the Group has already received consideration (or for which a portion of the consideration is due). If the customer pays the consideration before the Group has transferred control of the goods or services to the customer, the contract liability is recognised when payment is made or (if earlier) when it is due. Liabilities arising from contracts are recognised as revenues when the Group fulfils its obligations to do so under the relevant contract.

Income taxes

Current taxes

Current tax assets and liabilities for the year are valued at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those enacted, or substantially in effect, at the reporting date in the country where the Group operates and generates its taxable income.

Current taxes related to items recognised directly in equity are also recognised in equity and not in profit/(loss) for the year. The Management periodically assesses the position taken in the tax return in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the reporting date between the tax amounts of assets and liabilities and the corresponding carrying amounts.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused tax credits and tax losses carried forward, to the extent that it is probable that sufficient future taxable income will be available to allow the utilisation of deductible temporary differences and tax credits and tax losses carried forward, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the financial statement result nor the tax result;

- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that they will reverse in the foreseeable future and that there will be sufficient taxable income to allow for the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow all or part of this credit to be utilised. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent that it becomes probable that taxable income will be sufficient to allow for the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which these assets are realised or these liabilities are settled, taking into account the rates in force and those already enacted, or substantially in force, at the reporting date.

Deferred taxes relating to items recognised outside the income statement are also recognised outside the income statement and, therefore, in equity or in the statement of comprehensive income, consistently with the item to which they relate.

Tax benefits acquired as a result of a business combination, but which do not meet the criteria for separate recognition at the acquisition date, may be recognised at a later date, when new information on changes in facts and circumstances is obtained. The adjustment is recognised as a reduction of goodwill (up to the value of the goodwill), if recognised during the measurement period, or in the income statement, if recognised subsequently.

The Group offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right to offset current tax assets and current tax liabilities, and the deferred tax assets and liabilities refer to income taxes owed to the same tax authority by the same or different taxpayers that intend to settle current tax assets and liabilities on a net basis.

Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost recognised in the income statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered from or paid to the Treasury is included in the balance sheet either as a receivable or as a payable.

With regard to the Pillar Two legislation, aimed at guaranteeing a minimum overall level of taxation of 15%, the Company has carried out the appropriate analyses and, on the basis of current data, does not foresee any significant impact on its tax management, maintaining an effective rate consistent with the thresholds provided for.

Transactions and balances

Foreign currency transactions, if any, are initially recognised in the functional currency, applying the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the reporting date. Realised exchange rate differences or those arising from the translation of monetary items are recognised in the income statement. Taxes attributable to exchange rate differences on monetary items are also recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost in foreign currencies are translated at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in a foreign currency are translated at the exchange rate on the date the value was determined. The gain or loss that arises from the translation of non-monetary items is treated consistently with the recognition of gains and losses related to the change in fair value of those items (i.e. translation differences on items whose change in fair value is recognised in the statement of comprehensive income or the income statement are recognised in the statement of comprehensive income or the income statement, respectively).

Property, plant and equipment

Property, plant and equipment under construction are recognised at historical cost, less any accumulated impairment losses. Property, plant and equipment are recognised at historical cost, less accumulated depreciation and accumulated impairment losses. This cost includes costs for the replacement of part of machinery and plant at the time they are incurred, if they meet the recognition criteria. Where it is necessary to replace significant parts of plant and equipment on a regular basis, the Group depreciates them separately in accordance with their specific useful lives. Similarly, in the case of major overhauls, the cost is included in the carrying amount of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognised in the income statement when incurred.

Depreciation of tangible assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Category	%
Buildings	2.5% to 5%
Lightweight construction - Roofing	10%
Plant and machinery	from 5% to 20%
Industrial and commercial equipment	12,50% - 20% - 25%
Other assets	12% - 20% - 25%

The carrying amount of an item of property, plant and equipment and any significant components initially recognised is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain/loss arising on derecognition of the asset (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each year-end and, where appropriate, adjusted prospectively.

Rights of use

The Group assesses when entering into a contract whether it is, or contains, a lease. In other words, if the contract confers the right to control the use of an identified asset for a period of time in return for a consideration.

Group as lessee

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognises liabilities relating to lease payments and the right-of-use asset representing the right to use the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets on the lease commencement date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date net of any incentives received. Right-of-use assets are amortised on a straight-line basis from the effective date of the contract to the end of the useful life of the asset underlying the right-of-use or the end of the lease term, whichever is earlier.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right of use reflects the fact that the lessee will exercise the purchase option, the lessee shall amortise the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment. Please refer to section s) Impairment of non-financial assets.

Lease liabilities

At the lease inception date, the Group recognises lease liabilities by measuring them at the present value of unpaid lease payments due at that date. Payments due include fixed payments (including fixed payments in substance) net of any lease incentives to be received, variable lease payments that depend on an index or rate, and amounts expected to be paid as guarantee for the residual value. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such option will be exercised by the Group and lease termination penalty payments if the lease term takes into account the Group's exercise of its lease termination option.

Variable lease payments that do not depend on an index or rate are recognised as expenses in the period (unless incurred in the production of inventories) in which the event or condition that generated the payment occurs.

In calculating the present value of payments due, the Group uses the incremental borrowing rate at the start date if the implied interest rate cannot be easily determined. After the effective date, the amount of the lease liability increases to reflect interest on the lease liability and decreases to reflect payments made. In addition, the carrying amount of lease payables is restated in the event of any changes to the lease or for the revision of the contractual terms for the change in payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine such payments. The Group's lease liabilities are recorded under the specific item "Finance lease payables" (current/non-current).

Short-term leases and leases of low-value assets

The Group applies the exemption for the recognition of short-term leases relating to machinery and equipment (i.e., leases that have a term of 12 months or less from the commencement date and do not contain a purchase option). The Group has also applied the low-value asset exemption in respect of leases relating to office equipment whose value is considered low. Lease payments for short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Group as lessor

Lease agreements that essentially leave the Group with all the risks and rewards of ownership of the asset are classified as operating leases. Lease income from operating leases must be recognised on a straight-line basis over the lease term, and is included as revenues in the income statement due to its operating nature. Initial trading costs are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Unbudgeted rents are recognised as revenues in the period in which they accrue.

Financial expenses

Financial expenses directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time before it is available for use are capitalised on the cost of the asset. All other financial expenses are recognised as an expenses in the year in which they are incurred. Financial expenses consist of interest and other costs that an entity incurs in connection with obtaining financing.

Intangible assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in the income statement of the year in which they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever there are indications of possible impairment. The amortisation period and amortisation method for an intangible asset with a finite useful life is reviewed at least at each year-end. Changes in the expected useful life or the manner in which the future economic benefits associated with the asset will be realised are recognised through changes in the period or method of amortisation, as appropriate, and are considered changes in accounting estimates. The amortisation of intangible assets with a finite useful life is recognised in the statement of profit/(loss) for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortised, but are tested annually for impairment, both at the individual and cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite to finite useful life is applied on a prospective basis.

An intangible asset is derecognised on disposal (i.e., on the date the acquirer obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Patents and licences

The Group paid advances to acquire patents and licences. The patents were granted for use by the relevant body for a minimum period of 10 years, with an option to renew at the end of that period. Licences for the use of intellectual property were granted for a period of five to ten years, depending on the specific licence. Licences could be renewed at no or minimal cost.

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Intangible fixed assets Category	%
Development costs	20%
Industrial patent rights	20%
Concessions, licences and trademarks	10% 20%

Financial instruments - Recognition and measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Initial recognition and measurement

Upon initial recognition, financial assets are classified, as appropriate, according to subsequent measurement methods, i.e. at amortised cost, at fair value through OCI and at fair value through profit or loss.

The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

The purchase or sale of a financial asset that requires delivery within a time-frame generally established by regulation or market conventions (a standardised sale or regular way trade) is recognised on the trade date, i.e. the date on which the Group committed to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income with reclassification of cumulative gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without reversal of accumulated gains and losses on derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognised at fair value through other comprehensive income (OCI) when they meet the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined for each individual instrument.

Gains and losses realised on such financial assets are never reversed to the income statement. Dividends are recognised as other revenues in the income statement when the right to payment has been resolved upon, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such gains are recognised in the statement of comprehensive income.

The Group has chosen to irrevocably classify its unlisted equity investments in this category.

Financial assets at fair value through profit or loss

Financial instruments at fair value through profit or loss are recognised in the statement of financial position at fair value and net changes in fair value are recognised in the statement of profit/(loss) for the year.

This category includes derivative instruments and listed equity investments that the Group has not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments are recognised as other income in the statement of profit/(loss) for the year when the right to payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g. removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive cash flows from the asset or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Impairment loss

The Group recognises an expected credit loss ("ECL") for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected loss at each reporting date. The Group has established a matrix system based on historical information, revised to consider forward-looking elements with reference to specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at fair value through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each reporting date, the Group assesses whether the debt instrument is considered to have low credit risk using all available information that can be obtained without undue cost or effort. In making this assessment, the Group monitors the creditworthiness of the debt instrument. Furthermore, the Group assumes that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, as mortgages and loans, or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value plus, in the case of mortgages, loans and debts, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, mortgages and loans, including overdrafts and derivative financial instruments.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the most relevant category for the Group. After initial recognition, loans are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by recognising the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial expenses in the statement of profit/(loss).

This category generally includes interest-bearing loans and receivables.

Derecognition

A financial liability is derecognised when the obligation underlying the liability is discharged, cancelled or fulfilled. Where an existing financial liability is exchanged for another financial liability of the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability, accompanied by the recognition of a new liability, with any differences between the carrying amounts recognised in the statement of profit/(loss) for the year.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments including forward currency contracts, interest rate swaps and forward commodity contracts to hedge its currency exchange risks, interest rate risks and commodity price risks, respectively. These derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

When initiating a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its risk management objectives and the strategy pursued.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk and how the Group will assess whether the hedging relationship meets hedge effectiveness requirements (including analysis of the sources of hedge ineffectiveness and how the hedge ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it satisfies all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over changes in value resulting from the aforementioned economic report;
- the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge that amount of the hedged item.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

1) Fair value hedges

The change in the fair value of hedging derivatives is recognised in other expenses in the statement of profit/(loss) for the year. The change in the fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and is also recognised in the statement of profit/(loss) for the year in the specific item.

When an unrecognised firm commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are recognised as assets or liabilities and corresponding gains or losses recognised in the statement of profit/(loss) for the year.

2) Cash flow hedges

The portion of the gain or loss on the hedged item relating to the effective portion of the hedge is recognised in other comprehensive income in the "cash flow hedge reserve", while the ineffective portion is recognised directly in the statement of profit/(loss) for the year. 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.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk related to both planned transactions and already established commitments; likewise, it uses forward commodity contracts to hedge against the volatility of commodity prices. The ineffective portion of forward currency contracts is recognised in other expenses and the ineffective portion of commodity forward contracts is recognised in other operating income or expenses.
The Group only designates the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognised in the statement of comprehensive income in a separate item.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows impact the income statement.

If cash flow hedge accounting is discontinued, the amount accumulated in the statement of comprehensive income must remain so if the hedged future cash flows are expected to occur. Otherwise, the amount must be immediately reclassified to profit/(loss) for the year as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any accumulated amount remaining in the statement of comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are valued at the lower of cost and net realisable value. The valuation criterion adopted is the weighted average cost method.

The costs incurred in bringing each asset to its present location and condition are recognised as follows:

- Raw materials: purchase cost calculated using the weighted average cost method
- Finished and semi-finished products: purchase cost calculated using the direct weighted average cost method of materials and labour plus a share of production overheads, defined on the basis of normal production capacity, excluding financial expenses, through a bill of materials.

Net realisable value is the estimated normal selling price in the normal course of business, less estimated completion costs and estimated costs to realise the sale.

Provisions are calculated for obsolete or slow-moving inventories, taking into account their expected future use and realisable value.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there are any indicators of asset impairment. In such cases, or in cases where an annual impairment test is required, the Group makes an estimate of the recoverable amount. The recoverable amount is the higher of the fair value of the asset or cash-generating unit, less costs to sell, and its value in use. The recoverable amount is determined for each individual asset, except when that asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, that asset has suffered an impairment loss and is consequently written down to its recoverable amount.

For assets other than goodwill, at each reporting date, the Group assesses whether there are any indicators of the reversal (or reduction) of previously recognised impairment losses and, if such indicators exist, estimates the recoverable amount of the asset or CGU. The value of an asset previously written down may only be reinstated if there have been changes in the assumptions on which the calculation of the determined recoverable amount was based, subsequent to the recognition of the last impairment loss. The write-back may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years. This reversal is recognised in profit/(loss) for the year unless the fixed asset is recognised at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment at least once a year or more frequently if circumstances indicate that the carrying amount may be impaired.

Goodwill impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. The impairment of goodwill cannot be reversed in future years.

Cash and cash equivalents and short-term deposits

Cash and cash equivalents include cash balances, unencumbered deposits and other treasury investments with an original scheduled maturity of three months or less. A cash investment is considered to be a cash equivalent when it is readily convertible to cash with no significant risk of change in value and when it is intended to meet short-term cash commitments and is not held for investment purposes.

Provisions for risks and charges

Provisions for liabilities and charges are made when the Group has a present obligation (legal or constructive) as a result of a past event, an outflow of resources to meet that obligation is probable, and a reliable estimate of the amount can be made. When the Group believes that a provision for risks and charges will be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately as an asset if, and only if, it is practically certain. In this case, the cost of the provision, if any, is presented in the statement of profit/(loss) for the year net of the amount recognised for the indemnity.

If the effect of the time value of money is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognised as a financial expense.

Liabilities for employee benefits

The cost of expected benefits under the defined benefit plan is determined using the projected unit credit actuarial method.

Revaluations, which include actuarial gains and losses, changes in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position by debiting or crediting retained earnings through other comprehensive income in the period in which they arise.

Revaluations are not reclassified to the income statement in subsequent years.

Past service cost is recognised in the income statement at the earliest of the following dates:

- the date on which an amendment or curtailment of the plan occurs; and
- the date on which the Group recognises related restructuring costs or employee termination benefits.

Net interest on the defined benefit liability/net asset is to be determined by multiplying the liability/net asset by the discount rate. The Group recognises the following changes in the net defined benefit obligation in the costs to sell, administrative expenses and selling and distribution costs in the income statement (by nature):

- Labour costs, including current and past labour costs, gains and losses on non-routine reductions and extinguishments;
- Net interest income or expense.

Discretionary assessments and significant accounting estimates

The preparation of the Group's financial statements requires the directors to make discretionary assessments, estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities. The uncertainty surrounding these assumptions and estimates could lead to outcomes that will require a significant adjustment to the carrying amounts of these assets and/or liabilities in the future.

Discretionary assessments

Duration of lease agreements containing an extension option

The Group determines the lease term as the non-cancellable period of the lease to which is added both the periods covered by the lease extension option where there is reasonable certainty of exercising that option and the periods covered by the lease termination option where there is reasonable certainty of not exercising that option.

The Group has the option, for some of its leases, to extend the lease or terminate it early. The Group applies its judgement in assessing whether there is reasonable certainty of exercising the renewal options. That said, the Group considers all factors noted that may result in an economic incentive to exercise the renewal options or to terminate the contract. After the commencement date, the Group revises its estimates of the lease term in the event of a significant event or a significant change in circumstances within its control that may affect the ability to exercise (or not exercise) the option to renew or to cancel the lease early (e.g., investment in leasehold improvements or significant specific changes to the leased asset).

Estimates and assumptions

The main assumptions concerning the future and other major causes of valuation uncertainty that, at the reporting date, present a material risk of giving rise to significant adjustments to the carrying amounts of assets and liabilities within the next financial year are illustrated below. The Group has based its estimates and assumptions on parameters available at the time the consolidated financial statements were prepared. However, current circumstances and assumptions about future events may change due to variations in the market or events beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The calculation of value in use is based on a discounted cash flow model. The cash flows are derived from a 5-year business plan and do not include restructuring activities for which the Group has not yet committed or significant future investments that will increase the results of the business included in the cash-generating unit being measured. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for extrapolation.

Given the uncertainties involved, it is important for entities to provide detailed information on the assumptions made, the evidence on which they are based, and the impact of changing key assumptions (sensitivity analysis). Given the level of inherent risk and the variability of judgements and estimates, disclosure of the key assumptions used and the assessments made in estimating recoverable amount plays a key role.

Entities will need to assess the key assumptions used to determine the recoverable amount for different CGUs. The key inputs used in the models with reference to the determination of value in use and fair value less cost to sell will have to be reviewed to determine any impact.

Provision for expected losses on trade receivables and contract assets

The Group uses a matrix to calculate ECLs for trade receivables and contract assets. Provisioning rates are based on days past due for each class of customers grouped into the various segments with similar historical loss trends (e.g. by geographic area, product type, customer type, rating and collateral).

The matrix is initially based on the Group's observed historical default rates. The Group calibrates the matrix to refine the historical data on credit losses with forward-looking elements. For example, if forecast economic conditions (e.g. gross domestic product) are expected to deteriorate in the following year, this may lead to an increase in the number of defaults in the manufacturing sector, and historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates are analysed on forecasting elements.

Assessing the correlation between historical default rates, forecast economic conditions and ECLs is a meaningful estimate.

The amount of ECL is sensitive to changes in circumstances and expected economic conditions.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that there will be a taxable profit in the future that will allow the losses to be utilised. Significant estimation by management is required to determine the amount of tax assets that may be recognised based on the level of future taxable profits, the timing of their occurrence and the applicable tax planning strategies.

Defined benefit plans (pension funds)

The cost of defined benefit pension plans and other post-employment benefits and the present value of the defined benefit obligation are determined using actuarial valuations. As far as the Group is concerned, it is only applicable for Italian companies and with insignificant impacts. Actuarial valuation requires the development of various assumptions that may differ from actual future developments. These assumptions include the determination of the discount rate, future wage increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are extremely sensitive to changes in assumptions. All assumptions are reviewed annually.

The discount rate is the parameter most subject to change. Bonds are subjected to further qualitative analysis and those with a credit spread deemed excessive are excluded from the basket of bonds from which the discount rate is calculated, as they do not represent a high quality bond category. The mortality rate is based on available country-specific mortality tables. These tables tend to vary only in response to a change in demographic assumptions. Future wage and pension increases are based on expected inflation rates for each country. These plans currently only apply to the Group's Italian companies.

Fair value of financial instruments

When the fair value of a financial asset or financial liability recognised in the statement of financial position cannot be measured by reference to prices in an active market, fair value is determined using various measurement techniques, including the discounted cash flow model. The inputs into this model are taken from observable markets where possible, but where this is not possible, some degree of estimation is required to define fair value. The estimates include considerations on variables such as liquidity risk, credit risk and volatility. Changes in assumptions about these items could have an impact on the fair value of the financial instrument recognised.

Contingent consideration related to business combinations are measured at fair value at the acquisition date in the business combination as a whole. If the contingent consideration meets the definition of a derivative and is therefore a financial liability, its value is subsequently remeasured at each reporting date. The determination of fair value is based on discounted cash flows. The key assumptions take into account the probability of achieving each contractually agreed performance target and the discount factor.

Lease - Estimating the incremental borrowing rate

The Group cannot easily determine the implicit interest rate of the lease and therefore uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate the lessee would have to pay for a loan, with a similar term and guarantees, required to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the group would have had to pay, and this requires estimation when there is no observable data (as in the case of investees that are not direct counterparts to financial transactions) or when rates need to be adjusted to reflect the terms and conditions of the lease (for example, when the leases are not in the investee's functional currency). The Group estimates the incremental borrowing rate using observable data (such as market interest rates) if available, and making specific considerations about the conditions of the investee (such as the creditworthiness of the investee alone).

Decommissioning provisions

Feralpi Group did not set aside any decommissioning provisions for the plants because it considered their useful life to be more than 50 years. Consequently, it was concluded that although a present obligation exists from past events, the amount of the obligation cannot be measured with sufficient reliability. This conclusion was reached on the basis that liquidation dates are indeterminate and that other estimates, such as discount rates over too long a time horizon, do not represent an observable measure and are therefore not considered reliable. Consequently, there is a decommissioning and restoration obligation that cannot be recognised or quantified and is referred to as a contingent liability.

Goodwill

In accordance with the accounting standards adopted for the preparation of the Financial Statements, goodwill is tested annually for impairment to be recognised in the Income Statement. In particular, this test involves the allocation of goodwill to groups of cash-generating units (CGUs) and the subsequent determination of the related recoverable amount, understood as the higher of fair value and value in use.

If the recoverable amount is lower than the carrying amount of the group of cash-generating units to which the goodwill has been allocated, the goodwill allocated to them is written down.

With reference to the impact of the adoption of IFRS 16 - Leases, the carrying amount of cash-generating units includes the value of the rights of use belonging to the CGUs themselves. In determining the present value of future cash flows, flows relating to the repayment of lease obligations are excluded as they represent flows from financing activities. Consequently, the value of lease payables is excluded from the carrying amount of the CGU at the impairment test date.

6.6. Recently enacted standards

The Group has applied certain standards or amendments for the first time, which are effective as of 1 January 2025. The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet in force.

Lack of exchangeability – Amendments to IAS 21

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should consider whether a currency is exchangeable and how it should determine the spot exchange rate when exchangeability is lacking. The amendments also require the disclosure of information that allows users of the financial statements to understand how the currency that is not convertible into another currency affects, or is expected to affect, the entity's economic result, financial condition, and cash flows.

These amendments had no significant impact on the Group's financial statements.

6.6.1. Standards issued but not yet in force

Standards issued but not yet in force

The standards and interpretations that had already been issued but were not yet in force at the date of preparation of the Group's consolidated financial statements are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the income statement, including specific totals and subtotals. Furthermore, entities must classify all expenses and revenues in the income statement into five categories: operating, investing, financing, income tax, and discontinued operations, noting that the first three categories are newly introduced.

The standard further requires that disclosures adhere to the new definition of management-defined performance measures (MPMs), subtotals of costs and revenues, and includes new provisions for the aggregation and disaggregation of financial information based on the identified roles of the Primary Financial Statements (PFS) and notes.

Furthermore, amendments were introduced to IAS 7 Statement of Cash Flows, including changing the starting point for determining cash flows from operations using the indirect method; from profit or loss to operating profit or loss, and removing the option to classify cash flows from dividends and interest. Furthermore, consequential changes were made to several other accounting standards.

IFRS 18, and amendments to other standards, are effective for financial years beginning on or after 1 January 2027, but early application is permitted subject to disclosure. IFRS 18 will apply retrospectively.

The Group is currently working to identify the impacts the changes will have on its financial statements and notes to the financial statements. The preliminary assessments of the main expected impacts on the Group's consolidated financial statements are as follows:

- Rental income, changes in fair value relating to investment property and the share of profit of an investee and a joint venture will be classified in the "investing" category in the income statement.
- Exchange rate differences will be classified within the category in which the related income and expenses that gave rise to the exchange rate difference were classified.
- New supplementary information will be introduced with reference to: (a) "management-defined performance measures"; (b) costs by nature if costs are presented by function in the "operating" category in the statement of profit/(loss) for the year; and (c) a reconciliation, for each item in the income statement, between the amounts restated applying IFRS 18 and those previously presented under IAS 1. Interest income and interest expense will be classified, respectively, as investing and financing activities in the cash flow statement.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, permitting eligible entities to reduce their disclosure requirements while still adhering to the recognition, measurement, and presentation stipulations of other IFRS accounting standards. To be eligible at the end of the financial year, an entity must be a subsidiary as defined under IFRS 19, cannot have "public accountability", and must have a parent company (ultimate or intermediate) that prepares consolidated financial statements available to the public, in accordance with IFRS accounting standards.

IFRS 19 will become effective for financial years beginning on or after 1 January 2027, with the possibility of early application.

The Group is not eligible for the application of IFRS 19.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, called Amendments to the Classification and Measurement of Financial Instruments (the "Amendments"). The Amendments include:

- a clarification that a financial liability is derecognised on the "settlement date" and the introduction of an accounting policy option (if specific conditions are met) to derecognise financial liabilities settled through electronic payment systems before the settlement date;
- additional guidance on how to measure contractual cash flows for financial assets with environmental, social, and governance (ESG) or similar characteristics;
- clarifications on what the characteristics of a "non-recourse" instrument (non-recourse feature) are and what the characteristics of contractually linked instruments are;
- the introduction of disclosure requirements for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted only for the classification of financial assets and related disclosures.

The Group does not expect the amendments to have a significant effect on the consolidated financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine amendments of limited scope as part of the regular maintenance of IFRS. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and relative Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, and adequate disclosure must be made.

These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7, Contracts Referencing Nature-dependent Electricity. The amendments apply exclusively to contracts that refer to this type of electricity and:

- clarify the application of the own-use requirements for contracts falling within the scope;
- amend the requirements for designating a hedged item in a cash flow hedging relationship for the contracts in question;
- introduce new disclosure requirements to enable investors to understand the effects of such contracts on a company's financial performance and cash flows.

The amendments will be effective for financial years beginning on or after 1 January 2026. Early adoption is permitted, but adequate disclosure must be made.

The amendments relating to the own-use exception must be applied retrospectively, while those relating to hedge accounting must be applied prospectively to new designated hedging relationships from the date of first application. In addition, the amendments to the disclosures required by IFRS 7 must be implemented in conjunction with the amendments to IFRS 9. If an entity does not restate comparative information, it will not be able to present comparative disclosures.

The Group does not expect these amendments to have a significant impact on its consolidated financial statements.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

In November 2025, the IASB issued Amendments for translation to a hyperinflationary presentation currency, which amended IAS 21 — The Effects of Changes in Foreign Exchange Rates, in order to clarify how companies should translate financial statements from a non-hyperinflationary currency to a hyperinflationary one.

The amendments will be effective from 1 January 2027, with the possibility of early application. These amendments are not expected to have an impact on the consolidated financial statements as the Group does not operate in hyperinflationary economies.

6.7. Information on transactions with related parties

During the year, transactions with related parties of both a commercial and financial nature were carried out at market conditions. Transactions with related parties, when not dictated by specific regulatory conditions, were usually settled at market conditions.

Details of the transactions that took place during the year and the previous year are given below:

Financial relations - 2025	Assets	Liabilities	Costs	Revenues
	Receivables	Payables	Expenses	Income
Tuxor	-	-	-	11
Total	**-**	**-**	**-**	**11**

Commercial relations 2025	Assets	Liabilities		Costs		Revenues
	Receivables	Payables	Services	Other	Services	Other
Media Steel S.r.l.	-	84,277	-	138,830	75	250
Ecoeternit S.r.l.	-	2	10	-	-	3
Dima S.r.l.	-	651	2,046	1		4
Agroittica Lombarda S.p.A.	425	252	-	43	-	-
Comeca Tecnologie S.p.A.	7	3,554	6,335	-	6	-
Far Energia	-	311	16	-	-	-
Tuxor	24	-	-	-	-	4,617
Total	**456**	**89,048**	**8,407**	**138,874**	**81**	**4,875**

7. Business combinations

During 2025, as already described above, Feralpi Group acquired the company Oriolo S.r.l., through the purchase of the relevant shares by Feralpi Power On S.r.l., and changed the consolidation method for the Alpifer Group, moving from the equity method (adopted until the 2024 financial year) to the line-by-line method. Details are given in Paragraph 2.

In this regard, the Group completed two business combinations accounted for in accordance with IFRS 3. These acquisitions, aimed at expanding the scope of consolidation, resulted in the recognition of the assets acquired and liabilities assumed at their respective fair values at the acquisition date, as detailed in the tables and schedules below.

The fair value of the identifiable assets and liabilities of Oriolo S.r.l. at the acquisition date was:

Acquisition of Oriolo S.r.l.

Balance Sheet Amounts in thousands of euros	Fair value recognised upon acquisition
Assets	
Non-current Assets	
Property, plant and equipment	198,575
Total non-current assets	**198,575**
Current assets	
Other current assets	40,930
Total current assets	**40,930**
Total assets	**239,505**
Shareholders' equity and liabilities	
Shareholders' equity	
Share capital	2,500
Other reserves	288,346
Retained earnings/accumulated losses	(37,298)
Profit/loss for the year	(17,992)
Total Group Shareholders' Equity	**235,556**
Total shareholders' equity	**235,556**
Non-current liabilities	
Total non-current liabilities	**-**
Current liabilities	
Other current liabilities	3,949
Total current liabilities	**3,949**
Total shareholders' equity and Liabilities	**239,505**
Total net identifiable assets at fair value	**235,556**
Total purchase of equity investments	**700,576**
Differential value with effect on equity	**(447,027)**

During 2025, the shareholders of Alpifer S.r.l. signed an update of the shareholders' agreements, pursuant to Article 2341-bis of the Italian Civil Code; this update did not change the distribution of the share capital, which remains unchanged.

In light of the above and in accordance with the provisions of IFRS 10, Feralpi Siderurgica S.p.A. acquired control of the Alpifer Group and consequently changed the consolidation method from the equity method to the line-by-line method. The consolidation of the Alpifer Group has its business foundation in the verticalisation of steel processing, which, together with internationalisation and diversification, forms the basis of Feralpi Group's strategic development.

The fair value of the Alpifer Group's identifiable assets and liabilities as at 1 January 2025 was:

Acquisition of Alpifer S.r.l.

Balance Sheet Amounts in thousand euros	Fair value recognised upon acquisition
Assets	
Non-current Assets	
Intangible assets	1,803
Property, plant and equipment	30,504,571
Right-of-use assets	209,060
Other investments	250
Non-current financial assets	2
Deferred tax assets	168,049
Total non-current assets	**30,883,735**
Current assets	
Inventories	13,053,572
Trade receivables	39,241,269
Tax receivables	432,392
Current financial assets	2,331
Other current assets	1,455,459
Cash and cash equivalents and short-term deposits	10,311,121
Total current assets	**64,496,144**
Assets held for sale	-
Total assets	**95,379,879**

Balance Sheet Amounts in thousand euros	**Fair value recognised upon acquisition**
Non-current liabilities	
Non-current financial payables	9,448,136
Non-current lease payables	123,432
Liabilities for employee benefits	136,535
Provisions for risks and charges	1,433,693
Deferred tax liabilities	2,782,487
Total non-current liabilities	**13,924,283**
Current liabilities	
Current financial payables	2,299,260
Current lease payables	89,043
Trade payables	34,745,955
Trade payables to associates	8,268
Tax payables	2,338
Other current liabilities	2,710,032
Total current liabilities	**39,854,896**
Liabilities directly associated with assets held for sale	-
Total shareholders' equity and Liabilities	**95,379,879**
Total net identifiable assets at fair value	**41,600,700**
Minority interests measured at fair value	(20,800,350)
Goodwill arising from the acquisition	-
Value of previously held equity investment	**20,800,350**

As required by the accounting standard IFRS 3, management carried out a Purchase Price Allocation (PPA) in order to verify whether the positive difference arising from the line-by-line consolidation of the Alpifer Group was allocated within the assets and liabilities acquired. Following a report prepared by an independent expert, the capital gain of €8,831 thousand, gross of deferred taxes of €2,464 thousand, was fully allocated to the buildings at the Ceprano and Villanova sull'Arda sites owned by the company.

8. Property, plant and equipment

The net carrying amount of property, plant and equipment as at 31 December 2025 was €799,102 thousand, compared to €721,578 thousand the previous year.

The table opposite shows changes in tangible fixed assets and their respective accumulated depreciation:

During the period, the Group made investments totalling €115,765 thousand. Investments mainly relates to new plants and revamping of existing plants at the various production sites. For further details, refer to the report on operations in section 4. Strategy and investments of Feralpi Group.

During the year, there were disposals in the Parent Company amounting to €888 thousand that generated capital gains of €3,465 thousand and capital losses of €333 thousand. The most significant item refers to the disposal of some land and buildings for the construction of the high-speed railway line bordering the Lonato del Garda (Bs) production site.

The assets under construction mainly concern the new spooler production line at the Parent Company and the new rolling mill at the subsidiary ESF Elbe-Stahlwerke Feralpi GmbH, which are still recorded as assets under construction pending final testing, which will take place in the first months of 2026.

(amounts in thousand euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances to suppliers	Total property, plant and equipment
Historical cost - 31 December 2024	**393,911**	**953,051**	**18,931**	**59,296**	**303,700**	**1,728,889**
Increases	11,836	27,498	980	3,318	72,134	115,765
Decreases	(555)	(1,868)	(23)	(1,063)	(2,658)	(6,166)
Change in the scope of consolidation	34,118	19,305	1,253	2,101	1,752	58,529
Reclassifications	28,548	12,212	267	294	(41,621)	(299)
Historical cost - 31 December 2025	**467,857**	**1,010,198**	**21,409**	**63,946**	**333,308**	**1,896,718**
Accumulated amortisation - 31 December 2024	**(162,534)**	**(780,587)**	**(15,477)**	**(48,645)**	**(69)**	**(1,007,311)**
Amortisation	(11,285)	(47,225)	(1,449)	(4,543)	-	(64,502)
Decreases	-	1,256	-	1,034	-	2,291
Change in the scope of consolidation	(12,094)	(13,463)	(1,031)	(1,506)	-	(28,094)
Accumulated amortisation - 31 December 2025	**(185,912)**	**(840,019)**	**(17,957)**	**(53,659)**	**(69)**	**(1,097,616)**
Net carrying amount- 31 December 2024	**231,378**	**172,464**	**3,455**	**10,651**	**303,631**	**721,578**
Net carrying amount- 31 December 2025	**281,945**	**170,179**	**3,452**	**10,287**	**333,239**	**799,102**

9. Right-of-use assets

The Group has lease agreements in place for property, plant, machinery, cars and equipment that are used in operations. Leases relating to buildings generally last between 6 years and 12 years, those relating to equipment between 2 years and 8 years, those for plant and machinery between 3 years and 12 years, and those for cars between 3 and 5 years. The Group's liabilities under these leases are secured by the lessor's title to the leased assets. Generally, the Group may not grant the leased assets to third parties and certain contracts require the Group to meet certain liquidity ratios. There are many leasing agreements that include options for renewal and cancellation and variable payments, which are better described below.

The Group also has certain leases for machinery with a duration of 12 months or less and office equipment with a low value. For these contracts, the Group has chosen to apply the exemptions in IFRS 16 regarding short-term or low-value leases. See section 39 for more information.

The table alongside shows a breakdown of the right of use by nature of the underlying assets as at 31 December 2025 and the previous year:

(amounts in thousand euros)	Properties	Equipment	Plant and machinery	Cars	Total Right of Use
Right of use as at 31 December 2024	**8,164**	**6,268**	**17,432**	**2,153**	**34,017**
Change in the scope of consolidation	61	134	-	13	209
Increases	3,227	1,499	4,600	1,462	10,787
Decreases	-	(128)	-	-	(128)
Right of use as at 31 December 2025	**11,452**	**7,773**	**22,032**	**3,628**	**44,885**
Accumulated amortisation as at 31 December 2024	**4,240**	**4,169**	**7,671**	**1,418**	**17,498**
Change in the scope of consolidation	12	73	-	5	90
Increases	1,013	1,064	1,720	391	4,189
Accumulated amortisation as at 31 December 2025	**5,265**	**5,307**	**9,391**	**1,814**	**21,777**
Net carrying amount as at 31 December 2024	**3,924**	**2,099**	**9,761**	**735**	**16,519**
Net carrying amount as at 31 December 2025	**6,187**	**2,466**	**12,641**	**1,814**	**23,109**

The increases of €10,787 thousand are mainly attributable to the new lease contract for Presider at Misterbianco (CT) and for the new welding plant of Defim Orsogril, which became operational in November 2025.

The table opposite shows the details of financial liabilities:

(amounts in thousand euros)	Properties	Equipment	Plant and machinery	Cars	Total financial lease liability
Financial lease liability as at 31 December 2024	3,920	2,157	6,941	748	**13,766**
Short-term financial liability as at 31 December 2024	814	870	1,875	222	**3,781**
Long-term financial liability as at 31 December 2024	3,106	1,286	5,065	526	**9,985**
Increases	3,227	1,499	3,220	1,462	**9,407**
Decreases	(1,023)	(1,233)	(1,928)	(380)	**(4,563)**
Exchange rate effect	-	-	-	-	**-**
Other changes	-	-	-	-	**-**
Change in the scope of consolidation	62	137	-	14	**212**
Financial lease liability as at 31 December 2025	**6,187**	**2,559**	**8,233**	**1,843**	**18,823**
Short-term financial liability as at 31 December 2025	1,019	1,010	2,503	531	**5,063**
Long-term financial liability as at 31 December 2025	5,168	1,550	5,730	1,312	**13,760**

The IBR (Incremental Borrowing Rate) was calculated as the sum of the risk free rate (Swap Standard Rates vs 6-month Euribor) for each maturity, measured as at 31 December 2025, and a pure risk component reflecting the "credit risk" attributable to Feralpi Group. The Risk free component takes into account the economic environment in which the Group operates.

10. Intangible assets

The net carrying amount of intangible assets as at 31 December 2025 was €7,809 thousand, compared to €8,964 thousand as at 31 December 2024.

The table opposite shows the changes in intangible assets and their respective accumulated amortisation.

The increase of €533 thousand in patent rights is mainly attributable to the development and customisation of the Group SAP ERP.

The item other intangible assets includes deferred charges relating to the Metalinterconnector consortium. This consortium aims to make investments in the Metalinterconnector project through the construction of interconnection power lines with foreign countries and has the purpose of granting consortium members the purchase of electricity at lower prices than the market. The value recorded was €1,573 thousand as at 31 December 2025 against €2,097 thousand in the previous year.

(amounts in thousand euros)	Patent Rights	Other intangible fixed assets	Total intangible fixed assets
Historical cost - 31 December 2024	**13,106**	**33,348**	**46,454**
Increases	533	1,235	1,768
Decreases	(35)	-	(35)
Change in the scope of consolidation	326	614	940
Change in the scope of consolidation	-	(381)	(381)
Historical cost - 31 December 2025	**13,928**	**34,816**	**48,746**
Accumulated amortisation - 31 December 2024	**(11,280)**	**(26,210)**	**(37,490)**
Amortisation	(1,174)	(1,772)	(2,946)
Decreases	35	-	35
Change in the scope of consolidation	-	(536)	(536)
Accumulated amortisation - 31 December 2025	**(12,419)**	**(28,518)**	**(40,937)**
Net carrying amount - 31 December 2024	**1,826**	**7,138**	**8,964**
Net carrying amount - 31 December 2025	**1,509**	**6,298**	**7,809**

11. Goodwill

The total value, unchanged from the previous year, refers to the goodwill arising from the acquisition of the Saexpa Group, which is part of the "Diversified Products CGU". Below is a breakdown with the comparative of the previous year:

(amounts in thousand euros)	31.12.2025	31.12.2024
Saexpa Group	8,077	8,077
Total	**8,077**	**8,077**

The value is entirely allocated to the Diversified Products CGU.

11.1. Recoverability of goodwill and intangible assets

According to IAS 36, goodwill is not subject to amortisation and is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). The impairment test must be carried out by verifying that the fair value of the individual CGUs does not exceed the total carrying amount of the goodwill and all net assets independently capable of producing cash flows (CGUs). Goodwill acquired through business combinations is allocated to cash-generating units for impairment testing purposes.

For the year 2025, the Group performed its own impairment test on the excess cost generated in connection with the acquisition of Saexpa, which is part of the Diversified Products CGU. The test was carried out on the basis of a specific procedure drawn up by company management and subject to specific approval by the Board of Directors. The recoverable amount was estimated on the basis of the value in use, which in turn was defined by applying the Discounted Cash Flow (DCF) method in its unlevered version, by discounting the expected cash flows over an analytical and residual forecast period (Terminal Value). Cash flows were determined on the basis of projections from the business plan for a five-year period, approved by the Board of Directors. The Terminal Value was in turn estimated as the yield of a normalised cash flow at full capacity, possibly increasing by a factor g.

If the value of the assets thus obtained, the Enterprise Value (EV), was lower than their carrying amount, an impairment loss, equal to the difference, would arise to align the carrying amount with the recoverable amount.

The business plan used for the DCF was prepared on the basis of 2026 Budget to which an additional four years were added by applying growth rates for revenues, profitability and cash flow evolution based on knowledge of the business and expected developments in the relevant sectors.

The impairment test was conducted by identifying cash flow projections for the years 2026-2030 obtained through the indirect method. The discounting of the expected cash flows from the aforementioned projections was obtained through an appropriate discount rate expressive of the related business risk, applying the Discounted Cash Flow. The present value of the 2026-2030 explicit cash flows was supplemented by the Terminal Value, i.e. the present value of the perpetual annuity obtainable with a normalised cash flow. Specifically, a WACC (weighted average cost of capital) of 9.56% and a g-rate of 1% were used.

The discount rates reflect the market assessment of the specific risk, taking into account the time value of money and the specific risks of the underlying assets that have not already been included in the cash flow estimate. The calculation of the discount rate is based on the specific circumstances of its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and shareholders' equity. The cost of shareholders' equity is derived from the expected rate of return on investments by investors in comparable companies. The cost of debt is based on the onerous financing it has to cover. Sector-specific risk is incorporated by applying specific beta factors. Beta factors are reviewed annually on the basis of available market data. The discount rates considered are net of the tax effect.

The EBITDA margin used is based on the 2026 budget and has been essentially stable over the plan period in relation to expected improvements in market dynamics and expected volume growth.

In determining the Terminal Value, an average Value of Production of the last three plan years and an EBITDA margin reflecting the average of the same three years were used.

Based on the analyses carried out, the enterprise value of the Diversified CGU was significantly higher than the carrying amount, which matches the net invested capital (Capital Employed).

A sensitivity analysis was carried out to test the change in the Enterprise Value and, therefore, of the cover (EV - Capital Employed - Excess Cost) by alternatively assuming increases in investments, reductions in EBITDA, increases in WACC and reductions in the g-rate compared to the values used for the base case. The sensitivity analysis led to the following results:

- a linear decrease in EBITDA of 20% over all plan years, all other variables being equal, could lead to a cover of zero;
- an increase in the WACC rate of 2.9 percentage points, all other variables being equal, would result in a cover of zero;
- a decrease in the g-rate by 100% could lead, all other variables being equal, to a reduction in cover of 28%.

Regarding the other CGUs for which there is no obligation for annual impairment in the absence of allocated goodwill, the Group evaluated the presence of impairment indicators. When reviewing its impairment indicators, the Group considers several factors, including the performance of reference markets, the costs of major commodities, the uncertainty caused by geopolitical events and macroeconomic trends, and the subsequent impacts on margins. Based on forecasts expected in the medium to long term, the Group has not identified indicators of lasting loss of value.

12. Investments in associates and joint ventures

Investments in associates and joint ventures held by the Group are summarised below:

(amounts in thousand euros)	31.12.2025	31.12.2024
Media Steel S.r.l.	3,752	3,482
Dima S.r.l.	2,871	2,595
Alpifer S.r.l.	-	20,820
Total investments in associates and joint ventures	**6,607**	**26,897**

The decrease in value is due to the line-by-line consolidation of Alpifer S.r.l., as better described in paragraph 7, which results in the reclassification of the investment, including the company among the subsidiaries.

In addition, the adjustment of the value of investments in associates to equity resulted in a total income of €531 thousand.

Financial information on the Group's investments in the three companies is given in the appendix.

13. Other investments

Other investments amounted to €463 thousand as at 31 December 2025 compared to €461 thousand in the previous year.

As in the previous year, the most significant item refers to Webuild and Astaris participatory financial instruments in the amount of €228, unlisted and not negotiable on any regulated market or organised multilateral trading system, issued by the composition with creditors of Astaldi S.p.A., which give the creditor/owner the right to contribute to the net proceeds of the liquidation of the assets included in the earmarked assets, assigned to creditors in the ratio of 1 SFP for each Euro of credit claimed.

14. Non-current financial assets

Non-current financial assets amounted to €1,808 thousand as at 31 December 2025 compared to €3,544 thousand as at 31 December 2024. Details are given below:

(amounts in thousand euros)	31.12.2025	31.12.2024
Derivative assets	500	2,268
ESF security deposits	1,001	1,001
Financial receivables from others	307	275
Total non-current financial assets	**1,808**	**3,544**

The item derivative instruments receivable refers to the long-term portion of derivatives subscribed by the Group. The decrease from the previous year is mainly due to the termination of hedging derivatives.

Security deposits refer mainly to the ESF Group and were taken out to guarantee the retirement of its employees.

The Group's outstanding derivative contracts are summarised below with their market value as at 31 December 2025.

Interest rate hedging 31 December 2025

Contract type	Counterpart	Position	Date of signing	Start date	Expiry date	Notional (Euro)	Market value as at 31.12.25
Rate Coverage	UNICREDIT	Buy	1/21/2021	1/31/2021	1/31/2026	4,000.00	1.95
Rate Coverage	INTESA SANPAOLO	Buy	03/04/2021	03/05/2021	03/04/2026	29,500.00	34.99
Rate Coverage	INTESA SANPAOLO	Buy	03/04/2021	03/05/2021	03/04/2026	10,500.00	12.53
Rate Coverage	Cariparma	Buy	08/06/2019	01/02/2020	07/02/2029	6,012.73	105.16
Rate Coverage	UNICREDIT	Buy	02/11/2021	2/28/2021	2/28/2026	5,500.00	2.63
Rate Coverage	Unicredit var./fix.	Buy	1/31/2025	31/01/2025	12/19/2031	9,701.49	18.84
Rate Coverage	Unicredit collar	Buy	2/28/2025	31/12/2025	12/19/2031	12,037.04	39.55
Rate Coverage	BPM	Buy	1/31/2025	31/01/2025	12/20/2031	6,218.91	12.80
Rate Coverage	BPM	Buy	2/28/2025	31/12/2025	12/19/2031	7,716.06	23.63
Rate Coverage	Bnl var./fix.	Buy	1/31/2025	31/01/2025	12/19/2031	9,701.49	18.72
Rate Coverage	Bnl collar	Buy	2/28/2025	31/12/2025	12/19/2031	12,037.04	99.61
Rate Coverage	Intesa	Buy	1/31/2025	31/01/2025	12/19/2031	9,701.49	18.66
Rate Coverage	Intesa	Buy	2/28/2025	31/12/2025	12/19/2031	12,037.04	36.85
Rate Coverage	Credit Agricole	Buy	1/31/2025	31/01/2025	12/19/2031	9,701.49	21.33
Rate Coverage	Bper var./fix.	Buy	1/31/2025	31/01/2025	12/19/2031	4,975.12	9.83
Rate Coverage	Bper collar	Buy	2/28/2025	31/12/2025	12/19/2031	6,172.83	43.18
							500

IRS derivatives designated as hedging

The IRS derivative contracts in place were designated to hedge the exposure to the variability of future interest expense flows generated by a recognised financial liability, whose effects impact the company's income statement at the same time as the related interest expense is recognised in the accounts.

The specific objective that the Group intends to pursue through the hedging interest rate derivatives portfolio is to mitigate its exposure to the risk arising from market rate volatility by fixing the cost of its variable-rate debt.

15. Deferred tax assets and deferred tax liabilities

Deferred tax assets as at 31 December 2025 amounted to €37,334 thousand, compared to €31,190 thousand in the previous year. Deferred tax liabilities as at 31 December 2025 amounted to €3,060 thousand, compared to €1,903 thousand in the previous year.

(amounts in thousand euros)	31.12.2025	31.12.2024
Deferred tax assets	37,334	31,190
Deferred tax liabilities	3,060	1,903
Total	**34,274**	**29,287**

It should be noted that the offsetting of tax assets and liabilities has been carried out at the level of the individual consolidated company in cases where the prerequisites provided for in this regard by IAS 12 are met. The tax effect related to temporary differences as at 31 December 2025 and 31 December 2024 is determined based on the tax rates in effect in the relevant countries at the assumed realisation date of the temporary differences. Deferred tax liabilities and deferred tax assets are thus analysed according to the nature of the most significant temporary differences.

During the year, deferred tax assets were allocated on tax losses as a result of the tax consolidation entered into in the 2025 financial year only in the Parent Company. It is also emphasised that deferred tax assets were recognised due to the reasonable certainty, as from prepared financial projections, that in the subsequent years the Group will be able to generate taxable income adequate for the full recovery of the recognised credits. The change in other deferred liabilities relates to the allocation of Alpifer's first-time consolidation differential; in this regard, refer to section 7 of this document.

(amounts in thousand euros)	31.12.2025	31.12.2024
Deferred tax assets:		
Slag disposal	-	52
Provisions for sundry risks	1,130	456
Inventory write-down	1,525	2,392
Maintenance	450	734
Amortisation	10,949	9,540
Impairment of fixed assets	-	69
Tax losses	21,912	15,601
Goodwill	-	25
Write-down of receivables	-	468
Leases	414	641
Elimination of intercompany margins	567	151
Other minor items	387	1,061
Total	**37,334**	**31,190**
Deferred tax liabilities:		
Derivative instruments	-	740
Customer list	37	16
Amortised cost	30	61
Discounting of employee severance indemnity and FISC	165	165
Temporary difference ESF costs	-	921
Other	2,623	-
Total	**3,060**	**1,903**

16. Other non-current assets

Other non-current assets amounted to €1,131 thousand as at 31 December 2025 compared to €3,482 thousand as at 31 December 2024. Details are given in the table opposite:

The decrease in the item is attributable to Industry 4.0 tax credits that will see their numerical manifestation during the financial year.

(amounts in thousand euros)	31.12.2025	31.12.2024
4.0 – 5.0 tax credits – Single ZES zone	1,131	3,482
Total other non-current assets	**1,131**	**3,482**

17. Inventories

Inventories, net of the related finished goods and merchandise write-down provision, amounted to €409,785 thousand as at 31 December 2025, compared to €375,983 thousand in the previous year. Details are provided in the table opposite.

Inventories valued at the lower of cost and market value are valued using the weighted average cost method. This method appears more appropriate to normalise price variations of both the raw material and, consequently, of the finished product, allowing the reader a better interpretation of the data.

Inventories are recorded net of an inventory write-down provision totalling €5,074 thousand. The increased costs of raw materials and scrap recorded in 2025, linked with the rise in the unit value of goods in stock, also resulted in a price effect.

(amounts in thousand euros)	31.12.2025	31.12.2024
Raw materials, supplies and consumable	195,063	176,794
Work in progress and semi-finished products	55,357	39,924
Advances	445	287
Finished products and goods	162,175	169,804
Contract work in progress	1,819	677
Inventory write-down provision	(5,074)	(11,504)
Total	**409,785**	**375,983**

It should be noted that during the previous year, with support from external consultants, a comprehensive study was carried out with the aim of assessing the true condition of spare parts and component management in different warehouses. It also sought to redefine a procedure for determining the inventory obsolescence provision, tailored more specifically to the characteristics of the maintenance warehouse components. This activity made it possible to better value spare parts.

As for the increases in raw materials and semi-finished products and those under construction, these were due to the increase in quantities compared to the previous year.

The table opposite shows a breakdown of inventories by company as at 31 December 2025.

(amounts in thousand euros)	Gross inventory value	Inventory write-down provision	Total inventories 31.12.2025
Siderurgica S.p.A.	143,025	(3,121)	139,904
ESF Elbe-Stahlwerke Feralpi GmbH	136,437	(2,446)	133,991
Calvisano S.p.A.	45,137	(1,309)	43,828
Caleotto S.p.A.	26,170	(1,133)	25,038
Presider S.p.A.	15,965	(242)	15,723
Defim Orsogril S.p.A.	10,771	0	10,771
Arlenico S.p.A.	12,372	0	12,372
Alpifer S.r.l.	16,607	(78)	16,529
Presider Armatures	5,320	(190)	5,130
Feralpi Algerié S.a.r.l.	2,379	0	2,379
Industria de Expositores y Parrilas S.A.	4,121	0	4,121
Total inventories	**418,304**	**(8,519)**	**409,785**

18. Trade receivables

As at 31 December 2025, the value of the Group's trade receivables amounted to a total of €190,883 thousand (as at 31 December 2024, it amounted to €242,577 thousand) net of the related provision for doubtful debts of €4,364 thousand. Details are given in the table opposite.

(amounts in thousand euros)	31.12.2025	31.12.2024
Trade receivables from third parties	195,247	246,918
Provision for doubtful debts	(4,364)	(4,341)
Total	**190,883**	**242,577**

The nominal value of receivables was adjusted to their presumed realisable value by means of a special provision for doubtful debts, which underwent the following changes during the year (see table alongside).

Balance 1 January 2025	**4,341**
Provisions	444
Provision uses/releases	421
Balance 31 December 2025	**4,364**

The decrease in trade receivables is related to careful management of working capital, even in the presence of an increase in business volume. It should be noted that credit management operations are underway through revolving commercial assignments with leading financial institutions.

The credit quality of customers is assessed on the basis of an evaluation of their creditworthiness. Individual credit limits are also set for all customers on the basis of this assessment. Outstanding receivables from customers and contract assets are regularly monitored. At each reporting date, an impairment analysis is conducted on receivables, using a matrix to measure expected losses. Impairment percentages are determined on the basis of days past due and by grouping receivables from customers that are characterised by similar causes of impairment (geographic area, type of product, type of customer, rating, presence of guarantees or other insurance). The calculation is based both on the probability of credit recovery and on a historical analysis of credit losses, which, it is noted, have never been of a significant amount.

Finally, the valuation takes into account the time factor of money, and information on past events that are available at the reporting date, current conditions and expected market scenarios. This analysis led to a provision of €444 thousand and use of the provision for doubtful debts amounting to €421 thousand.

Below is the breakdown of receivables by past due band and geographical area.

(amounts in thousand euros)	Total as at 31/12/2025	Not past due	Past due 0-30	Past due 30-60	Past due	Past due 90-180	Past due over 180
Italy	162,840	146,450	6,531	3,842	1,335	1,113	3,568
Europe	27,075	22,543	3,868	249	76	178	161
Extra - Europe	5,332	785	4,433	50	25	43	-4
Gross trade receivables	**195,247**	**169,778**	**14,832**	**4,142**	**1,435**	**1,334**	**3,725**
Incidence %	2%	0%	6%	12%	61%	57%	29%
Write-down of receivables	(4,364)	(322)	(853)	(483)	(874)	(763)	(1,069)
Net trade receivables	**190,883**	**169,457**	**13,979**	**3,659**	**562**	**572**	**2,655**

19. Receivables from associates

As at 31 December 2025, the receivables from associates amounted to €346 thousand, compared to €49,625 thousand in the previous year.

The remaining balance for the year relates to the receivable claimed by Feralpi Siderurgica S.p.A. from the associate Media Steel S.p.A., in relation to tax transparency transactions.

The significant decrease in the item is attributable to the change in the scope of consolidation: the high amount recorded in the previous year referred in fact to trade receivables (mainly deriving from the sale of wire rod) from the company Unifer S.r.l., which was subsequently fully consolidated in the Group (as a result of the consolidation of Alpifer) and therefore the related balances were eliminated upon consolidation.

20. Tax receivables

As at 31 December 2025, the Group's tax receivables amounted to €2,707 thousand, compared to €2,626 thousand in the previous year.

As in the previous year, this item refers entirely to the IRAP receivable claimed by the Group.

21. Current financial assets

As at 31 December 2025, the Group's current financial assets amounted to €3,658 thousand, compared to €5,563 thousand in 2024. Details are provided below.

(amounts in thousand euros)	31.12.2025	31.12.2024
Financial receivables - purchase of equity investments	3,637	4,690
Short-term receivables from subsidiaries	18	18
Other receivables	-	855
Derivative assets	3	-
Total current financial assets	**3,658**	**5,563**

Financial receivables for the purchase of equity investments refer to the advance paid by the company Feralpi Villasor S.r.l., for the purchase of shares in an SPV, established is to obtain authorisation for and then to manage a photovoltaic park. Following a debt acknowledgement agreement, the counterparty company Greencells Energy Holding B.V. has undertaken to repay the full amount; the first instalment, which justifies the change in the period, of €1,165 thousand, was already collected in December 2025, while the three remaining instalments will be collected in 2026 and 2027.

Other receivables from the previous year, on the other hand, refer to receivables for interest income accrued and collected during the year.

22. Other current assets

As at 31 December 2025, the Group's other receivables amounted to €102,819 thousand, compared to €55,698 thousand in the previous year. Details are provided in the table opposite.

This item shows an increase over the previous year as a result of a combination of events, the main ones of which are discussed below:

- Increase in energy-intensive subsidies of €45,770 thousand. The contributions entered as at 31 December 2025 relate mainly to the Parent Company and the company ESF Elbe-Stahlwerke Feralpi GmbH, collected for a total amount of €17,688.
- Decrease in VAT credit for a total of €2,675 thousand mainly due to the ESF Group.
- Insurance receivable linked to an insurance reimbursement received by the company Caleotto S.p.a. following an extraordinary fire that involved the lubrication plants. The Company received the relevant compensation from the insurance company in the first quarter of 2026 as the holder of the insurance policy.

(amounts in thousand euros)	31.12.2025	31.12.2024
Energy-intensive subsidies	82,785	37,170
Social security institutions	452	177
Sundry receivables	1,133	2,559
Advance payments to suppliers	1,169	250
Accrued income and prepaid expenses	6,494	3,639
VAT credit	3,758	6,434
4.0 – 5.0 tax credits – Single ZES zone	4,315	5,179
Insurance receivable	1,349	-
Other tax receivables	1,364	291
Total other current assets	**102,819**	**55,698**

23. Cash and cash equivalents and short-term deposits

As at 31 December 2025, the Group's cash and cash equivalents and short-term deposits amounted to €121,749 thousand, compared to €50,720 thousand in the previous year. Details are provided in the table opposite.

The balance includes cash in hand and in bank accounts, as well as bank deposits that bear interest at a rate in line with the market rate. For a better understanding of cash outflows and inflows during the year, refer to the cash flow statement.

(amounts in thousand euros)	31.12.2025	31.12.2024
Bank and postal deposits	121,737	50,716
Cash and valuables in hand	12	5
Total cash and cash equivalents	**121,749**	**50,720**

24. Shareholders' Equity

For an analysis of the changes, refer to the statement of changes in consolidated shareholders' equity. The following is a breakdown of shareholders' equity.

(amounts in thousand euros)	31.12.2025	31.12.2024
Share capital	50,000	50,000
Other reserves	845,595	883,762
First Time Adoption reserve	(2,130)	(2,130)
Cash flow hedge reserve	315	1,528
Reserve for actuarial gains /(losses)	(99)	(99)
Profit/loss for the year	(2,188)	(37,798)
Total	**891,493**	**895,263**
Minority interest Shareholders' equity	20,724	331
Minority interest profit	2,588	56
Total shareholders' equity	**914,805**	**895,650**

Share capital

As at 31 December 2025, the Share capital of the parent company Feralpi Siderurgica S.p.A. amounted to €50,000 thousand, unchanged from the previous year and fully subscribed and paid-up; it consisted of 5,000,000 ordinary shares with a value of €10 each. There are no shares encumbered by rights, privileges or restrictions on the distribution of dividends.

The item Other reserves is detailed below.

Description (Amounts in thousand euros)	31.12.2025	31.12.2024
Share premium reserve	13,600	13,600
Reserves for shareholders' capital contributions	40,700	40,700
Revaluation reserves	27,460	27,460
Legal reserve	9,798	9,798
Foreign exchange difference reserve	624	548
Retained earnings/(accumulated losses)	753,413	791,656
Total Other reserves	**845,595**	**883,762**

Share premium reserve

As at 31 December 2025, the item amounted to €13,600, unchanged from the previous year.

Legal reserve

As at 31 December 2025, this reserve amounted to €9,798 thousand.

Revaluation reserve

As at 31 December 2025, it amounted to €27,460, unchanged from the previous year.

Reserves for shareholders' capital contributions

As at 31 December 2025, it amounted to €40,700, unchanged from the previous year.

First Time Adoption reserve

The reserve relates to the recognition made on the first-time application of IAS/IFRS.

Reserve for actuarial gains (losses)

The item "Reserve for actuarial gains (losses)" as at 31 December 2025 includes the net effect on actuarial gains (losses) resulting from the application of the amendment to IAS 19 (Employee Benefits), recognised directly in equity.

Cash flow hedge reserve

The reserve as at 31 December 2025 amounted to €624 and included the change in fair value of derivatives net of the related tax effect.

Retained earnings/(accumulated losses)

As at 31 December 2025, the item amounted to €753,413 thousand, and the changes that occurred during the year related to the carry-forward of the 2024 loss.

24.1. Other comprehensive income components, net of tax

Details of the changes in other comprehensive income components are shown below.

(amounts in thousand euros)	Cash flow hedge reserve	Hedging cost reserve	FV reserves for financial assets measured at FV through other comprehensive income	Reserve for translation differences	Asset revaluation reserve	Reserve for employee benefits	Total
Exchange rate differences on translation of foreign currency transactions				77		-	77
Forward contracts on commodities						-	-
IRS contracts	(1,214)						(1,214)
	(1,214)	**-**	**-**	**77**	**-**	**-**	**(1,137)**

24.2. Reconciliation statement between Shareholders' equity and net profit of the parent company and consolidated Shareholders' equity and net profit

The reconciliation between Feralpi Siderurgica S.p.A.'s shareholders' equity and net profit for the year and the respective figures in the Consolidated financial statements as at 31 December 2025 is as shown in the table alongside.

(amounts in thousand euros)	Result for the period - 2025	Capital and Reserves	Shareholders' equity 31.12.2025
Feralpi Siderurgica S.p.A.	**1,966**	**510,713**	**512,679**
Intra-group margins included in the value of inventories	(1,077)	(389)	(1,466)
Customer list	(119)	(119)	(119)
Subsidiary contribution	4,710	746,513	751,223
Elimination of equity investments in subsidiaries		(354,894)	(354,894)
Other Group operations	(4,868)	4,868	-
Consolidation with the equity method	31	4,379	4,410
IFRS effects	(243)	3,333	2,972
Consolidated profit (loss)/capital	**401**	**914,404**	**914,805**
Minority interest profit (loss)/Minority interest capital	**2,588**	**20,724**	**23,312**
Group profit (loss)/capital	**(2,187)**	**893,680**	**891,493**

24.3. Profit (Loss) per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to the parent company's ordinary shareholders (after adjustment to account for interest on bonds convertible into preference shares, if any) by the weighted average number of ordinary shares outstanding during the year and those potentially arising from the conversion of all convertible bonds.

The result and share information used in the calculation of basic and diluted earnings per share are presented in the table alongside.

(amounts in thousand euros)	2025	2024
Profit (Loss) attributable to ordinary shareholders of the parent company:		
Operating assets	(2,187)	(37,798)
Assets held for sale	-	-
Profit (Loss) attributable to ordinary shareholders of the parent company for basic earnings	**(2,187)**	**(37,798)**
Interest on convertible bonds	-	-
Net profit attributable to ordinary shareholders of the parent company adjusted for diluted effect	**(2,187)**	**(37,798)**
Weighted average number of ordinary shares (excluding treasury shares) for the purpose of basic earnings per share	**5,000,000**	**5,000,000**
Effect of dilution:		
Stock options	-	-
Bonds convertible into preference shares	-	-
Weighted average number of ordinary shares adjusted for dilution effect	**5,000,000**	**5,000,000**
Net profit/(loss) attributable to ordinary shareholders of the parent company for the purpose of calculating basic and diluted earnings per share from discontinued operations	**(0.44)**	**(7.56)**

25. Financial payables (current and non-current)

Financial payables as at 31 December 2025 amounted to €298,969 thousand (€192,506 thousand as at 31 December 2024). The item is split between non-current and current portions, respectively, amounting to €213,806 thousand and €85,160 thousand. For further details, please refer to the table opposite.

(amounts in thousand euros)	31.12.2025	31.12.2024
Loans to banks	201,125	84,628
Payables for derivative instruments	-	58
Total non-current financial payables	**201,125**	**84,686**
Loans to banks	45,681	49,763
Bank overdrafts and invoice advances	52,973	57,858
Payables to other lenders	3	-
Payables for derivative instruments	87	199
Total current financial payables	**98,744**	**107,820**
Total financial payables	**298,969**	**192,506**

It should be noted that the item Loans to banks has increased following the taking out of a new loan as reported below.

It should be noted that the covenants on the new existing loan have been respected.

The table opposite summarises, at nominal value, the bank loans received by Feralpi Group as at 31 December 2025.

Counterpart	Original amount	Amount as at 31.12.25	Disbursement date	Expiry	Parameter
Banco del Sabadell	900	47	3/31/2021	3/31/2026	Fixed rate
BNL "Pool"	170,000	170,000	1/31/2025	12/21/2031	6-month Euribor
Capex Ancillary UNI/BNP	20,000	17,500	1/24/2025	12/31/2026	3-month Euribor
Club Deal ESF KFW	50,000	32,500	2022/2023	6/30/2029	Fixed rate
ISP	29,500	2,950	03/05/2021	03/04/2026	6-month Euribor
ISP	10,500	1,050	03/05/2021	03/04/2026	6-month Euribor
MPS	3,500	119	03/11/2021	2/28/2026	6-month Euribor
MPS	1,500	51	03/11/2021	2/28/2026	6-month Euribor
MPS	1,292	1,211	06/12/2023	06/30/2032	Fixed rate
MPS	20,000	20,000	12/15/2025	12/31/2030	Fixed rate
SIMEST	360	180	4/27/2021	12/31/2027	6-month Euribor
SIMEST	480	240	06/04/2021	12/31/2027	Fixed rate
UNICREDIT	4,000	333	1/21/2021	1/31/2026	3-month Euribor
UNICREDIT	5,500	458	02/11/2021	2/28/2026	6-month Euribor
UNICREDIT	2,000	167	3/31/2021	3/31/2026	6-month Euribor

As mentioned in Note 2, in the first months of 2025 the existing pool loan was fully repaid.

It should be noted that as part of the financing plan of the business plan defined in previous years, during the previous financial year and with an additional addendum dated 31 January 2025, Feralpi Siderurgica S.p.A. agreed to a medium-to-long-term Sustainability Linked Loan amounting to a total of €170 million. In addition, in December 2025, a further Sustainability Linked Loan amounting to €20.0 million was agreed to and drawn down, to be used for the investments and liquidity needs of the Group companies.

During the year, loans amounting to €229,697 thousand were taken out and loans amounting to €101,488 thousand were repaid.

The Group's outstanding liability derivative contracts are summarised in the table alongside, with their market value as at 31 December 2025.

Contract type	Counterpart	Position	Start date	Expiry date	Notional (Euro/000)	Market value 31.12.25 (Euros)
Rate Coverage	BNL collar	Buy	31/12/2025	19/12/2031	12,037	47
Rate Coverage	BNL collar	Buy	31/12/2025	19/12/2031	12,037	14
Rate Coverage	BNL collar	Buy	31/12/2025	19/12/2031	6,173	25
Total						**87**

IRS derivatives designated as hedging

Please refer to the description in note 14. Non-current financial assets. The total of €87 thousand refers to MTM contracts with a positive value.

25.1. Analysis of net financial debt

The net financial debt schedule was prepared on the basis of the latest ESMA guidelines.

In accordance with the ESMA Guidelines dated 4 March 2021, the Net Financial Position mentioned above excludes trade payables owed to strategic suppliers with whom agreements have been made to extend original payment terms through arrangements with a major financial institution. Under these arrangements, the Group pays invoices issued by these suppliers directly to the involved financial institution, while the suppliers have the option, on an invoice-by-invoice basis, to receive payment from the financial institution earlier than the agreed extension.
At the reporting date, the payables recorded and subject to these agreements and classified among trade payables amount to €25,897 thousand. Please refer to Note 31 for further details.

The consolidated Net Financial Position reports a net debt value of €196,943 thousand, compared to €155,552 thousand reported as at 31 December 2024. The increase is due to investment activities carried out during the year and the partially offset reduction in working capital.

(amounts in thousand euros)	31.12.2025	31.12.2024
A Cash	121,749	50,720
B Cash equivalents	-	-
C Other current financial assets	-	-
D Liquidity (A+B+C)	**121,749**	**50,720**
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	5,063	4,057
F Current part of non-current financial debt	98,744	107,545
G Current financial debt (E + F)	**103,807**	**111,601**
H Net current financial debt (G - D)	**(17,942)**	**60,881**
I Non-current financial debt (excluding current portion and debt instruments)	214,885	94,671
J Debt instruments	-	-
K Trade and other non-current payables	-	-
L Non-current financial debt (I + J + K)	**214,885**	**94,671**
M Total financial debt (H + L)	**196,943**	**155,552**

26. Liabilities for employee benefits

As at 31 December 2025, liabilities for employee benefits amounted to a total of €4,974 thousand, compared to €5,090 thousand in the previous year, and related solely to the Group's Italian companies.

The provision set aside represents the company's actual debt at year-end to employees in force at that date, net of advances paid.

The valuation of the provision for severance indemnity, as required by the international accounting standard IAS19, follows the method of projecting the present value of the defined benefit obligation with an estimate of the benefits accrued by employees.

Following the changes introduced by Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing Decrees and Regulations, the severance indemnities accrued up to 31 December 2006 will continue to remain with the company, constituting a defined benefit plan (obligation for accrued benefits subject to actuarial valuation), while the portions accruing from 1 January 2007 as a result of the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS, representing defined contribution plans (no longer subject to actuarial valuation) from the moment the choice is formalised by the employee.

Balance 31 December 2024 (amounts in thousand euros)	5,090
Provisions	3,620
Use of provisions and payment to social security funds	(3,736)
Balance 31 December 2025	**4,974**

The determination of the employee severance indemnity is thus the result of the application of an actuarial model that is based on various assumptions, both demographic and economic.

For the 2025 financial year, the calculation of the actuarial model was not carried out as the effects were deemed to be immaterial.

27. Provisions for risks and charges

As at 31 December 2025, the item Provisions for risks and charges amounted to a total of €4,922 thousand, compared to €3,481 thousand in the previous year.

The table opposite shows a breakdown of their movement and composition:

(amounts in thousand euros)	Supplementary customer allowance	Slag disposal	Other risk provisions	Total provisions for risks and charges
Balance 31 December 2024	1,154	187	2,139	3,481
Provisions	187	204	268	660
Provision discounting		-	-	-
Change in the scope of consolidation	1,310	-	123	1,433
Provision uses and releases	(4)	(188)	(460)	(651)
Balance 31 December 2025	**2,647**	**204**	**2,071**	**4,922**

As shown in the table, the provisions for risks and charges include the supplementary customer allowance, the provision for slag disposal and other risk provisions. The item "Other risk provisions" is equal to €2,071 thousand and relates to provisions made during the year for €268 thousand in relation to an assessment received from the tax authorities. The use amounts to €460 thousand, with the most significant elements pertaining to an open dispute with a supplier for damages suffered and a dispute with an agent, which were resolved during the year for €275 thousand.

Information on pending litigation

The Group has ongoing legal disputes with personnel and for the reclamation of land belonging to Feralpi Siderurgica S.p.A. Adequate risk provisions have been set aside for both types.

28. Other non-current liabilities

Other non-current liabilities amounted to €8 thousand as at 31 December 2025, compared to €859 thousand the previous year.

In relation to the item "security deposits" in the previous year, the amount of €850 thousand consisted of security deposits received by the German subsidiary ESF Elbe-Stahlwerke Feralpi GmbH as a guarantee for the supply of goods.

(amounts in thousand euros)	31.12.2025	31.12.2024
Security deposits	8	858
Other non-current liabilities	-	1
Total other non-current financial liabilities	**8**	**859**

29. Trade payables

Trade payables as at 31 December 2025 amounted to €355,134 thousand, compared to €385,381 thousand last year. Details are given in the table opposite.

(amounts in thousand euros)	31.12.2025	31.12.2024
Trade payables to suppliers	350,953	379,825
Advances	4,181	5,556
Total	**355,134**	**385,381**

Trade payables are stated net of trade discounts. The nominal value of these payables has been adjusted for returns or allowances (billing adjustments) to the extent of the amount defined with the counterpart.

As at 31 December 2025, payables to suppliers decreased compared to the previous year: this change is mainly due to ESF and is attributable to the completion of investments for the construction of the new rolling mill, which resulted in a reduction in the volume of invoices received and the related commercial commitments at the reporting date.

Included in trade payables is €25,897 thousand owed to strategic suppliers, with whom arrangements have been made to extend the original due dates by up to a maximum of 300 days beyond the initially agreed payment terms. The deferral was carried out through the signing of agreements with leading financial institutions, whereby the Group makes payments of invoices issued by these suppliers directly to the financial institution involved, which pays the suppliers at the natural maturity of the issued invoices. There are no significant financial charges related to these agreements.

The Group evaluated these agreements to determine if the payables still met the definition of trade payables or if they should be classified as financial liabilities. Taking into account the terms of these agreements and the analysis of their characteristics, the Group concluded that as at 31 December 2025, these payables met the criteria to be included among trade payables.
As at 31 December 2025, payables for advances amounted to €4,181 thousand. The main item relates to the parent company and refers to advances received from customers.

The Group has no significant overdue amounts.

30. Trade payables to associates

Trade payables to associates as at 31 December 2025 amounted to €51,663 thousand compared to €52,703 thousand in the previous year.

Trade payables to associates mainly include payables of the parent company and Acciaierie di Calvisano S.p.A. to the associate Media Steel S.r.l. for scrap supplies.

31. Tax payables

Tax payables as at 31 December 2025 amounted to €5,477 thousand, compared to €8,480 thousand in the previous year. The item includes payables solely for the income taxes of the group companies, both Italian and foreign.

32. Other current liabilities

Other current liabilities amounted to €58,651 thousand as at 31 December 2025, compared to €43,685 thousand the previous year. Details are given below:

(amounts in thousand euros)	31.12.2025	31.12.2024
Personnel costs allocated	18,842	14,011
Bonuses to customers	6,978	5,300
Payables to social security institutions	9,923	6,471
Accrued expenses and deferred income	11,268	7,934
Irpef debt	3,678	2,940
Other current liabilities	3,291	7,029
VAT debt	4,671	-
Total other current liabilities	**58,651**	**43,685**

The most significant payable relates to the December salaries of employees and partners, which are, as usual, paid in the following month.

The item for accrued expenses and deferred income mainly refers to the deferral of contributions of 4.0, 5.0 and Single ZES zone tax credits.

Bonuses to customers, on the other hand, refer to bonuses earned by customers of the subsidiary ESF Elbe-Stahlwerke Feralpi GmbH who are members of the consortium.

33. Revenues from contracts with customers

Revenues from contracts with Group customers as at 31 December 2025 amounted to €1,703,187 thousand, compared to €1,652,984 thousand in the previous year.

(amounts in thousand euros)	2025	2024
Revenues from contracts with customers	1,703,187	1,652,984
Total revenues from contracts with customers	**1,703,187**	**1,652,984**

A breakdown by geographical area is given below:

(amounts in thousand euros)	2025	2024
Italy	665,618	626,649
E.U. countries	888,530	868,948
Non-EU countries	149,039	157,387
Total revenues from contracts with customers	**1,703,187**	**1,652,984**

34. Rental income

The Group's rental income as at 31 December 2025 amounted to €868 thousand, compared to €806 thousand in the previous year.

Rental income refers to recharges of rented space to companies outside the scope of consolidation and to the rental of industrial mobile platforms to third parties.

(amounts in thousand euros)	2025	2024
Rental income	868	806
Total rental income	**868**	**806**

35. Other income

As at 31 December 2025, other Group income amounted to €19,941 thousand, compared to €27,764 thousand in the previous year. Details are provided in the table opposite:

(amounts in thousand euros)	2025	2024
Operating grants	3,506	3,414
Insurance reimbursements	2,036	902
Capital gain on sale of assets	3,950	737
Refund of customs charges	752	568
Energy revenues	4,463	16,007
Release of funds	160	1,439
Compensation for TAV land expropriation agreement	2,015	-
Other income	3,059	4,697
Total other income	**19,941**	**27,764**

Operating grants amounting to €3,506 thousand mainly refer to subsidies from institutional bodies for research and development or investment projects.

The item for insurance reimbursements relates to an insurance reimbursement received by the company Caleotto S.p.a. following an extraordinary fire that involved the lubrication plants. In this regard, refer to paragraph 22.

The item Capital gain on sale of assets mainly concerns the sale of part of the land and buildings owned by the customer that was responsible for the construction of the high-speed railway bordering the Lonato del Garda (Bs) production site.

The item "Energy revenues" amounting to €4,463 thousand pertains to the sale of CO_2 allowances by Feralpi Siderurgica S.p.A., accounted for primarily using the free allowances allocated compared to those purchased for a fee.

The item "Compensation for TAV land expropriation agreement" amounting to €2,015 thousand pertains to the financial compensation received by Feralpi Siderurgica S.p.A. as the owner of land in the Municipality of Lonato del Garda (Bs) expropriated for the construction of the works related to the High-Speed Train (TAV) during the year.

36. Raw materials and consumables

As at 31 December 2025, costs for raw materials and consumables used by the Group amounted to €1,093,799 thousand, compared to €1,176,036 thousand for the year. Details are provided in the table opposite:

(amounts in thousand euros)	2025	2024
Purchase of finished products, raw materials, supplies and consumables	1,123,370	1,215,335
Change in inventories of raw materials, supplies and consumable and goods	29,571	39,299
Total costs for raw materials and consumables	**1,093,799**	**1,176,036**

See note 17 to the statement of financial position for changes in inventories. It should be noted that the cost of scrap accounted for 80% of the total raw material cost.

For more information on the economic performance for the year, refer to the Report on Operations.

37. Cost of services

As at 31 December 2025, the Group's cost of services amounted to €383,391 thousand compared to €382,162 thousand in the previous year. Details are provided in the table opposite.

The item Hires - Rentals of costs of services mainly refers to contracts for which the Group has applied the IFRS 16 exemption.

In the 2025 financial year, costs of services are substantially in line with the previous year.

The item Miscellaneous energy and utilities includes the contribution received from the subsidiary ESF directly to reduce the cost of energy.

(amounts in thousand euros)	2025	2024
Maintenance and third-party services	65,357	37,517
Production services	42,812	57,453
Miscellaneous energy and utilities	142,935	159,075
Internal transport and transfers	64,254	66,343
Consultancy, Insurance, Advertising	19,300	22,472
Directors' compensation	3,270	2,232
Board of Statutory Auditors' compensation	228	170
Hires - Rentals	1,929	2,141
Fees for user licences	4,733	4,909
Commissions	16,140	13,624
Other miscellaneous minor items	22,433	16,227
Total cost of services	**383,391**	**382,162**

38. Personnel costs

As at 31 December 2025, the Group's personnel costs amounted to €153,065 thousand, compared to €138,277 thousand in 2024. Details are provided in the table opposite:

(amounts in thousand euros)	2025	2024
Wages and salaries	110,806	101,763
Social security contributions	31,636	27,755
Employee severance indemnity	3,619	2,986
Other personnel costs	7,004	5,773
Total personnel costs	**153,065**	**138,277**

This item includes the entire expense for employees, including merit increases, promotions, automatic cost-of-living increases, the cost of untaken holidays and provisions as provided for by law and collective agreements, bonuses to be paid for the achievement of certain objectives, and costs related to temporary staff if employed.

In 2025, there was an overall increase in the workforce of 174 employees compared to 2024, with the consolidated figure rising from 1,972 to 2,146. This increase is largely due to the consolidation of Alpifer, with an average workforce of 116.

In addition to the above, in the Italian plants, staff growth was 25, mainly driven by the stabilisation of staff previously employed on temporary contracts and to a lesser extent by the recruitment of staff in training for specific projects in the technical and production areas. In the foreign plants, staff growth was 33, linked to the strengthening of the technical-production area for the rolling mill B plant in Riesa (Germany).

The table opposite shows the number of Group employees by category and the number:

(amounts in thousand euros)	2025	2024
Executives	42	38
Employees	606	575
Blue-collars	1,525	1,373
Total employees	**2,173**	**1,986**
Average annual employees		
Executives	41	38
Employees	611	574
Blue-collars	1,493	1,360
Total employees	**2,145**	**1,972**

39. Other operating costs

As at 31 December 2025, other operating costs amounted to €5,897 thousand, compared to €6,208 thousand in 2024. Details are provided in the table opposite:

(amounts in thousand euros)	2025	2024
Provisions for risks	294	236
Loss on sale/disposal of assets	392	173
Charity	119	199
Membership fees	849	617
Miscellaneous taxes and duties	1,660	1,962
Deductible credit losses	79	22
CO_2 allowances – Guarantees of origin	724	1,345
Other operating costs	1,780	1,655
Total other operating costs	**5,897**	**6,208**

Under "CO_2 allowances – Guarantees of origin", the purchases of guarantees of origin and CO_2 allowances are accounted for.

Miscellaneous taxes and duties mainly refer to costs for IMU (municipal property tax), regional taxes for land reclamation, TARI (waste tax).

The capital losses relate to the scrapping of some obsolete components used in the Parent Company's production process.

40. Increases in fixed assets for in-house work

As at 31 December 2025, increases in fixed assets for in-house work amounted to €4,253 thousand, compared to €6,227 thousand in the previous year.

Increases in fixed assets refer to the participation of internal staff in the extraordinary maintenance and construction on a timework basis of certain parts of investments carried out during the year.

(amounts in thousand euros)	2025	2024
Increases in fixed assets for in-house work	4,253	6,227
Total increases in fixed assets for in-house work	**4,253**	**6,227**

41. Depreciation, amortisation and write-downs

As at 31 December 2025, the Group's depreciation, amortisation and write-downs amounted to €71,637 thousand, compared to €70,306 thousand in the previous year. Details are provided in the table opposite.

As regards depreciation and amortisation, it is specified that it was calculated on the basis of the useful life of the assets and their use in the production phase, taking into account technical and technological obsolescence, as well as physical-technical degradation.

The increase of €1,331 thousand is mainly due to the commissioning of new plants during the year and the line-by-line consolidation of Alpifer, as mentioned above, which generated higher amortisation of intangible assets.

(amounts in thousand euros)	2025	2024
Amortisation of intangible fixed assets	2,946	3,864
Depreciation of tangible fixed assets	64,502	62,532
Amortisation of right of use	4,189	3,783
Write-down of receivables	444	127
Total depreciation, amortisation and write-downs	**71,637**	**70,306**

42. Reversal/(Write-down) of financial assets

In 2025, the item Reversal/(write-down) of financial assets is positive and equal to €444 thousand, against €132 thousand in the previous year. Details are provided in the table opposite.

(amounts in thousand euros)	2025	2024
Reversal / (Write-down) of receivables included in current asset and cash and cash equivalents	(444)	(132)
Total Reversal/(Write-down) of financial assets	**(444)**	**(132)**

43. Financial income

As at 31 December 2025, the Group's financial income amounted to €477 thousand, compared to €1,199 thousand in the previous year. Details are provided in the table opposite.

The marked decrease compared to the previous year, as demonstrated in the table, is due to the interest accrued on Time Deposits closed during 2024, which are no longer present in Immobiliare Feralpi, ESF Elbe-Stahlwerke Feralpi GmbH, and Fer-Par Srl.

It should also be noted that the item relating to interest income concerns interest accrued on current account balances.

(amounts in thousand euros)	2025	2024
Interest income - Time deposit	-	183
Interest income on current accounts	378	756
Other financial income	16	233
Income from derivative instruments	82	27
Total financial income	**477**	**1,199**

44. Financial expenses

As at 31 December 2025, the Group's financial expenses amounted to €14,708 thousand, compared to €7,676 thousand in 2024. Details are provided in the table opposite.

The increase in financial expenses compared to the previous year is due to greater use of credit for the management of working capital, following transactions carried out through revolving commercial assignments with leading financial institutions. This component justifies the most significant deviation from the previous year.

(amounts in thousand euros)	2025	2024
Bank interest for credit lines	4,003	3,030
Bank interest for mortgages	5,069	2,217
Interest on credit facilities	4,788	1,610
Finance charges on financial lease liabilities	503	510
Other interest expenses	345	308
Total financial charges	**14,708**	**7,676**

45. Share of profit of associates and joint ventures

In 2025, the share of profit of associates and joint ventures amounted to €531 thousand, compared to €3,069 thousand in the previous year. Details are given in the table opposite.

(amounts in thousand euros)	2025	2024
Alpifer S.r.l.	-	2,307
Dima S.r.l.	261	442
Media Steel S.r.l.	270	320
Total share of profit of associates and joint ventures	**531**	**3,069**

46. Exchange gains and (losses)

The item Exchange gains and (losses) for the year 2025 amounts to a loss of €231 thousand compared to a loss of €144 thousand in the previous year. The change is mainly attributable to the increase in purchases of raw materials from non-European countries compared to the previous year.

47. Income taxes

The tax burden for the year 2025 totalled a negative €1,735 thousand. As at 31 December 2024, the Group closed with an income tax balance of €8,472 thousand.

Details are given in the table opposite.

(amounts in thousand euros)	2025	2024
Current taxes and income/expenses	(1,064)	(5,508)
Deferred tax assets	(819)	13,522
Deferred taxes	148	458
Total income taxes	**(1,735)**	**8,472**

The reconciliation between the theoretical tax burden determined by applying the current Italian IRES tax rate of 24% (same value in 2024) and the actual tax burden is as shown in the table alongside.

The change in the tax rate for 2025 is primarily due to the change in the scope of consolidation, which includes Alpifer starting from the 2025 financial year.

See note 15 for details of deferred tax assets and liabilities.

(amounts in thousand euros)		2025		2024	
		Taxable	Tax	Taxable	Tax
Pre-tax profit	**A**	**2,135**		**(46,213)**	
Applicable tax rate (IRES)	B	24.00%		24.00%	
Theoretical taxes	**C=AxB**		**513**		**(11,091)**
Deduction of contributions for the period		(1,593)	(382)	(1,014)	(243)
Hyper/super amortisation		(3,630)	(871)	(3,277)	(786)
Joint venture shares		531	127	3,069	737
Intra-group dividend taxation effect		(7,736)	(1,857)	701	168
Non-deductible write-downs		4,224	1,014	2,868	688
Allocations to non-deductible provisions		1,099	264	37	9
Higher taxation effect of foreign companies		12,236	2,986	3,554	853
Other increases/decreases		(5,019)	(1,205)	4,763	1,143
Total changes	**D**		**76**		**2,568**
IRAP effect	E		1,146		51
Tax charge recorded in the income statement	**F=C+D+E**		**1,735**		**(8,472)**

48. Information on financial risks

The Group's main financial liabilities, other than derivatives, include bank loans and financing, and trade and other payables. The main purpose of these liabilities is to finance the Group's operating activities. The Group has financial and other receivables, trade and non-trade receivables, cash and cash equivalents and short-term deposits that originate directly from operations. The Group enters into derivative contracts.

As required by IFRS, information on the main financial risks to which the Group is exposed is provided below. In particular, the Group is exposed to the following risks: market, interest rate, foreign exchange, commodity price, securities, credit and liquidity.

The Group's management is responsible for managing these risks. It receives support in this activity from the Administration, Finance and Control Department, which provides information on financial risks and suggests an appropriate Group-wide risk management practice based on appropriate business practices and procedures so that financial risks are identified, assessed and managed as required by Group policies and procedures. It is the Group's established practice not to enter into derivatives for trading or speculative purposes. The Board of Directors reviews and approves the management policies for each of the risks outlined below.

48.1. Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will change due to changes in the market price. Market price risk comprises three types of risk: interest rate risk, currency risk and other price risks, such as equity risk and commodity price risk. Financial instruments affected by market risk include loans and financing, deposits, debt and equity instruments and derivative financial instruments.

The sensitivity analyses presented below refer to positions as at 31 December 2025 and 2024 and have been prepared under the assumption that the amount of net debt, the ratio of fixed and variable interest rates on debt and derivatives, and the portion of financial instruments in foreign currencies are all constant and aligned with the designation of hedges in place as at 31 December 2025.
The analyses exclude the impact of movements in market variables on the carrying amount of pension plans and other post-employment obligations, provisions and non-financial assets and liabilities of foreign subsidiaries.

The following assumptions were made in the calculation of the sensitivity analyses:

- the sensitivity analysis of the relevant elements of the statement of profit/(loss) for the year is the effect of changes assumed with respect to market risks. It is based on financial assets and liabilities held as at 31 December 2025 and 2024 including the effect of hedge accounting;
- the sensitivity analysis on equity is calculated considering the effect of any cash flow hedges and hedges of net investments in foreign operations as at 31 December 2025, associated with the effects of estimated changes in the underlying risk.

48.2. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. The Group's policy is to hold medium- to long-term loans at variable rates, excluding loans related to discontinued operations, against which interest rate swaps (IRS) are entered into for no less than 50% of the amount of medium- to long-term debt. Through IRSs, the Group agrees to exchange, at defined intervals, the difference in amount between the fixed and variable rate calculated by reference to an agreed amount of notional principal. These swaps are designated to hedge the underlying debt.

The following table illustrates the sensitivity to a reasonably possible change in interest rates on that portion of debts and loans, after the impact of hedge accounting. With all other variables held constant, the Group's pre-tax profit is affected by the impact on variable-rate loans as shown in the table alongside.

(amounts in thousand euros)	Increase/decrease in basis points	2025	2024
Pre-tax profit	+50	1,494	151
	-50	(1,494)	(151)

48.3. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly relates to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. It is considered that the exchange rate risk is not significant because the transactions are carried out mainly in euros.

48.4. Commodity price risk

The Group is affected by the volatility of the price of certain commodities such as mainly ferrous scrap, energy and natural gas. The Group is exposed to changes in the price of scrap with regard to planned purchases of this product. The Group's Board of Directors has developed and implemented a risk management strategy, including the increase in sales prices to customers related to rising commodity prices, aimed at mitigating the impact of commodity prices on margins.

In the long run, trends in the price of ferrous scrap and electricity on the one hand and the price of the finished product on the other tend to run on parallel lines; any hedging transactions are assessed in the light of the liquidity of the official markets in which the main trades are conducted.

The following table shows the effect of the change in raw material prices.

Commercial relations 2025	Year-end price change	Effect on pre-tax profit		Gross effect on shareholders' equity	
		2025	2024	2025	2024
Iron scrap	10%	89,361	96,000	89,361	96,000
	-10%	(89,361)	(96,000)	(89,361)	(96,000)
Energy	10%	17,604	15,106	17,604	15,106
	-10%	(17,604)	(15,106)	(17,604)	(15,106)
Methane gas	10%	2,991	2,991	2,991	2,991
	-10%	(2,991)	(2,991)	(2,991)	(2,991)

48.5. Equity price risk

The Group's listed and unlisted equities are exposed to market price risk arising from uncertainties in the future values of securities. The Group manages price risk through diversification and by placing single or total limits on equities. Reports on the share portfolio are regularly submitted to the Group's management. The Group's Board of Directors reviews and approves all equity investment decisions.

48.6. Credit risk

Feralpi is exposed to credit risk arising from the business relations it establishes with its customers. Failure by customers to meet payment deadlines could jeopardise the Group's overall financial situation.

Commercial credit risk is mitigated by the application of the Credit Policy, the related Group procedures and guidelines for the selection and assessment of the customer portfolio, the definition of credit limits, the monitoring of expected collection flows and any recovery actions. In addition, the Group takes out insurance policies with counterparts of primary standing and, in some cases, requires customers to provide additional guarantees. Credit risk management and monitoring are the tasks entrusted to Group Credit Management, which is committed to ensuring the effectiveness of the policies adopted and to identifying possible areas for improvement. Credit risk is also mitigated by the use of the non-recourse rotary assignment instrument to specialised financial operators.

48.6.1. Trade receivables and contract assets

Trade credit risk is mitigated by the application of Group procedures and guidelines for the selection and assessment of the customer portfolio, for the definition of credit limits, for monitoring expected collection flows and for any recovery actions. They provide, where possible and appropriate, for the conclusion of insurance policies with leading counterparts as well as, in some cases, requesting additional guarantees from customers. Group Credit Management manages and monitors credit risk in the Group.

The Group considers the concentration risk of trade receivables and contract assets to be low, based on the size of the customer portfolio and the location of customers, which operate in different countries and in partly independent markets. Credit risk is also mitigated by the use of the non-recourse assignment instrument to specialised financial operators.

48.6.2. Financial instruments and bank deposits

Credit risk related to relations with banks and financial institutions is managed by the Group Treasury in accordance with Group practice. The investment of available funds is made only with approved counterparts and within the credit limits allocated to each counterpart. Counterpart credit limits are reviewed annually by the Board of Directors and may be updated throughout the year. Limits are defined to minimise the concentration of risks and, consequently, mitigate the financial loss generated by the potential failure of the counterpart.

48.7. Liquidity risk

Liquidity risk refers to the ability of available financial resources to meet payment commitments to commercial or financial counterparts on pre-established terms and deadlines. Prudent management of liquidity risk, arising from the Group's normal operations, involves maintaining an adequate level of cash and cash equivalents as well as funds available through committed credit lines. The Administration, Finance, and Control Department (AFC) of the Group undertakes financial planning aimed at equipping the Group with adequate credit lines that are consistent with the business's cash-generating capacity over the planning period. Additionally, the AFC Department monitors forecasts for the utilisation of the Group's liquidity reserves, starting with the analysis of expected cash flows, and arranges the necessary credit lines (Business Plan, Budget, Forecast, Report).

48.7.1. Risk of over-concentration

Concentration arises when a number of counterparts are engaged in a similar business or exercise their activities in the same geographical area or have economic characteristics such that their ability to honour contractual commitments is affected by economic, political or other changes. Concentration indicates the relative sensitivity of the Group's result to changes that may affect a particular sector.

In order to avoid excessive risk concentration, the Group's rules and procedures include specific guidelines for maintaining a diversified portfolio. If situations of credit risk concentration are identified, they are controlled and managed accordingly.

The table alongside summarises the maturity profile of the Group's financial liabilities on the basis of contractually agreed undiscounted payments.

As at 31 December 2025 (Amounts in thousand euros)	At sight	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	17,748	19,999	32,959	229,077	-	**299,782**
Lease liabilities	-	-	5,063	13,760	-	**18,823**
Other financial liabilities	-	-	-	-	-	**-**
Trade payables	355,134	-	-	-	-	**355,134**
Downstream products	-	-	87		-	**87**
Total	**372,882**	**19,999**	**38,109**	**242,837**	**-**	**673,826**

As at 31 December 2024 (Amounts in thousand euros)	At sight	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	47,274	8,800	48,837	87,595	-	**192,506**
Lease liabilities	-	-	3,781	9,964	21	**13,766**
Other financial liabilities	-	-	-	-	-	**-**
Trade payables	385,381	-	-	-	-	**385,381**
Downstream products	-	-	257	58	-	**315**
Total	**432,655**	**8,800**	**52,875**	**97,617**	**21**	**591,968**

48.8. Climate risk

The Group considers climate-related issues in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts for the Group arising from both physical and transition risks. Even though the Group believes that its business model and products will remain appealing after the transition to a low-emission economy, climate-related issues increase the uncertainty of estimates and assumptions concerning numerous elements or items in the financial statements. For further details, refer to the specific paragraph in the Unified Document.

48.9. Risks associated with the international geopolitical situation

The Group is exposed to risks associated with the deterioration of the global geopolitical and macroeconomic environment. The emergence of global wars and crises, the imposition of economic sanctions and stops on certain countries, the application of duties, the establishment of protectionist policies in export countries or possible restrictions on exports, could lead to difficulties in sourcing inputs with subsequent delays or business interruptions and the potential loss of markets and customers. These events also lead to very significant indirect impacts on operating costs, in particular in view of trends in the cost of electricity and gas, to which the steel sector is heavily exposed. Although the Group has no operations in territories where there are ongoing wars or in countries characterised by major political instability, the occurrence of such risks is considered to be of medium probability but of high significance, as they could have very significant negative effects on the Group's economic, financial and equity situation. Such emergencies are handled by promptly adopting the necessary measures to prevent, control and contain the negative effects, while at the same time trying to ensure, as far as possible, business continuity.

48.10. Capital Management

For the purposes of the group's capital management, the definition includes the issued share capital, the share premium reserve and all other capital reserves attributable to the shareholders of the parent company. The main objective of capital management is to maximise shareholder value. The Group manages the capital structure and makes adjustments according to economic conditions and the requirements of financial covenants. In order to maintain or adjust the capital structure, the Group could take action on dividends paid to shareholders, repay capital to shareholders or issue new shares. The Group monitors assets using mainly three indicators: Gearing Ratio, consisting of the ratio between Net Financial Position and Shareholders' Equity; Debt Coverage Ratio, consisting of the ratio between Net Financial Position and EBITDA; Debt Service Coverage Ratio, consisting of the ratio between Free Operating Cash Flow after taxes and loan instalments to be repaid plus related interest. The group's policy is to maintain this ratio so as to keep safety margins with respect to financial covenants. The Group's Net Financial Position includes interest-bearing loans, borrowings, leases and in general financial liabilities less cash and cash equivalents and short-term deposits and excluding discontinued operations.

(amounts in thousand euros)	2025	2024
Interest-bearing loans and borrowings	300,019	192,507
Lease payables	18,673	13,766
Less: cash and cash equivalents and short-term deposits	(121,749)	(50,720)
Net debt	**196,943**	**155,552**
Group and minority interest Shareholders' equity	915,305	895,650
Capital and net debt	**1,112,248**	**1,051,202**
Gearing ratio	*17.7%*	*14.8%*

Interest-bearing loans and borrowings also include other non-current financial liabilities.

In order to achieve this, the Group's capital management aims, among other things, to ensure that the covenants, linked to interest-bearing loans and borrowings, which define the capital structure requirements, are met. Violations of covenants would allow banks to demand immediate repayment of loans and financing. In the current and previous years, there were no breaches of covenants in connection with interest-bearing loans and borrowings.

No changes were made to capital management objectives, policies and procedures during the year ended 31 December 2025.

48.10.1. Fair value measurement

The table alongside compares, by individual class, the carrying amount and fair value of financial instruments held by the Group, excluding those whose carrying amount reasonably approximates fair value.

Management has verified that the carrying amount of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates fair value as a result of the short-term maturities of these instruments.

The following methods and assumptions were used to estimate fair value:

- Long-term loans and receivables, both fixed-rate and variable-rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. On the basis of this valuation, allocations for estimated losses on these receivables are recognised in the accounts.
- The fair value of listed securities and bonds is based on the quoted price at the reporting date. The fair value of unlisted instruments, such as loans from banks or other non-current financial liabilities, is estimated by discounting future cash flows using current rates available for debt with similar terms, such as credit risk and remaining maturities. In addition to being sensitive to reasonably possible changes in expected cash flows or the discount rate, the fair value of equity securities is also sensitive to reasonably possible changes in growth rates. The evaluation requires management to use unobservable input data. Management regularly defines a range of reasonably possible alternatives for these significant unobservable inputs and determines their impact on total fair value.

(amounts in thousand euros)	2025		2024	
	Carrying amount	Fair value	Carrying amount	Carrying amount
Financial assets				
Non-current financial assets	1,808	1,808	3,544	3,544
Current financial assets	3,658	3,658	5,563	5,563
Cash and other liquid assets	121,749	121,749	50,720	50,720
Total financial assets	**127,215**	**127,215**	**59,827**	**59,827**
Financial liabilities				
Non-current financial payables	214,885	214,885	84,686	84,686
Current financial payables	103,807	103,807	107,820	107,820
Total financial liabilities	**318,692**	**318,692**	**192,506**	**192,506**

- The fair value of investments in unlisted companies was estimated using the discounted cash flow model. The assessment requires management to make certain assumptions with respect to model inputs, including expected cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably verified and are used in management's estimates of fair value for these investments in unlisted companies.
- There is an active market for the Group's investments in listed shares and listed debt instruments.

- The Group enters into derivative financial instruments with various counterparts, mainly financial institutions with an assigned credit rating. Derivatives measured using valuation techniques with observable market data consist mainly of interest rate swaps, currency and commodity forward contracts. The most frequently applied valuation techniques include "forward pricing" and "swaps" models, which use present value calculations. The models consider various inputs, including the credit quality of the counterpart, foreign currency spot and forward rates, interest rate curves and forward rate curves of the underlying commodities, the yield curves of the respective currencies, and the base spread between the respective currencies. All derivative contracts are fully secured by liquidity, thus eliminating both counterpart risk and the risk of default by the Group. As at 31 December 2025, the mark-to-market value of other derivative assets is shown net of an adjustment related to the recognition of counterpart default risk in the derivative contract. The change in counterpart credit risk did not have a material effect on the assessment of hedge effectiveness for derivatives designated as hedging and for other financial instruments recognised at fair value.
- The fair value of the Group's loans and borrowings that bear interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the financial year. The Group's default risk as at 31 December 2025 was assessed as insignificant.

The following table shows the fair value hierarchy for the Group's assets and liabilities as at 31 December 2025 and in the previous year:

(amounts in thousand euros)			31/12/2025			31/12/2024
	Prices quoted in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs	Prices quoted in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets						
Non-current financial assets	-	1,808	-	-	3,544	-
Current financial assets	-	3,658	-	-	5,563	-
Cash and other liquid assets	121,749	-		50,720	-	-
Total financial assets	**121,749**	**5,466**	**-**	**50,720**	**9,107**	**-**
Financial liabilities						
Non-current financial payables	-	214,885	-	-	65,276	-
Current financial payables	-	103,807	-	-	143,897	-
Total financial liabilities	**-**	**318,692**	**-**	**-**	**209,173**	**-**

During the year 2025, there were no transfers between Level 1 and Level 2.

49. Other information

49.1. Off-balance sheet commitments, guarantees and risks

The table alongside summarises the guarantees issued by the Group:

Guarantees	2025	2024
Guarantees - subsidiaries	248,920	238,518
Guarantees - associates	105,660	93,360
Other guarantees	5,824	5,458
Total	**360,404**	**337,336**

The above guarantees refer to letters of patronage in favour of Group companies for loans and credit facilities granted and for the purchase of certain commodities.

49.2. Amount of compensation to directors, statutory auditors and independent auditors

The compensation paid in 2025 to the Directors and the Board of Statutory Auditors (Article 2427, no. 16 of the Italian Civil Code) of the parent company for performing this function also in other companies included in the scope of consolidation is shown alongside:

(amounts in thousand euros)	2025 compensation
Directors	3,270
Board of Statutory Auditors	228
Total	**3,498**

Such compensation includes emoluments and any other sum of a remuneration, social security and welfare nature due for the performance of the function of director or auditor that constituted a cost for the Group, even if not subject to personal income tax.

In the table alongside are details of the fees due to the independent auditors for the statutory audit and other services rendered during the year:

Statutory audit and other services (amounts in thousand euros)	2025 compensation
Statutory audit services	204
Other audit services performed	42
Other non-audit services	92
Total	**338**

49.3. Categories of shares issued and securities issued by the Group

The share capital of €50,000 thousand, fully subscribed and paid-up, is divided into 5,000,000 shares, each with a value of €10.

The Group has not issued any securities or similar instruments.

49.4. National tax consolidation, Group VAT and Tax liability

Feralpi Group's individual companies operate in compliance with local tax regulations. The Group has not received any notifications from its stakeholders concerning tax matters, and if any were to arise, they would be managed by the appropriate corporate departments. The Group companies provide the competent Authorities with all the necessary information in terms of completeness, correctness, and timeliness in accordance with the principles of the Group's Code of Ethics. The Administration and Finance Department of the Parent Company Feralpi Siderurgica S.p.A. plays a supervisory, guidance and coordination role with regard to intercompany relations in tax matters, while responsibility for compliance in this respect lies with the Administration and Finance functions of each individual subsidiary.

It should also be noted that Feralpi Siderurgica S.p.A., as consolidating company, has adhered for the 2025 financial year to the national tax consolidation scheme pursuant to Articles 117-129 of the T.U.I.R.

As can be seen in the OP section of the Modello Unico (single tax return form) sent on 17 December 2025, other Group companies have adhered to this procedure: Acciaierie di Calvisano S.p.A., Defim Orsogril S.p.A., Fer-Par S.r.l., Presider S.p.A., Immobiliare Feralpi S.r.l, Caleotto S.p.A. and Arlenico S.p.A..

Each company participating in the tax consolidation scheme transfers taxable income or a tax loss to Feralpi Siderurgica S.p.A., which recognises a receivable (equal to the IRES to be paid) from the companies that transfer taxable income, or a payable to the companies that transfer a tax loss.

Feralpi Siderurgica S.p.A., as consolidating company, is liable not only for any higher taxes assessed and related penalties and interest referred to its own individual total income, but also for any amounts that may be due, with reference to the consolidated tax return, also as a result of "formal control" activities pursuant to Article 36-ter of Presidential Decree no. 600/73, as well as, jointly and severally, for the amounts due corresponding to penalties imposed on companies participating in the consolidation that committed the breach in determining the individual position. Similarly, the consolidated companies are jointly and severally liable to Feralpi Siderurgica S.p.A., as consolidating company, for the higher taxes assessed in relation to the consolidated company's income tax return referring to adjustments to the income resulting from its own tax return, also as a result of "formal control" activities pursuant to Article 36-ter of Presidential Decree no. 600/1973. All this, as regulated by the Fiscal Consolidation Agreement stipulated and signed on 16 February 2026.

As for VAT, Feralpi Siderurgica S.p.A. opted into the Group VAT regime on 18 April 2025, as the "controlling entity or company", in section VK of form 2025 for the year 2024. This optional regime allows a single taxable entity to be considered for VAT purposes, offering certain benefits such as the simplification and reduction of tax obligations, the balancing of credit and debit positions of individual companies, the optimisation of liquidity management, and the reduction of the total financial burden.

The Group companies participating in this tax regime are the following: Acciaierie di Calvisano S.p.A., Defim Orsogril S.p.A., Fer-Par S.r.l., Presider S.p.a, Caleotto S.p.a, Arlenico S.p.a and Feralpi Villasor S.r.l..

It should be noted that the German companies Feralpi Stahlhandel GmbH and Feralpi-Logistik GmbH also adhere to the tax consolidation scheme in Germany where the consolidating company is ESF Elbe-Stahlwerke Feralpi GmbH.


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49.5. Information pursuant to Article 1, paragraph 125, of Law no. 124 of 4 August 2017

With reference to Article 1 paragraph 125 of Law 124/2017, the company is obliged to disclose public grants received.

To this end, the following table shows the main grants and subsidies received during the year.

Feralpi Siderurgica S.p.A.

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
Acquirente Unico S.p.A.	€17,688,768.42	31/12/2025		Aid to companies in certain sectors to compensate for the increase in electricity prices resulting from the integration of the costs of greenhouse gas emissions in application of the EU ETS ("aid for indirect emission costs")	Aid for the compensation of indirect costs of carbon emissions for the year 2024, D.D. no. 79 of 25 November 2025	Subsidy/Interest grant	Aid scheme/RNA
CSEA Energy and Environmental Services Fund	€26,539,940.85	03/11/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2024	Other forms of tax advantage (Category: Tax relief or tax exemption)	Aid scheme/RNA
Unioncamere Lombardy	€19,600.00	29/07/2025		Inclusive Employment Call 2024	INCLUSIVE EMPLOYMENT CALL 2024	Subsidy/Interest grant	Aid scheme DE MINIMIS/RNA
CSEA Energy and Environmental Services Fund	€19,889,101.06	20/06/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2023	Other forms of tax advantage (Category: Tax relief or tax exemption)	Aid scheme/RNA
INPS	€39,000.00	16/06/2025		Reg. EC 651/2014 General Block Exemption Regulation (GBER), as amended. Aid scheme to support the employment of women working in professions or sectors with gender disparity or who have been without paid employment for at least 24 months, wherever they reside. Article 23, paragraph 2, of Italian Decree Law no. 60 of 07/05/2024 (Regional Council Resolution implementing Article 2, paragraphs 1 and 3) converted with amendments by Italian Law no. 95 of 04/07/2024	Contribution exemption for the permanent employment of women working in professions or sectors with gender disparity or who have been without paid employment for at least 24 months, wherever resident (Article 23, Decree Law no. 60/2024)	Tax exemption	Aid scheme/RNA
INPS	€15,600.00	14/06/2025		Reg. EC 651/2014 General Block Exemption Regulation (GBER), as amended. Aid scheme to support the employment of women working in professions or sectors with gender disparity or who have been without paid employment for at least 24 months, wherever they reside. Article 23, paragraph 2, of Italian Decree Law no. 60 of 07/05/2024 (Regional Council Resolution implementing Article 2, paragraphs 1 and 3) converted with amendments by Italian Law no. 95 of 04/07/2024	Contribution exemption for the permanent employment of women working in professions or sectors with gender disparity or who have been without paid employment for at least 24 months, wherever resident (Article 23, Decree Law no. 60/2024)	Tax exemption	Aid scheme/RNA

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
FONDIMPRESA	€15,569.84	12/06/2025		Reg. (EC) 651/2014 General Block Exemption Regulation (GBER) and subsequent amendments and additions Provisions for the drafting of the annual and multi-year State budget (2001 Budget Law)Regulation for interprofessional funds for continuing training for the granting of State aid exempted under Regulation (EC) no. 651/2014 and under the de minimis regime under Regulation (EC) no. 1407/2013	C.OR.E. Competences for Advanced Organisations	Subsidy Interest grant (exemption)	Aid scheme/RNA
UNIONCAMERE LOMBARDY	€9,000.00	07/04/2025		Reg. EU 2831/2023 general de minimis REGIONAL PROGRAMME EUROPEAN SOCIAL FUND PLUS 2021-2027, Training for hiring - Employment incentives associated with vouchers for skills upgrading	Training for hiring - FERALPI SIDERURGICA S.P.A.	Subsidy Interest grant	Aid scheme DE MINIMIS/RNA
UNIONCAMERE LOMBARDY	€54,000.00	25/03/2025		Reg. EU 2831/2023 general de minimis REGIONAL PROGRAMME EUROPEAN SOCIAL FUND PLUS 2021-2027, Training for hiring - Employment incentives associated with vouchers for skills upgrading	Training for hiring - FERALPI SIDERURGICA S.P.A.	Subsidy Interest grant	Aid scheme DE MINIMIS/RNA
INPS	€1,190.93	31/01/2025		Exemption from the payment of social security contributions for the hiring of young workers (Article 1, paragraphs 10-15 of Law 178/2020 - Article 1, paragraph 297 of Law 197/2022) Total exemption from the payment of the employer's contribution for a period of 36/48 months, up to a limit of €8,000 per year	Contribution exemption for the recruitment of young workers from 1 July 2022 to 31 December 2023 (Article 1, paragraph 297, Law 197/2022)	Tax relief or tax exemption	Aid scheme/RNA
INPS	€3,933.66	25/01/2025		Exemption from the payment of social security contributions for new hires/transfers to permanent contracts in the two-year period 2021 - 2022 (Article 1, paragraphs 10 - 15 of Law 178/2020) Total exemption from the payment of the employer's contribution for a period of 36/48 months up to a limit of €6,000 per year	Contribution exemption for the recruitment of young workers from 1 January 2021 to 30 June 2022 (Article 1, paragraphs 10 - 15, Law 178/2020)	Tax relief or tax exemption	Aid scheme/RNA
Brescia Musei Foundation	€9,750.00		10/08/2025	Regulatory reference: Article 1 of Decree Law no. 83/2014 (converted into Law no. 106/2014) Charitable donation made through Art Bonus in favour of the Brescia museum system	ART BONUS 2024 The credit due corresponds to 65% of the disbursement and can be used for offsetting in three annual instalments of the same amount	Tax benefit/ Tax credit	
Ministry of Business and Made in Italy (MIMIT)	€18,190.01			Subsidised assets according to the provisions of the Law of 30 December 2020, no. 178 (Article 1, paragraphs 1054-1058-ter), as amended by Law 234/2021 (Article 1, paragraph 44) and by Law 207/2024 (Article 1, paragraphs 445-448), in accordance with the requirements of Law 232/2016	Transition Plan 4.0 (ANNEX A) Aid pursuant to Article 1, paragraphs 1051-1067, of Law 178/2020 (and subsequent amendments). The accrued credit of 18,190.01 is available in 3 equal annual instalments starting from the year of interconnection (2025).	Tax benefit/ Tax credit	

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	€223,549.52		05/09/2025	The code HORIZON-CL4-2022-TWIN-TRANSITION-01 identifies the specific calls of the Horizon Europe Framework Programme, launched within Cluster 4 ("Digital, Industry and Space"). The programme supports research and innovation (RIA) and innovation (IA) projects and focuses on the "Twin Green and Digital Transition", with the aim of making European industry more digitalised and sustainable ("Destination 1" - focused on climate-neutral and circular production).	Project 101178210 — E-ECO Downstream HORIZON-CL4-2022-TWIN-TRANSITION-01 Funded European project that is part of the Horizon Europe Cluster 4 programme: Digital, Industry and Space and is managed by the HaDEA (European Health and Digital Executive Agency).	Non-repayable grant	
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	€56,775.00		10/16/2025	The code HORIZON-CL4-2022-TWIN-TRANSITION-01 identifies the specific calls of the Horizon Europe Framework Programme, launched within Cluster 4 ("Digital, Industry and Space"). The programme supports research and innovation (RIA) and innovation (IA) projects and focuses on the "Twin Green and Digital Transition", with the aim of making European industry more digitalised and sustainable ("Destination 1" - focused on climate-neutral and circular production).	Project 101092234 — ModHEATechHORIZON-CL4-2022-TWIN-TRANSITION-01Funded European project that is part of the Horizon Europe Cluster 4 programme: Digital, Industry and Space and is managed by the HaDEA (European Health and Digital Executive Agency).	Non-repayable grant	
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	€77,302.93		1/20/2025	The Research Fund for Coal and Steel (RFCS) for the year 2022 has allocated non-repayable grants for research and innovation projects focused on the coal and steel sectors, with a strong orientation towards the objectives of the European Green Deal.	Project 101099118 — MODIPLANT RFCS-2022 European project funded by the RFCS (Research Fund for Coal and Steel)	Non-repayable grant	
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	- € 7,516.54		7/31/2025	The Research Fund for Coal and Steel (RFCS) for the year 2022 has allocated non-repayable grants for research and innovation projects focused on the coal and steel sectors, with a strong orientation towards the objectives of the European Green Deal.	Project: 101112488 - MultiSensEAFRFCS-2022 European project funded by the RFCS (Research Fund for Coal and Steel)	Non-repayable grant	
Ministry of Business and Made in Italy (MIMIT), formerly MiSE	€117,487.01		07/08/2025	Sustainable Growth Fund and Revolving Fund for support to companies and investments in research – "Sustainable Industry" call, referred to in Ministerial Decree 15.10.2014, Ministerial Decree 24.7.2015 and subsequent amendments and Ministerial Decree 18.10.2017. Application for subsidy dated 6.8.2018	Ministerial Project called WireAccuracy4.0 Ref. Pos. No. 41 Sustainable Industry Call FRI Ministerial Decree 18 10 2017 Project no. F/150041/00/X40 CUP: B81B20000090005COR: 1638315	Non-repayable grant	
Total	**€64,771,242.69**						

Acciaierie di Calvisano S.p.A.

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
INPS	€4,000.00	25/01/2025		Exemption from the payment of social security contributions for new hires/conversions to permanent contracts in the two-year period 2021–2022 (Article 1, paragraphs 10–15 of Law 178/2020)	Contribution exemption for the recruitment of young workers from 1 January 2021 to 30 June 2022 (Article 1, paragraphs 10 - 15, Law 178/2020)	Aid scheme	Tax relief or tax exemption/RNA
INPS	€27,654.53	03/02/2025		Exemption from the payment of social security contributions for the hiring of young workers (Article 1, paragraphs 10-15 of Law 178/2020 - Article 1, paragraph 297 of Law 197/2022)	Contribution exemption for the recruitment of young workers from 1 July 2022 to 31 December 2023 (Article 1, paragraph 297, Law 197/2022)	Aid scheme	Tax relief or tax exemption/RNA
CSEA Energy and Environmental Services Fund	€8,340,559.33	18/06/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2023	Aid scheme	Tax relief or tax exemption/RNA
Unioncamere Lombardy	€7,800.00	08/07/2025		Inclusive Employment Call 2024	Inclusive work in Lombardy companies call for applications 2024	DE MINIMIS Aid scheme Reg. EU 2831/2023 general de minimis	Subsidy/Interest grant / RNA
CSEA Energy and Environmental Services Fund	€9,776,758.05	04/11/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2024	Aid scheme	Tax relief or tax exemption/RNA
Acquirente Unico S.p.A.	€4,851,452.12	31/12/2025		Aid to companies in certain sectors to compensate for the increase in electricity prices resulting from the integration of the costs of greenhouse gas emissions in application of the EU ETS ("aid for indirect emission costs")	Aid for the compensation of indirect costs of carbon emissions for the year 2024, D.D. no. 79 of 25 November 2025, Legislative Decree no. 47 of 9 June 2020 - Implementation of Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to support more cost-effective emission reductions and promote low-carbon investments, as well as adaptation of national legislation to Reg. (EU) 2017/2392 and Decision (EU) 2015/1814 on the establishment of a market stabilisation reserve.	Aid scheme	Subsidy/Interest grant / RNA

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
Ministry of Business and Made in Italy (MIMIT)	€66,714.20			Subsidised assets according to the provisions of the Law of 30 December 2020, no. 178 (Article 1, paragraphs 1054-1058-ter), as amended by Law 234/2021 (Article 1, paragraph 44) and by Law 207/2024 (Article 1, paragraphs 445-448), in accordance with the requirements of Law 232/2016	Transition Plan 4.0 (ANNEX A) Aid pursuant to Article 1, paragraphs 1051-1067, of Law 178/2020 (and subsequent amendments). The accrued credit of 66,714.20 is available in 3 equal annual instalments starting from the year of interconnection (2025).		Tax benefit/Tax credit
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	€106,385.04		2/18/2025	The Research Fund for Coal and Steel (RFCS) for the year 2019 has allocated non-repayable grants for research and innovation projects aimed at improving competitiveness, environmental sustainability and safety in the European steel and coal sectors.	Project: 899164 — iSlag RFCS-2019 European project funded by the RFCS (Research Fund for Coal and Steel)		Non-repayable grant
EUROPEAN COMMUNITY EUROPEAN COMMISSION EUROPEAN RESEARCH EXECUTIVE AGENCY	€68,136.52		7/31/2025	The Research Fund for Coal and Steel (RFCS) for the year 2022 has allocated non-repayable grants for research and innovation projects focused on the coal and steel sectors, with a strong orientation towards the objectives of the European Green Deal.	Project: 101112488 - MultiSensEAF RFCS-2022 European project funded by the RFCS (Research Fund for Coal and Steel)		Non-repayable grant
Excise, Customs and Monopolies Agency - Italian State	€20,546.48		10/13/2025	Partial refund of excise duty on diesel fuel consumed, accrued on the basis of quarterly applications submitted to the Customs Agency (pursuant to Article 24-ter, Legislative Decree no. 504/95).	Refund of subsidised excise duty		
Excise, Customs and Monopolies Agency - Italian State	€24,489.74		12/15/2025	Partial refund of excise duty on diesel fuel consumed, accrued on the basis of quarterly applications submitted to the Customs Agency (pursuant to Article 24-ter, Legislative Decree no. 504/95).	Refund of subsidised excise duty		
Total	**€23,294,496.01**						

Arlenico S.p.A.

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type
INPS	€8,000.00	27/01/2025		Exemption from the payment of social security contributions for new hires/conversions to permanent contracts in the two-year period 2021–2022 (Article 1, paragraphs 10–15 of Law 178/2020)	Contribution exemption for the recruitment of young workers from 1 January 2021 to 30 June 2022 (Article 1, paragraphs 10 - 15, Law 178/2020)	Aid scheme/RNA
INPS	€11,614.59	01/02/2025		Exemption from the payment of social security contributions for the hiring of young workers (Article 1, paragraphs 10-15 of Law 178/2020 - Article 1, paragraph 297 of Law 197/2022)	Contribution exemption for the recruitment of young workers from 1 July 2022 to 31 December 2023 (Article 1, paragraph 297, Law 197/2022)	Aid scheme/RNA
INPS	€6,000.00	19/03/2025		Exemption from the payment of social security contributions for new hires/conversions to permanent contracts in the two-year period 2021–2022 (Article 1, paragraphs 10–15 of Law 178/2020)	Exemption from the payment of social security contributions for employers for new hires/conversions to permanent contracts in the two-year period 2021–2022 (Article 1, paragraphs 10–15 of Law 178/2020)	Aid scheme/RNA
CSEA Energy and Environmental Services Fund	€1,236,929.54	26/06/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2023	Aid scheme/RNA
Unioncamere Lombardy	€9,600.00	08/07/2025		Inclusive Employment Call 2024	Inclusive Employment Call 2024	DE MINIMIS aid scheme Reg. 2831/2023 general de minimis / RNA
CSEA Energy and Environmental Services Fund	€1,584,893.40	04/11/2025		Incentives for companies with high electricity consumption	Energy-intensive companies 2024	Aid scheme/RNA
Acquirente Unico S.p.A.	€816,456.24	31/12/2025		Aid to companies in certain sectors to compensate for the increase in electricity prices resulting from the integration of the costs of greenhouse gas emissions in application of the EU ETS ("aid for indirect emission costs")	Aid for the compensation of indirect costs of carbon emissions for the year 2024, D.D. no. 79 of 25 November 2025	Aid scheme/RNA
Fondimpresa	€19,910.00		05/09/2025		Funding of continuing education activities for employees. Nature of the aid: Operating grant Plan reference: Training plan code 381101	Aid scheme
Ministry of Business and Made in Italy (MIMIT)	€433,695.14			Subsidised assets according to the provisions of the Law of 30 December 2020, no. 178 (Article 1, paragraphs 1054-1058-ter), as amended by Law 234/2021 (Article 1, paragraph 44) and by Law 207/2024 (Article 1, paragraphs 445-448), in accordance with the requirements of Law 232/2016	Transition Plan 4.0 Aid pursuant to Article 1, paragraphs 1051-1067, of Law 178/2020 (and subsequent amendments). The total credit accrued of €433,695.14 is available in 3 equal instalments starting from the year of interconnection (2025)	Aid scheme/Tax credit
Total	**€4,127,098.91**					

Presider S.p.A.

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
FONDIMPRESA	€9,581.44	07/10/2025		Regulation for interprofessional funds for continuing training for the granting of State aid exempted under Regulation (EC) no. 651/2014 and under the de minimis regime under Regulation (EC) no. 1407/2013	PERSEO - Continuous training - AV1/284/25I_334236_1	Subsidy / Interest grant	Aid scheme/RNA
Ministry of Business and Made in Italy (MIMIT)	€19,600.00			Subsidised assets according to the provisions of the Law of 30 December 2020, no. 178 (Article 1, paragraphs 1054-1058-ter), as amended by Law 234/2021 (Article 1, paragraph 44) and by Law 207/2024 (Article 1, paragraphs 445-448), in accordance with the requirements of Law 232/2016	Transition Plan 4.0 (ANNEX A) Aid pursuant to Article 1, paragraphs 1051-1067, of Law 178/2020 (and subsequent amendments). The accrued credit of 19,600 is available in 3 equal annual instalments starting from the year of interconnection (2025) .	Tax benefit	Tax Credit
Ministry of Business and Made in Italy (MIMIT)	€189,224.69			Subsidised assets pursuant to Article 38 of Decree Law no. 19 of 2 March 2024, converted, with amendments, by Law no. 56 of 29 April 2024 The Transition 5.0 Plan (Decree Law no. 19/2024, Article 38) provides tax credits as an incentive for the purchase of tangible and intangible 4.0 capital goods in 2024-2025, provided that they reduce energy consumption by 3% (structure) or 5% (process).	Transition Plan 5.0 (ANNEX A) Aid pursuant to Article 38 of Decree Law no. 19 of 2 March 2024, converted, with amendments, by Law no. 56 of 29 April 2024 Tangible Assets (Annex A - Law 232/2016): Machinery, plant and equipment for technological/digital transformation and energy saving. The accrued credit of 189,224.69 was not used by 31 December 2025, and therefore may be offset in 5 annual instalments of the same amount in the period 2026-2030.	Tax benefit	Tax Credit
Ministry of Business and Made in Italy (MIMIT)	€160,209.10			Subsidised assets pursuant to Article 38 of Decree Law no. 19 of 2 March 2024, converted, with amendments, by Law no. 56 of 29 April 2024 The Transition 5.0 Plan (Decree Law no. 19/2024, Article 38) provides tax credits as an incentive for the purchase of tangible and intangible 4.0 capital goods in 2024-2025, provided that they reduce energy consumption by 3% (structure) or 5% (process).	Transition Plan 5.0 (ANNEX A) Aid pursuant to Article 38 of Decree Law no. 19 of 2 March 2024, converted, with amendments, by Law no. 56 of 29 April 2024 Tangible Assets (Annex A - Law 232/2016): Machinery, plant and equipment for technological/digital transformation and energy saving. The accrued credit of 160,209.10 was used in a single instalment in 2025.	Tax benefit	Tax Credit

Name of granting body	Amount	Granting date	Collection date	Measure Title	Project Title	Measure Type	Instrument
Ministry of Business and Made in Italy (MIMIT)	€567,221.54			The Single ZES benefit is governed by Article 16 of Decree Law no. 124 of 19 September 2023 ("Decreto Sud"), converted with amendments by Law no. 162 of 13 November 2023 . This regulation governs the tax credit for investments made from 1 January 2024 to 15 November 2024.	Tax credit for investments in the Single ZES Mezzogiorno, established pursuant to Article 16 of Decree Law no. 124/2023. The accrued credit was determined against investments in capital goods (machinery/plant/ property). For 2025, the percentage of use of the tax credit has been set at 60.3811%	Tax benefit	Tax Credit
Ministry of Business and Made in Italy (MIMIT) (formerly the Ministry of Economic Development - MiSE)	€3,121.17			Law no. 488 of 19 December 1992 (converting Decree Law no. 415/1992), which governs extraordinary intervention in the South and in depressed areas	Non-repayable public contribution, granted under the regional State aid scheme, for the acquisition, construction or expansion of tangible fixed assets (machinery, plant, equipment and buildings)	Contribution for plants	
Fondimpresa (National Joint Interprofessional Fund for Continuing Training of Confindustria, CGIL, CISL and UIL)	€1,830.00			Article 118 of Law no. 388 of 23 December 2000 (2001 Budget Law), and subsequent amendments	Contribution for continuing training provided by Fondimpresa (Joint Interprofessional Fund)	Operating grant	
Total	**€950,787.94**						

49.6. Significant events occurring after the end of the year

As already reported, on 15 January 2026, the company Feralpi Power On S.r.l. acquired all the shares of the corporate vehicle (Cosina Srl) that holds the permit to build a photovoltaic plant with a capacity of 4.18 MWp in the municipality of Collesalvetti (Livorno).

The year 2026 is expected to be influenced by elements of geopolitical instability, trade tensions, persistent inflation (especially in services) and high public debt, accompanied by volatility in energy prices, effects related to the monetary policy of central banks and the sustainability of investments in Artificial Intelligence. An additional source of uncertainty, which also impacts the competitiveness of steel producers, including those in Italy, is determined by the dynamics related to the export of scrap.

If resolved, some of these elements could lead to an increase in steel demand. On the other hand, in 2026, Italian steel prices could benefit from a combination of the effects of the Safeguard and the CBAM, if approved quickly, together with the expected recovery in Germany as a result of the investment plan announced by the German government. These elements could show their positive effects in the second half of the year.

For the year 2026, the Group expects economic results in line with industry dynamics.

For the coming years, the long-term growth drivers, mainly related to infrastructure, continue to be confirmed. In order to capture these growth opportunities, Feralpi Group's management plans to leverage its strong market presence, an expansive and varied product portfolio, high operational efficiency, an organisation-wide commitment to ESG principles, and a stable capital foundation. The substantial investments already made and those underway aim to further strengthen the focus on growth drivers and the Group's commitment as outlined in the ESG Scorecard.

Lonato del Garda (Bs), 31 March 2026

On behalf of the Board of Directors

The Chairman
Giuseppe Pasini


FERALPI

Appendix

1. Financial information on associates and joint ventures

1.1. Media Steel S.r.l.

The Group holds a 45% stake in Media Steel S.r.l., whose corporate purpose is the purchase and resale to the steel industry of scrap used by the steel industry as raw material.

The table alongside summarises the financial information of the Group's investment in Media Steel S.r.l.:

The associate has no contingent liabilities or commitments as at 31 December 2025.

(amounts in thousand euros)	31/12/2025	31/12/2024
Current assets	121,884	112,000
Non-current Assets	516	541
Current liabilities	(113,679)	(104,457)
Non-current liabilities	(383)	(346)
Shareholders' equity	**8,338**	**7,738**
Group share of shareholders' equity	45%	45%
Carrying amount of the Group's equity investment	**3,752**	**3,482**

(amounts in thousand euros)	2025	2024
Revenues from contracts with customers	353,242	357,071
Raw materials and consumables	(344,329)	(348,156)
Cost of services and other operating expenses	(4,346)	(2,924)
Financial expenses	(2,947)	(3,950)
Pre-tax profit	**1,620**	**2,041**
Taxes	(1,021)	(1,330)
Net profit for the year (from continuing operations)	**599**	**710**
Other comprehensive income components that may be reclassified to profit/(loss) for the year net of tax	-	-
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax	-	-
Total comprehensive income (from continuing operations)	**599**	**710**
Group net profit for the year	**270**	**320**

1.2. Dima S.r.l.

The Group holds a 31% stake in Dima S.r.l., which is involved in the treatment and reuse of inert materials.

The Group's investment in Dima S.r.l. is accounted for in the consolidated financial statements using the equity method.

The table alongside summarises the financial information of the Group's investment in Dima S.r.l.:

The associate has no contingent liabilities or commitments as at 31 December 2025.

(amounts in thousand euros)	31/12/2025	31/12/2024
Current assets	6,327	7,031
Non-current Assets	9,128	9,986
Current liabilities	(5,867)	(8,330)
Non-current liabilities	(328)	(315)
Shareholders' equity	**9,261**	**8,372**
Group share of shareholders' equity	31%	31%
Carrying amount of the Group's equity investment	**2,871**	**2,595**

(amounts in thousand euros)	2025	2024
Revenues from contracts with customers	10,420	11,661
Raw materials and consumables	(1,767)	(1,751)
Cost of services and other operating expenses	(7,471)	(8,296)
Write-down of financial assets	-	-
Financial expenses	(75)	(118)
Pre-tax profit	**1,107**	**1,496**
Taxes	(263)	(423)
Net profit for the year (from continuing operations)	**843**	**1,072**
Other comprehensive income components that may be reclassified to profit/(loss) for the year net of tax	-	-
Other comprehensive income components that will later not be reclassified to profit/(loss) for the year net of tax	-	-
Total comprehensive income (from continuing operations)	**843**	**1,072**
Group net profit for the year	**261**	**332**

Board of Statutory Auditors' Report

REPORT BY THE BOARD OF STATUTORY AUDITORS

OF FERALPI SIDERURGICA S.p.A. ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2025 PURSUANT TO ART. 2429(2) OF THE ITALIAN CIVIL CODE

To the Shareholders' Meeting of the company Feralpi Siderurgica S.p.A. (the "Company"; "Feralpi")

Foreword

This report is drawn up pursuant to Article 2429 of the Italian Civil Code, as the Company has entrusted the statutory audit, pursuant to Article 13 of Italian Legislative Decree No. 39/2010, to the independent auditors EY S.p.A. ("EY").

The Board of Statutory Auditors is therefore not entrusted with the legal audit and carried out the supervisory activities envisaged in the *'Rules of Conduct of the Board of Statutory Auditors of Unlisted Companies'* on the separate financial statements, consisting of an overall summary control aimed at verifying that the financial statements had been correctly drawn up.

EY provided us with its report containing an unqualified opinion. According to the report of the independent auditor, the financial statements as at 31 December 2025 give a true and fair view of the financial position, results of operations and cash flows of your Company and have been prepared in accordance with the regulations governing their preparation.

The governing body has made available, within the legal deadlines, the separate financial statements for the year ended 31 December 2025 and the Report on Operations.

The structure of this report is based on the provisions of the law and the '*Rules of Conduct of the Board of Statutory Auditors of Unlisted Companies issued by the National Institute of Chartered Accountants'.*

1. Supervisory activity pursuant to Article 2403 *et seq.* of the Italian Civil Code

We monitored compliance with the law and the articles of association, observance of the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual functioning.

The Board of Statutory Auditors also attended the Shareholders' Meetings and the meetings of the Board of Directors and, on the basis of the information available, we have no particular findings to report.

We obtained information from the Board of Directors, well in advance and also during the meetings held, on the general performance of operations and its foreseeable evolution, as well as on the most significant transactions, in terms of their size or characteristics, carried out by the Company and its subsidiaries and, based on the information obtained, we have no particular observations to report.

We exchanged data and information relevant to the performance of our supervisory activities with the independent auditor in a timely manner.

We also met with the Supervisory Body pursuant to Legislative Decree 231/01, acquiring information also through periodic reports, from which no critical issues emerged with respect to the correct implementation of the regulations and the organisational model that need to be highlighted in this report.

We acquired knowledge of and monitored the adequacy of the organisational structure, including by collecting information from department heads, and in this regard we have no particular observations to report. The Board of Statutory Auditors also acquired knowledge and supervised, to the extent of its competence, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter to correctly represent the management facts, by obtaining information from the heads of departments and examining the company documents, and in this regard, there are no

particular observations to report.

No complaints were received from shareholders pursuant to Article 2408 of the Italian Civil Code or Article 2409 of the Italian Civil Code.

It should also be noted that: (i) we have not made any reports to the Board of Directors, pursuant to Article 25-octies of Italian Legislative Decree 12 January 2019, as last amended ("Business Crisis Code"); (ii) we have not received any reports from EY for the purposes of Article 25-octies of the Corporate Crisis Code; (iii) we have not received any reports from public creditors pursuant to Article 25-novies of the Corporate Crisis Code.

During the year, the Board of Statutory Auditors did not issue any opinions or observations required by law.

2. Comments on the financial statements

We have examined the draft separate financial statements, for the year ended 31 December 2025, prepared on a going concern basis, and consisting of the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the notes to the financial statements; as mentioned above, since the Board of Statutory Auditors is not entrusted with the statutory audit, we have verified:
- the approach taken to them and their general compliance with the law in terms of preparation and structure;
- that the Directors have declared compliance with the reference standards governing the preparation of the financial statements;
- that the Notes provide the information pursuant to Article 1, paragraph 125, of Law no. 124/2017 ("Public Disbursements").

Furthermore, to the best of our knowledge, in preparing the financial statements, the Directors did not depart from the provisions of the law pursuant to Article 2423, paragraph 5 of the Italian Civil Code. .

During 2025 - as also disclosed in the financial statements - the independent auditors were entrusted, at group level, with other services also related to the statutory audit, for a total amount of Euro 145 thousand.

Finally, with regard to the non-financial information referred to in the Voluntary Consolidated Sustainability Statement, it is noted that there are no observations that need to be highlighted in this report.

3. Comments and proposals on the approval of the financial statements

Considering the results of the work we have carried out and the opinion expressed in the audit report issued by EY, we do not find any reasons preventing the Shareholders from approving the financial statements for the year ended 31 December 2025, as prepared by the Directors.

Lonato del Garda,

13/04/2026 The Board of

Statutory Auditors

Giancarlo Russo Corvace

Alberto Soardi

Stefano Guerreschi

Independent Auditors' Report on the Consolidated Financial Statements

Shape the future
with confidence

Feralpi Siderurgica S.p.A.

Consolidated financial statements as at December 31, 2025

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

Shape the future
with confidence

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Feralpi Siderurgica S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Feralpi Siderurgica Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union.

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 Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Feralpi Siderurgica S.p.A. or to cease operations, or have no realistic alternative but to do so.

EY Shape the future with confidence

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing 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 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' 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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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;
- we have evaluated 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;
- we have obtained 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.

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

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Feralpi Siderurgica S.p.A. are responsible for the preparation of the Report on Operations of Feralpi Siderurgica Group as at 31 December 2025, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the consolidated financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Feralpi Siderurgica as at 31 December 2025.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with the applicable laws and regulations does not extend to the section of the management report relating to the voluntary consolidated sustainability reporting. Our conclusions on the compliance of that section with the "European Sustainability Reporting Standards" issued by the European Commission ("ESRS") are expressed in our independent assurance report on the voluntary consolidated sustainability reporting.

Brescia, 13 April 2026

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Signed by: Andrea Barchi, Auditor

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

Independent Auditors' Report on the Sustainability Statement

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Independent auditor's report on the limited assurance of the Sustainability Statement

(Translation from the original Italian text)

To the Board of Directors of
Feralpi Siderurgica S.p.A.

We have been appointed to perform a limited assurance engagement on the Sustainability Statement prepared on a voluntary basis of Feralpi Siderurgica S.p.A. and its subsidiaries (hereinafter "the Group" or "Feralpi Group") for the year ended on December 31, 2025.

Responsibility of the Directors and Board of Statutory Auditors for the Sustainability Statement

The Directors of Feralpi Group are responsible for the development and implementation of procedures used to identify the information included in the Sustainability Statement in accordance with the requirements of the "European Sustainability Reporting Standards" issued by the European Commission ("ESRS") and for the description of such procedures in the paragraph "BP-1 - General basis for preparation of sustainability statements" of the Sustainability Statement.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of the Sustainability Statement that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining Feralpi Group's objectives with respect to sustainability performances, as well as for identifying the stakeholders and the material aspects to be reported.

Auditor's independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Management (ISQM Italia 1), under which it is required to design, implement and operate a system of quality management that includes policies or procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

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Auditor's responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Statement with the reporting criteria set out in the ESRS. Our work has been performed in accordance with the principle of 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. This principle requires the planning and execution of work in order to obtain a limited assurance that the Sustainability Statement is free from material misstatements.

Therefore, the extent of work performed in our limited assurance engagement was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Statement were based on our professional judgment and included inquiries, primarily with Group's personnel responsible for the preparation of the information included in the Sustainability Statement, documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we have performed the following procedures:

1. understanding of the process for assessing the materiality of the information included in the Sustainability Statement by analyzing the approach adopted by the Group for identifying and assessing the relevant impacts, risks and opportunities relating to sustainability matters, and verifying the related disclosures reported in the Sustainability Statement;
2. comparison of the economic and financial data and information included in the Sustainability Statement with those included in the Group's consolidated financial statements;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Statement.

   In particular, we have conducted interviews and discussions with the management of Feralpi Siderurgica S.p.A. and with personnel of Acciaierie di Calvisano S.p.A. and Defim Orsogril S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the Sustainability Statement.

   Furthermore, for significant information, considering the activities and characteristics of the Group:

   - at Group level:
     a) with reference to the qualitative information included in the Sustainability Statement, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
     b) with reference to the quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data and the criteria and calculation methodologies applied.
   - for the following companies, Acciaierie di Calvisano S.p.A. (Brescia) and Defim Orsogril S.p.A. (Como), that we have selected based on their activities and relevance to the

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consolidated performance indicators, we have carried out remote interviews during which we have had discussions with management and have obtained evidence on a sampling basis about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Statement of Feralpi Group for the year ended on December 31, 2025 has not been prepared, in all material aspects, in accordance with the reporting criteria set out in the ESRS, as identified by the Directors in the paragraph "BP-1 - General basis for preparation of sustainability statements" of the Sustainability Statement.

Other matters

This report is not issued pursuant to any legal requirement, as the Group is not obliged to prepare a Sustainability Statement.

The comparative information presented in the Sustainability Statement in respect of the year ended on December 31, 2024, has not been subject to assurance.

Our conclusions on the Sustainability Statement of Feralpi Group do not extend to the information included in the paragraph "20. Disclosure pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)" required by Article 8 of Regulation (EU) 2020/852.

Brescia, April 13, 2026

EY S.p.A.

Signed by: Andrea Barchi, Partner

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

Feralpi Siderurgica S.p.A.

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