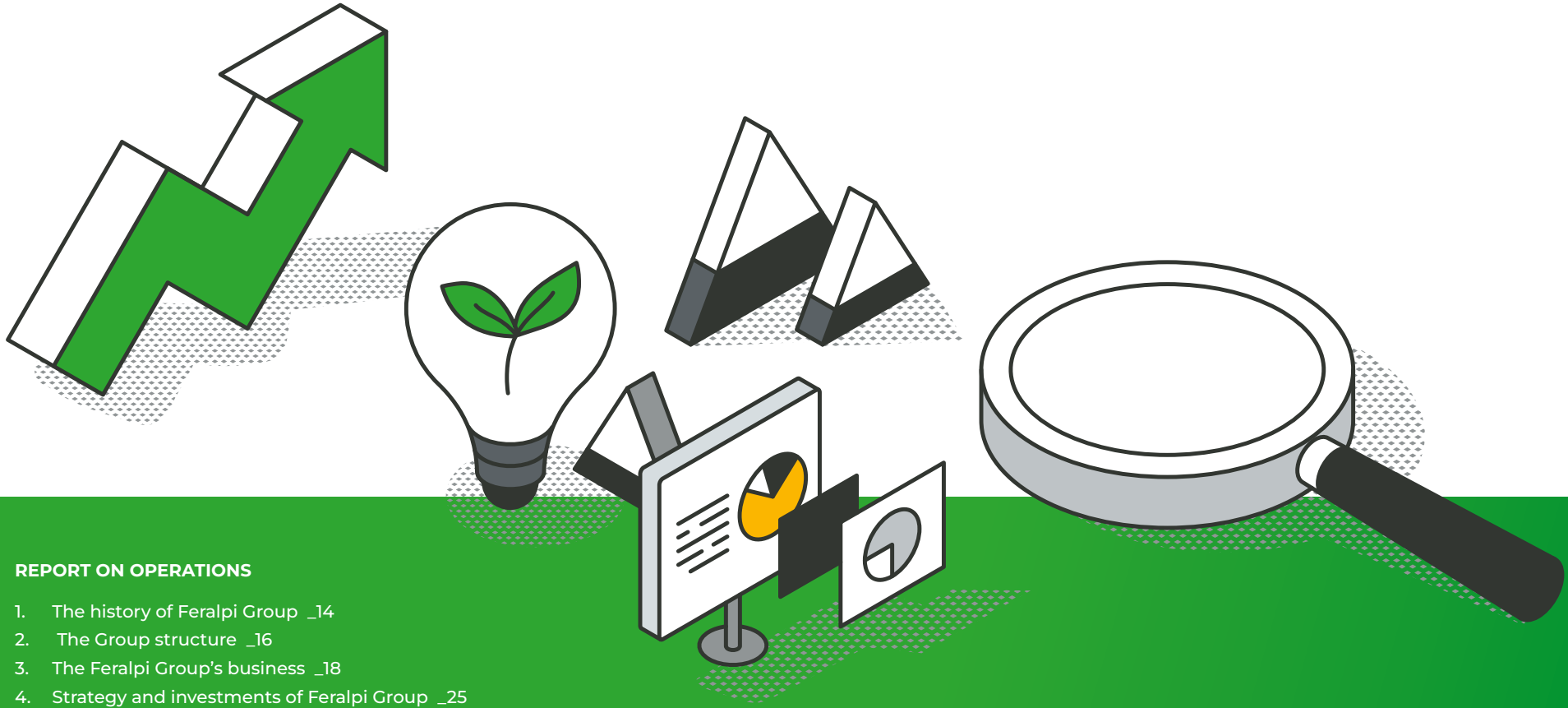
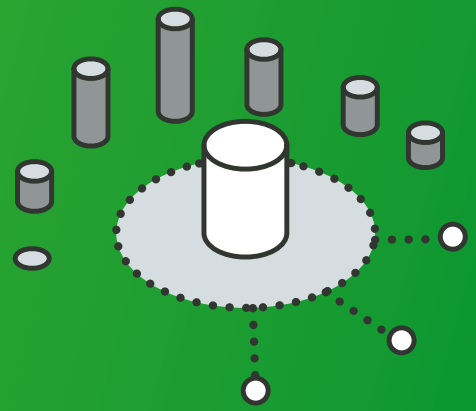
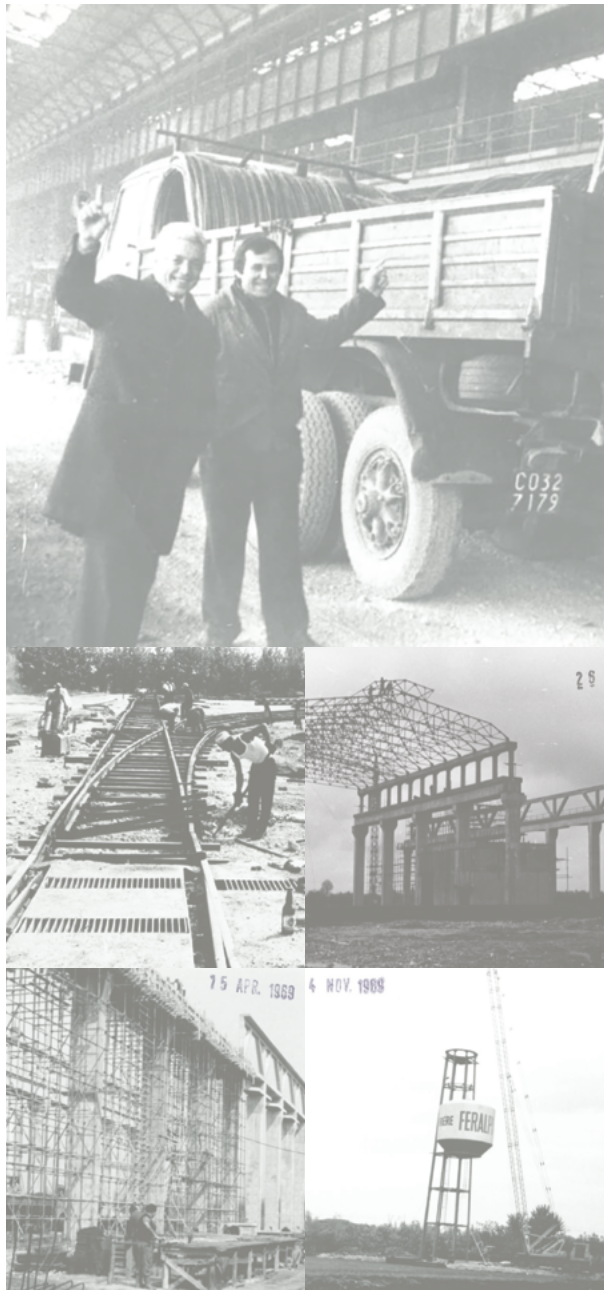


REPORT ON OPERATIONS



Report On Operations



1. The history of Feralpi Group

Growth, Innovation and Sustainability for over half a century: an Italian success story that began with the gesture of a woman - Giulia Tolettini - who took over the reins of running the family business in 1940. It was then her son Carlo, in 1968, who, together with other partners, built the first new steel complex in Lonato del Garda (BS).

This was the first step on a path that led to the creation of an international Group, present in seven countries, capable of becoming one of the international leaders in the sector. Today, the company ranks among the top players for construction steel, holding a significant market share in the strategic markets of Italy, Germany, France, Switzerland, Austria, Spain, and Eastern European countries, also thanks to a flexible and organised sales structure.

The development strategy, structured from the early years around internationalisation, diversification and verticalisation, has helped Feralpi become not only a large Group on a European scale, whose steel is present in numerous major infrastructure projects, but also a recognised industrial enterprise in special steels for industry and mechanics.

Feralpi operates in a sector in the midst of major challenges in terms of climate change, digital revolution, global welfare and the stability of the global geopolitical system.

Aware of operating in a cyclical, capital intensive and hard to abate business, the Group has adopted a responsible approach to social and environmental issues, generating a positive impact on the creation of lasting value for its stakeholders, thus integrating ESG (*environmental, social, governance*) aspects into its long-term strategy that includes sustainability and innovation in production among the pillars on which it builds its industrial development.

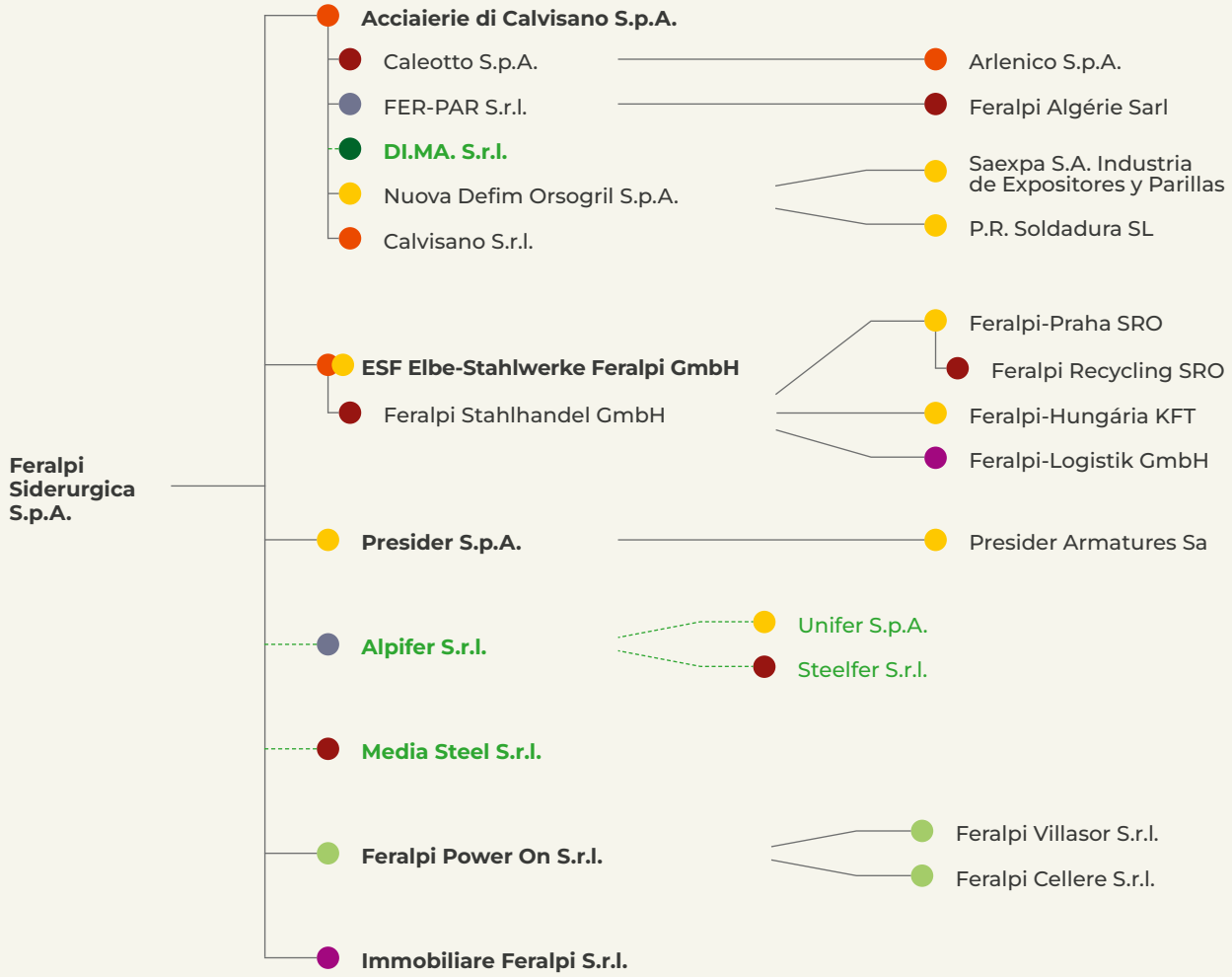
In fact, the Group leverages decarbonisation and digitalisation to couple strengthening its competitive advantage with reducing its environmental impact. Increasing production efficiency and the circularity rate of industrial activities and reducing energy intensity, at various levels, are the tools used by the Group to create positive impacts on the efficiency of the production process, the environment and the people who live in it, and on customers for whom Feralpi's steel is more than just a quality product, but a solution in line with market dynamics in which competitiveness is synchronous with sustainability.

Organisation chart Feralpi Group

LEGEND

Control
Interest

- Steel business
- Cold drawn steel - downstream products
- Trading
- Equity Investment Management
- Environment
- Other
- Energies from renewable sources



Effective 29 April 2025, Nuova Defim Orsogril S.p.A. changed its name to Defim Orsogril S.p.A.

2. The Group structure

Divisions_ Feralpi Group is active in three business areas: Construction Steel, which is the core business, where the Group is among the market leaders in Italy, Germany, France, Switzerland and Austria; the Specialties and Diversified Products business, which are complementary businesses to the construction business; Energy, which concerns the production of energy from renewable sources for self-consumption.

Reference markets for Feralpi products

Algeria, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Cape Verde, Croatia, Denmark, Eritrea, Estonia, Ethiopia, Philippines, France, Germany, Ghana, Jordan, Djibouti, United Kingdom, Guadeloupe, Italy, Ireland, North Macedonia, Malta, Netherlands, Poland, Portugal, Principality of Monaco, Czech Republic, Republic of San Marino, Romania, Serbia, Slovakia, Slovenia, Spain, Switzerland, Tanzania, Turkey, Hungary and the USA.

1 Construction Steel

The construction area is divided into two business units, one called Construction Italy, the other Construction Germany. The business started in 1968 in Italy and in 1992 in Germany. The two business units are active in the civil, residential and industrial construction sectors, with a focus on large projects.

The Italy business unit focuses on the markets in Italy, France, Switzerland and Austria, while the Germany business unit focuses on the markets in Germany and Eastern Europe.

ITALY

Feralpi Siderurgica *Lonato del Garda, Brescia*	Parent company owning the operating subsidiaries and investee companies. Service provider. Production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh.
Presider *Borgaro Torinese, Turin* *Nave, Brescia* *Pomezia, Rome*	Preshaping and assembling of reinforcing steel in bar and coil for construction companies and manufacturers of prefabricated reinforced concrete elements.

FRANCE

Presider Armatures *Saint-Soupplets, Paris*	Preshaping and assembling of reinforcing steel in bar and coil for construction companies and manufacturers of prefabricated reinforced concrete elements.

GERMANY

ESF Elbe-Stahlwerke Feralpi *Riesa*	Production of steel billets, reinforcing steel in bar and coil, smooth and ribbed wire rod, recoiled wire, drawn wire and welded mesh.
Feralpi Stahlhandel *Riesa*	Business services.
Feralpi-Logistik *Riesa*	Logistics services.

CZECH REPUBLIC

Feralpi-Praha *Kralupy*	Production and sale of welded mesh, drawn wire in coil and bar.

HUNGARY

Feralpi-Hungária *Budapest*	Production and sale of welded mesh and downstream products.

ALGERIA

Feralpi Algérie *Orano*	Business services.

2 Specialties

The area is divided into two business units.
The Specialties business unit was started in 2014 and focuses on the mechanical engineering and automotive sectors, operating mainly in the markets of Italy and Germany. The Diversified Products business unit was launched in 2009 and operates in the construction and coatings sectors, focusing on industry and logistics in the markets of Italy, France, Spain and the UK.

ITALY

Acciaierie di Calvisano *Calvisano, Brescia*	Billet production, mainly for quality steel.
Caleotto *Lecco*	Marketing of wire rod in quality steels.
Arlenico *Lecco*	Production of quality steel wire rod for Caleotto.
Nuova Defim Orsogril *Anzano del Parco* *Alzate Brianza, Como*	Production of welded mesh, grating, fencing.

SPAIN

Gruppo Saexpa *Barcelona; Ripoli*	Wire and tape processing for the logistics world.

3 Energy

Covers energy production from renewable sources, photovoltaics and on shore wind power for self-consumption.

ITALY

Feralpi Power On *Lonato del Garda, Brescia*	Development and operation of power generation facilities mainly from renewable sources.

3. The Feralpi Group's business

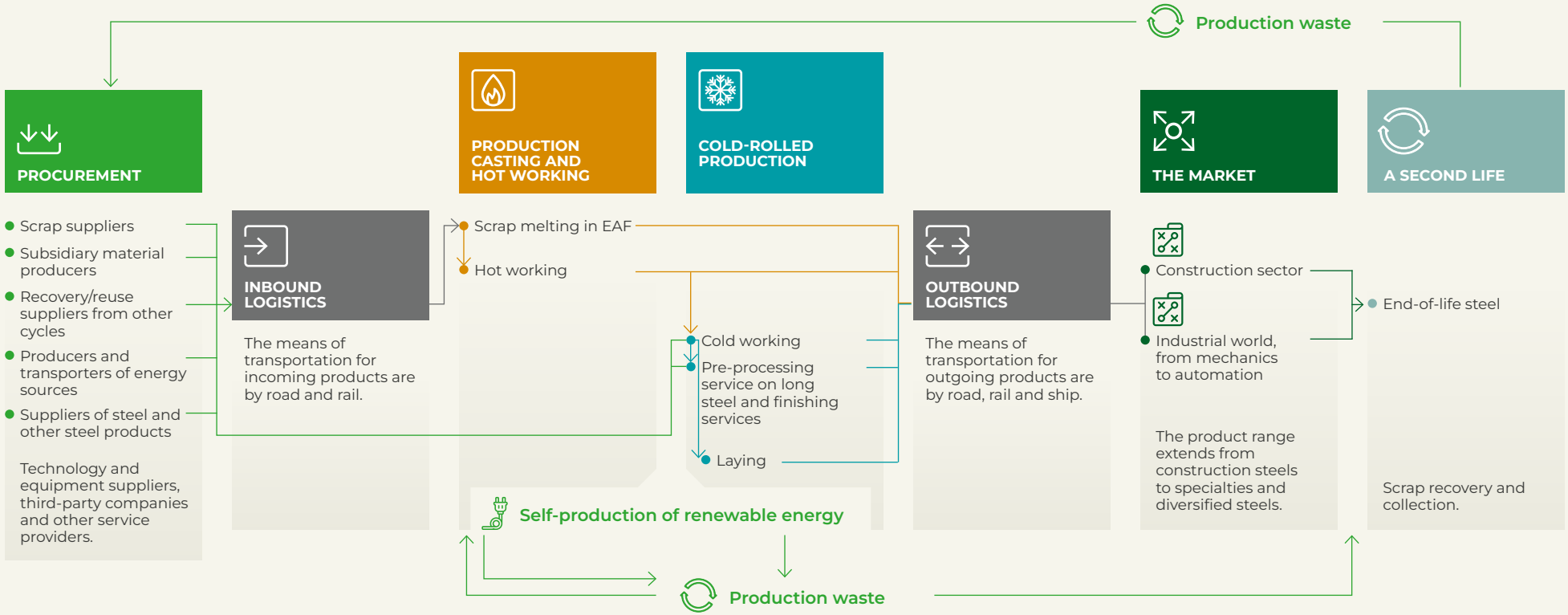
Values

In the context of Group management, the company's values are the foundation on which decisions and actions are based. These values embody Feralpi's identity and mission, guiding the strategic and operational choices aimed at achieving its objectives. Feralpi is committed to promoting the following core values:

- **Trust and Loyalty**: Feralpi recognises and promotes a climate of trust in relations between the parties. Relationships, both internal and external, are based on mutual trust.
- **Transparency**: Feralpi is constantly striving to provide stakeholders with complete, transparent, comprehensible and accurate information.
- **Equity**: The Company bases its relations with employees on principles of fairness aimed at ensuring equal treatment and balanced recognition of merit.
- **Sustainable development**: The company prioritises sustainable development in its operations, integrating innovation, efficiency, and environmental responsibility, while valuing people and generating long-term value.
- **Environmental protection**: Aware that Feralpi's production activities have environmental significance, the Company is inspired by the utmost respect for the environment outside and inside its plants, to protect all stakeholders.
- **Protection of health and safety**: Feralpi guarantees working conditions that respect individual dignity, not only by ensuring compliance with current legislation on prevention and protection, but also by striving to ensure well-being in the workplace.

The company actively promotes observance of its values through the implementation of a strict code of ethics, which can be found in the governance section of the company website, which provides clear and binding guidelines to ensure behaviour in accordance with the highest standards of integrity and corporate responsibility.

The value chain: from raw material to products



PROCUREMENT

Supplies represent the first key element for Feralpi's ability to be a competitive player in the market. Diversification and an increasing search for circular solutions led to the introduction of new suppliers and new types of raw materials. Purchasing policies are coordinated by the **Group Purchasing Department** as regards the purchase of ferrous scrap, refractory materials, ferro-alloys, electrodes and plants. Relations with energy suppliers are instead managed by the **Group Energy Department**.

INBOUND LOGISTICS

Logistics is regulated by internal procedures described within the Management Systems, distinguished by plants and managed in cooperation, when appropriate, with the Group Purchasing function. Proper coordination of flows is managed with dedicated **management software** that ensures the traceability and optimisation of logistics flows.

HOT AND COLD PRODUCTION

Production in the Group is divided into **casting**, **hot rolling**, and **cold rolling**. **Electric Arc Furnace** technology for melting scrap and turning it into billets is present in the plants of: Feralpi Siderurgica, also equipped with two rolling mills and an outsourced cold transformation department; Acciaierie di Calvisano; ESF Elbe-Stahlwerke Feralpi GmbH, also equipped with a rolling mill and cold transformation and processing department. The Arlenico plant has a heating furnace for hot rolling, while those of Presider, Presider Armatures, Nuova Defim, Feralpi-Praha, Feralpi-Hungária, the Saexpa Group and P.R. Soldadura are used for cold processing*.

OUTBOUND LOGISTICS

Outbound logistics are managed and organised directly by the customers or by individual Feralpi Group plants through third-party suppliers. In addition to the products sold, the waste and by-products of the production processes are shipped to Feralpi Group steelworks and to external companies. Logistical choices are determined by market logic and the availability of alternative transport infrastructure to road.

MARKET

Thanks to its diversified and integrated structure, the Group's products and services meet the needs at various levels of the supply chains in the construction, infrastructure, mechanical, and automotive industries (special and diversified steels).

CIRCULAR VALUE

Steel is recovered and reused countless times without losing its properties. Feralpi also contributes to the circular economy through the **transformation of production** residues into materials for the construction of roads, cement products and civil engineering works, and through the **reuse of heat from production processes** to heat buildings in the surrounding community.

Actors external to Feralpi Group | **Internal workflow Feralpi Group** | **External actors and Feralpi Group** | **Actors external to Feralpi Group**

* See the Group Locations map in *[section 2. The Group structure]* for the geographical location of the plants.

Products

	PRODUCTS	SERVICES
CONSTRUCTION	**Long hot-rolled and cold pre-processed.** In detail: billet, wire rod, drawn coil, spacers, lattice girders, bars, welded wire mesh, recoiled, shaped and pre-shaped, assembled and pre-assembled coils, mechanical joints.	**Pre-shaping and pre-assembly** to project specifications, including on-site installation.
SPECIALTIES	**Wire rod** with different chemical compositions (micro-alloyed and non-micro-alloyed), mechanical characteristics, tight dimensional tolerances, high levels of micro-purity, according to the different sectors of end use[1].	**Additional processing** such as heat and surface treatments.
DIVERSIFIED	**Electro-welded mesh and gratings** for industrial and construction use in standard and custom sizes. **Fences** for professional, civil and sports use as well as façade cladding.	**Co-design of the engineering department** to give substance to the ideas of designers, the works of metalworkers and construction companies.

[1] In details: bolts and screws, special drawn products (low, medium and high carbon content), springs, chains, structural and construction products, high machinability, case-hardening, for welding, reclamation and tools.

Customers

CUSTOM CONSTRUCTION AND MACHINING SUPPLIERS

- Construction companies
- Prefabricated manufacturers
- Processing centres
- Dealers and retailers of steel building products
- International traders
- Companies operating in large contracts
- General contractors
- Metal carpentry
- Companies and end users in industry

DISTRIBUTORS, PROCESSORS, INSTALLERS, *ORIGINAL EQUIPMENT MANUFACTURERS* AND AGRICULTURAL SECTOR

- Construction and steel distribution enterprises
- Fence installers
- Transformers of gratings
- Manufacturers of sofa bed nets, axial fans, retractable doors, containers, cages, guards, cable trays, gabions, shelves and logistics
- Agrarian Consortia

AUTOMOTIVE, INDUSTRIAL PROCESSING AND AGRICULTURAL SECTOR

- Manufacturers of screws, bolts, ropes, prestressed steel wire, chains, springs, tools, welding wire, etc.

Business Model

Feralpi Group's Business Model divides the Group into Business Units. The **Steel for Construction Italy business unit** covers the entire value chain: scrap supply, hot melting and rolling, cold working, pre-shaping and pre-assembly services, installation. It is characterised by production efficiency, the breadth and solidity of the relationship with the sales network, an extensive product range, the proximity to target markets, and the quality of production. Customers are the industry's key players, namely: prefabrication and construction companies, roll forming and machining centres, national and international traders, general contractors. The business unit offers a wide range of products including: billets, ribbed rebar, wire rod, nets, coils, recoiled, shaped and assembled, and drawn coil. Mechanical joints and trusses complete the range.

Similar to the **Steel for Construction Italy business unit**, the Steel for Construction Germany business unit is characterised by a high level of plant efficiency, a solid sales network, a comprehensive offering, and proximity to markets. The **Specialties business unit** was created to strengthen the strategy of diversification and integration downstream of the business. It is characterised by its well-established relationship with its customers, its product range being expanded towards larger diameters and its customised services. The product portfolio consists of quality steel billets and wire rod. The range is supplemented by additional processing such as heat and surface treatments.

The **Diversified Products business unit** was created with the aim of further complementing the product range by offering an assortment that is distinguished by its breadth, quality and design. The business unit is characterised by a high value-added product portfolio and innovative solutions, including the latest generation of alarmed fences and Cor-Ten steel solutions. Customers are companies operating in the architectural, construction and industrial fields.

The **Energy division** aims to contribute to achieving Feralpi Group's targets in terms of: reduction of CO_2 emissions by reducing Scope 2 emissions; increasing profitability by producing energy at competitive costs compared to market purchase prices; mitigating supply risk through self-generation. Customers are represented exclusively by Feralpi Group companies.

Competitive advantages of Feralpi Group

Feralpi operates in a sector in the midst of major challenges in terms of climate change, digital revolution, global welfare and the stability of the global geopolitical system. A responsible approach to social and environmental issues has a positive impact on the creation of lasting value for Feralpi's stakeholders; this approach integrates ESG aspects and risk management into the long-term strategy. In a competitive environment characterised by some stable long-term trends and significant changes, Feralpi can rely on the following competitive advantages, which constitute the levers on which the Group bases its strategy.

- **Trade relations, both for commodities and specialties.** Business contacts/agreements with pre-shapers for access to end-users; for specialties, collaboration with customers for co-development of products through the homologation process.
- **Breadth of product range,** in the process of being further extended. Ability to satisfy customers' needs by optimising the cost base and product carbon footprint. Possibility of offering a wide range of products in terms of length and diameter sizes.
- **Brand reputation in the commodity segment.** For the construction business, the ability to ensure continuity of supply, respect for delivery times, volumes and the mix of products ordered by customers. For the specialties business, the ability to respond promptly to customer needs by ensuring the necessary flexibility and modifying production schedules according to customer demand.
- **Vertical integration, from scrap to pre-shaping.** Feralpi Group is one of the few operators able to control all aspects of the value chain.
- **Excellence in operational processes.** Ability to maintain a high level of efficiency, product quality and service level.
- **Leader in sustainability reporting.** Ability to consider sustainability in all business choices and investment decisions: "Produce and grow with respect for man and the environment" (C.N. Pasini 1968).

3.1 Megatrends

Amidst a complex and constantly evolving global context marked by technological, demographic, and geopolitical transformations, analysing ESG megatrends is crucial for understanding the future's challenges and opportunities. Identifying these phenomena allows for the evaluation of risks linked to ongoing changes, the mitigation of their impacts, and the optimisation of opportunities for sustainable growth. Megatrends not only shape the current economic, social, and environmental frameworks but also have the potential to affect the long term by interacting with each other, thereby amplifying their impacts.

Climate Change

2024 was both the **warmest year on record** and **the first calendar year in which the global average temperature exceeded 1.5 °C above pre-industrial levels**, as highlighted by data from the *Copernicus Climate Change Service*. Surpassing this threshold for just one year does not mean breaching the 1.5°C temperature limit set by the Paris Agreement, which is calculated as an average over time and not within a single year. However, the timeframes to avoid exceeding this limit are getting shorter and shorter, making it urgent to accelerate decarbonisation. A strong commitment is needed throughout all value chains through technological innovations, renewable energies, and new models of production and consumption.

Global instability

The global geopolitical context remains characterised by a situation of general instability due to the continuation of the **Russian-Ukrainian conflict** and **tensions in the Middle East and Pacific Ocean**.

In this scenario, the world becomes increasingly fragmented economically and politically, marked by a resurgence of protectionism, which affects value chains in terms of logistics, energy supply, and raw materials.

ESG regulation
The evolution of ESG regulations continues: 2024 was the first year of implementation of the ***Corporate Sustainability Reporting Directive*** **(CSRD)** transposed into Italian national legislation by Legislative Decree 125/2024 published in September 2024. Moreover, the endorsement process for the ***Corporate Sustainability Due Diligence Directive*** **(CSDDD)**, which mandates companies to identify, map, and mitigate environmental and social impacts across the entire supply chain, has been finalised. The European Commission introduced the **Omnibus Package** in February 2025, a proposal to streamline and integrate the CSRD, CSDDD, and Taxonomy Regulation, with its final outcome still unpredictable. In addition, new regulations have been enacted to address the risk of **greenwashing**. In the rest of the world, on one hand, new national ESG disclosure standards have emerged in countries like China, whereas on the other hand, in the United States, the sustainability regulation context seems uncertain following the new administration's inauguration.

Sustainable and resilient supply chain
To effectively tackle the ongoing environmental and social transformations, companies are urged to more thoroughly **evaluate ESG impacts throughout their production chains**. In terms of risk mitigation and operational efficiency, it is essential for companies to collaborate with suppliers who share their values and operate with respect for the environment and the human rights of workers and local communities. The adoption of sustainable practices can be a fundamental driver for ensuring supply chain resilience in an increasingly uncertain global context from an economic and geopolitical perspective.

Innovation, Digital & AI
The intelligent adoption of new technologies is essential to remain relevant and competitive in a constantly changing world. The new l**ow-carbon technologies** are an essential tool for companies to offer new, more sustainable solutions to the market. Generative **Artificial Intelligence** (AI) technologies have experienced an unprecedented spread thanks to the adoption of ***Large Language Models*** **(LLM)** by large technology companies. However, this expansion has increased **cybersecurity risks**, which can compromise the security and integrity of corporate information, as well as ethical aspects concerning employees.

Empowerment of the workforce
The well-being and development of people's skills are increasingly central in a rapidly changing working environment. Globalisation and new technologies continue to profoundly transform many sectors, while the search for a work-life balance is becoming more of a priority, especially for younger generations. Companies and governments are called to evaluate policies capable of promoting well-being, attracting talent, and developing skills, ensuring sustainable economic growth and long-term success in a gradually more competitive global environment.

Diversity, Equity & Inclusion
Despite equal opportunity policies being at the centre of various controversies, in a globalised and international business context, recognising and valuing differences is essential for attracting and retaining talent. By committing **to guarantee the same rights and opportunities** for all, regardless of elements such as gender, background, or religious orientation, businesses can bolster their social licence and, through embracing diverse viewpoints, encourage innovation and productivity.

Use of resources
The transition towards a **new sustainable economic model** requires a global rethinking of production and consumption patterns. To ensure a reduction in the use of non-renewable resources, it is necessary to reduce waste and extend the life cycle of products, through re-use, repair and recycling of products and materials. We must also work to preserve natural systems, promoting the most harmonious coexistence possible between human activities and the ecosystem as a whole.

Evolving business models
ESG factors play an increasingly important role in the life of companies, which society asks to be **agents of change** and **to contribute to today's major environmental and social challenges**. This is why companies are urged to develop and adopt a more socially and environmentally conscious approach. Companies are called upon to take responsibility for the impacts they generate through their activities and to integrate ESG considerations into their strategies and governance models.

3.2 The market environment and steel production

	DEC 2024 (Mt)	VAR. % | DEC 24/23	JAN-DEC 2024 (Mt)	VAR. % | JAN-DEC 24/23
Africa	1.9	-1.0	22.3	1.0
Asia and Oceania	106.3	9.0	1,357.8	-1.0
EU (27)	9.6	7.2	129.5	2.6
Europe, Others	3.3	-14.3	43.2	3.4
Middle East	4.6	-4.5	54.1	0.5
North America	8.8	-4.3	105.9	-4.2
Russia & other CIS + Ukraine	6.8	-6.8	84.8	-4.2
South America	3.1	-3.8	41.9	0.6
TOTAL 71 COUNTRIES	**144.5**	**5.6**	**1,839.4**	**-0.9**

According to data recorded by the World Steel Association, the year 2024 shows a slight decline in crude steel produced worldwide with volumes of 1,839.4 million tonnes, 0.9% less than the figure for the year 2023.

RANK	COUNTRY	2024 Mt	2023 Mt	% | 2024/2023
1	China	1,005.1	1,022.5	-1.7
2	India	149.6	140.8	6.3
3	Japan	84.0	87.0	-3.4
4	United States	79.5	81.4	-2.4
5	Russia (e)	70.7	76.0	-7.0
6	South Korea	63.5	66.7	-4.7
7	Germany	37.2	35.4	5.2
8	Türkiye	36.9	33.7	9.4
9	Brazil	33.7	32.0	5.3
10	Iran	31.0	30.7	0.8
11	Vietnam (e)	22.1	19.2	14.9
12	Italy	20.0	21.1	-5.0
13	Taiwan, China (e)	19.1	19.1	-0.3
14	Indonesia (e)	17.0	16.8	0.9
15	Mexico (e)	13.7	16.4	-16.5
16	Canada (e)	12.2	12.2	0.1
17	Spain	11.8	11.4	3.3
18	France	10.8	10.0	7.6
19	Egypt	10.7	10.4	3.6
20	Saudi Arabia	9.6	9.9	-3.4
	Others	144.5	145.2	-0.5
	World	**1,882.6**	**1,897.9**	**-0.8**

Among the world's leading producers, China, Japan, the United States, Russia and South Korea reported 2024 production down from 2023 values, while India, Germany, Turkey, and Brazil reported increased production.

In Italy, crude steel production in 2024 was around 20 million tonnes, a decrease of 5% compared to 2023. This is the lowest level since 2009, when volumes stood at 19.8 million tonnes.

In terms of hot-rolled products, long steel production held steady at 11.7 million tonnes, a minor decrease of 0.2% compared to 2023. However, the output of flat products experienced a 9.7% drop, reducing to 8.6 million tonnes. The overall balance of Italian steel production was negative due to weak demand both domestically and internationally, which was in turn caused by global economic uncertainty and crises in key sectors like the automotive industry. To this must be added the high production costs, especially energy costs, which have put pressure on the competitiveness of Italian steelmakers.

According to Eurofer's *Economic and Steel Market Outlook 2025*, the downturn in the steel market that began in the second half of 2022 persisted through to the third quarter of 2024.

The drop in apparent steel consumption within the EU indicates weak demand and stems from unprecedented surges in energy prices, rising production costs, global economic uncertainty, elevated interest rates before the recent cuts, and general fragility in production.

The direct impact of the conflict in Ukraine and the energy shock on steel-consuming industries, alongside the deteriorating general economic outlook, triggered a severe recession (-8%) as early as 2022. These prolonged negative factors further affected apparent steel consumption in 2023, with a further annual decrease (-6%). This is the fourth annual recession in the last five years.

Apparent steel consumption is anticipated to increase by +2.2% in 2025, influenced by a promising industrial outlook and the easing of global tensions, currently unpredictable.

3.3 The energy market context

The European steel industry is contending with a complicated and uncertain energy landscape, marked by significant disparities in energy costs not only when compared to non-European economies but also among the EU Member States themselves.

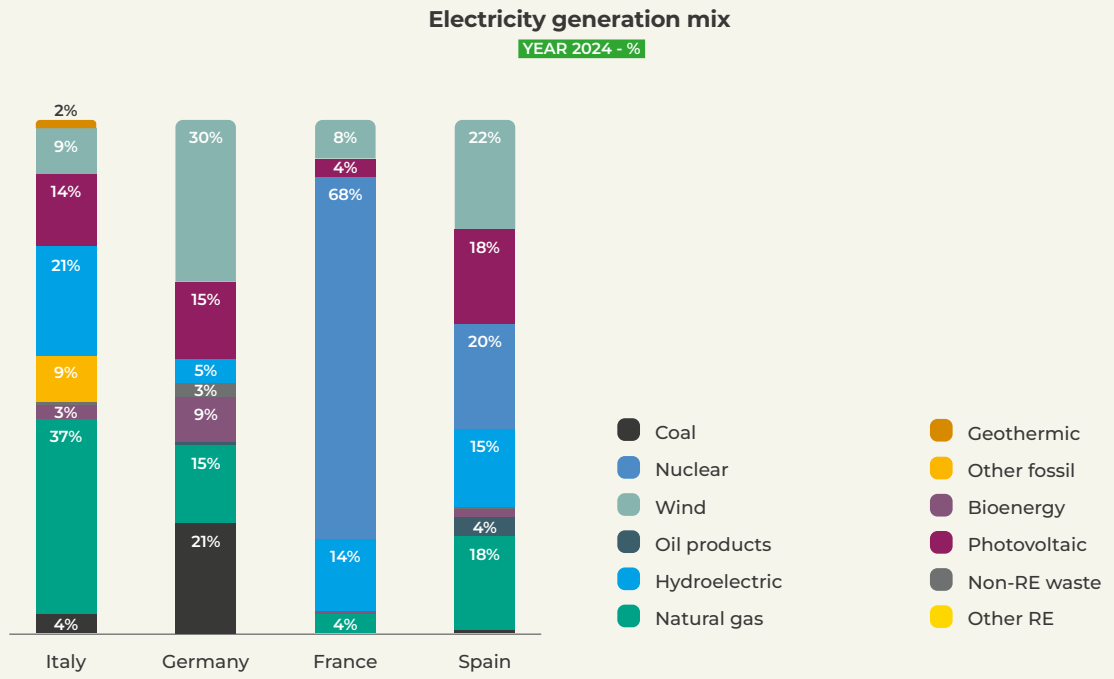
Italy, heavily dependent on natural gas for electricity generation, suffers from the combined effect of increasing gas prices and CO_2 costs in the ETS (*European Trading Scheme*), making energy costs less competitive compared to countries with a more diversified energy mix.

In 2024, the wholesale electricity price in Italy was indeed 38% higher than in Germany, 87% higher than in France, and 72% higher than in Spain, further intensifying the cost pressure on Italian steel companies.

The lack of an effective separation between the determination of electricity pricing and that of natural gas, coupled with uncertainties related to supply security due to the current geopolitical situation, further strains the competitiveness of the Italian steel sector.

The scenario shows no clear signs of improvement, since the initial months of 2025 have been marked by further uncertainties, such as the stoppage of Russian gas supplies to the EU through Ukraine and a rapid decline in gas storage levels, which have fallen below the average of the last five years in the EU.

The further evolution of the European context might also be contributed to by the upcoming European and national policies, which aim to support EU manufacturing in terms of competitiveness and decarbonisation.



Own reworking of Eurelectric data https://electricity-data.eurelectric.org/

4. Strategy and investments of Feralpi Group

4.1 Strategic Guidelines

European economies continue to be substantially impacted by the following macroeconomic trends: high energy costs; the necessity to revise the regulatory push towards sustainability and the environment, starting with the reduction of emissions; uncertainties determined by geopolitical and macroeconomic events.

These trends also have significant implications for the electric steel industry in the following respects: scrap shortage, energy crisis, emission constraints. In particular, there is significant pressure on scrap prices due to limited availability, which will increasingly impact the Italian and German markets, characterised by a significant (in Italy) or growing (in Germany) share of electric arc furnace (EAF) production.

The increase in electricity and gas costs is impacting and will continue to impact the energy-intensive electro-steel industry, causing a competitive disadvantage with respect to the full steel industry (which uses hard coal). Finally, the phased elimination of the free allocation of CO_2 ETS allowances by 2034 could lead to higher operating costs for market participants; conversely, if suitably adapted, the CBAM (*Carbon Border Adjustment Mechanism*) regulation could result in a competitive gain against imported steel.

During the year 2024, Feralpi continued to implement significant changes to its organisation to adapt to the new trends in the world of work, focusing on a human-centric vision and on enhancing the well-being and satisfaction of human resources through the development of the skills and talents of individuals, investing in knowledge and professionalism also with a view to strengthening the sustainability of the business in the long term.

No less important was the centrality of the DEI (*Diversity, Equity and Inclusion*) path so that each Group company could offer a safe, secure and inclusive working environment for all, where everyone can feel free to give the best of themselves in full respect of their identity and, more generally, of all human rights. This vision is encapsulated in the DEI policy, which Feralpi structures into four pillars: global culture, inclusive leadership, gender balance and collective responsibility.

As far as the construction industry is concerned, the market for coil products is expected to grow at the expense of rebar due to the higher workability of coil, reduced waste, and better handling in the warehouse. In the other sectors, demand for coil products with increasingly larger diameters is expected.

In summary, the scenario analysis revealed the following opportunities and risks:

Exogenous factors

- **Growing demand** for recoiled product in construction
- Growing demand from **Eastern European markets** (net importers)
- **Growing demand for green products** still without a clear winning player
- **PNRR (National Recovery and Resilience Plan) investments in infrastructure** in Italy

- **Shrinking demand** for rebar oversupply, especially in Italy
- **Scrap shortage** and rising prices
- **High energy costs** with direct impacts on margins
- **Regulatory limits** on emissions

Feralpi Group is among the leading players in the major construction markets (Italy, Germany, France and Switzerland). The growth-oriented and sustainability-conscious Group, Europe's leading long steel producer, has defined five objectives for its Business Plan and to achieve these it has defined a specific mix of strategic initiatives:

Growing beyond the current domains

Gaining market share Scope 2 in neighbouring countries for construction steels, and in high-margin applications for special steels

Expanding as a *"one-stop shop"*

Responding to customer needs with a flexible and comprehensive product offering: coiled, extended special range

Excelling in efficiency and innovation

Further optimising the cost base with improvements in productivity, energy efficiency, and intra-organisation synergies

Securing the *supply chain*

Reduce business risks by controlling key inputs: scrap, with upstream integration, and electricity, with self-generation

Turning sustainability into an advantage

Set ambitious CO_2 emission reduction targets that differentiate Feralpi and have an impact on the Planet

The market context also highlights the need to have a solid decarbonisation pathway, which has unique characteristics depending on whether the business is construction or specialties. Until now, customers in the construction sector have shown interest in the specific emission intensity of products by requesting EPD (*Environmental Product Declaration*) certifications from their suppliers.

In the future, operators with the lowest emissions will be at an advantage and, in this context, having a "green" offer will become a "licence to operate". Specialties customers have so far shared extremely limited demand for purchasing decarbonised steel; however, it is reasonable to expect an acceleration in demand in the coming years, given the decarbonisation goals of the major downstream sectors (e.g. automotive).

In specialties, Feralpi has a significant advantage over competitors that use the full cycle (+50% of the market), and has already developed its EPD portfolio, positioning itself among the medium- to low-emission players. The Group's objective is to leverage its position to become a decarbonisation leader in the special steels sector.

Feralpi Group has identified seven tools to achieve its decarbonisation goals:

SCOPE	DECARBONISATION TOOL	TOOL DESCRIPTION
Scope 1	**PROCESS ELECTRIFICATION**	Implementation of **induction or conduction heating** for billet rolling, possible experimentation with electric burners and resistance heating.
	THERMAL RECOVERY AND ENERGY EFFICIENCY	Enhancement of thermal recovery to serve both **internal and external district heating**. Energy efficiency with a view to operational excellence, combining the multiple effects of individual initiatives (e.g., regenerative burners, heat recuperators).
	USE OF GREEN FUELS (BIOMETHANE AND H2)	Replacement of natural gas in (non-electrified) furnaces with: ◇ **Biomethane**: in Italy, consider the interest in the "Green Metals" consortium; in Germany, agreements with local producers are possible. ◇ **Hydrogen for Riesa**: considering planned developments of the hydrogen pipeline network in the country, possible utilisation from 2028.
	USE OF COAL SUBSTITUTE MATERIALS	**Use of raw materials with a higher biogenic carbon content**, continuing the implementation process already started in previous years. The search for alternative materials to fossil carbon continues.
Scope 2	**ENERGY EFFICIENCY AND HEAT RECOVERY**	◇ **Energy efficiency** with a view to operational excellence, combining the multiple effects of individual initiatives (e.g., IE5 motors, auxiliary optimisation, Power Quality systems). ◇ **Possible heat recovery** for internal electricity generation via ORC.
	SELF-PRODUCTION FROM RENEWABLE PLANTS	**Implementation of investments for renewable electricity generation** in Italy and Germany, especially with solar technology, subject to implementation capacity.
	PURCHASE OF GdO / GREEN PPA	◇ **Guarantees of Origin**: Purchase of expendable certificates to certify renewable electricity consumption, allow decoupling of energy purchase and guarantee of renewability. ◇ **PPA**: Purchase of electricity with a contract linked to a specific renewable generation plant, with established volumes and price calculation formula. First volumes planned from 2026.

From an ESG perspective, the Group is committed to:

- **Contribute to change in the steel sector**, by leveraging decarbonisation and digitalisation to strengthen its competitive advantage and reduce its environmental impact.
- **Ensure business continuity**, by enhancing the ability to manage crises and increasing agility in organisational processes through structured and efficient management systems.
- **Innovate for the future of production**, by investing in state-of-the-art processes and environmentally friendly technologies to ensure inclusive industrial development.
- **Accelerate the ecological transition**, by integrating the challenges of decarbonisation and committing to a path of energy transformation towards low-impact models.
- **Value people and ensure security**, by promoting decent work that respects the uniqueness of each person, in line with the principles of the *International Labour Organisation* (ILO) on employment, rights, social protection, and social dialogue.

4.2 State of implementation of Strategic Investments

In order to execute the Business Plan, investment projects were carried out during the year 2024, some of which are a continuation of initiatives already started in previous years. In particular:

Steel for Construction Italy business unit
Feralpi Siderurgica S.p.A.

Steel mill

The new 135 MVA Tamini transformer for furnace and LF power supply was installed in the substation to replace the 100 MVA transformer, ensuring operational continuity and flexibility with the twin 135 MVA transformer.

The new vertical rack warehouse for storing refractory materials has been constructed in the new facility to optimise warehouse space.

Rolling mills

The assembly of the new Spooler line for the production of spoolings has been completed, and by the end of 2024, initial trials for the production of the new hot spooled coil began, with full production set to start at the beginning of the 2025 financial year. The new line will be able to produce spools up to 8 tonnes.

The relocation of the reheating furnace chimney and the associated methane ramps has been completed. This work is preparatory to the foundation work for the future billet reheating machine using “electro-conduction” at Rolling Mill 2, which is scheduled to commence operations in mid-2025. The new conduction reheating machine has the advantage of reducing methane consumption at the reheating furnace, reducing scale, reducing Scope 1 CO_2 emissions and optimising the mixed charge.

A new 75 MVA auxiliary transformer was installed in the substation to replace the 60 MVA transformer in order to meet the needs of the new rolling mill utilities (inductors, welding machine, spooler system, etc.).

Derivatives Area

The installation of mesh machine no. 6 (for diameters from 4.5 to 12 mm and mesh size 10x10 to 20x30 cm) continued.

Logistics and infrastructure

The commissioning of the new osmosis water treatment plant for the steel mill and rolling mill 1 has been completed.

A 437 kWp photovoltaic system was installed on the roof of the new refractory shed.

LEGEND

Industrial commitment

Environmental Commitment

Product Quality

Presider S.p.A.
Borgaro

The necessary works for changing the layout of the factory were carried out. In particular, to enhance productivity and ensure the safety of the production teams, certain production machines were modified and relocated, while others underwent refurbishment. Action was also taken on the warehouses to rationalise the quantities of material in stock.

Presider S.p.A.
Pomezia

The works related to the special project for the expansion of the production facility have been carried out, specifically the construction of a new prefabricated shed of approximately 2,500 square metres and related appurtenances. Work was carried out on the electrical systems and the compressed air system, and the smoke extraction system and the CO_2 distribution system were installed.

Presider S.p.A.
Nave

Two new overhead cranes have been installed in the production span of the assembled product.

Steel for Construction
Germany business unit
ESF Elbe-Stahlwerke Feralpi GmbH

Steel mill

New equipment has been ordered for the EAF furnace, including a slag door manipulator and a sampling/ temperature robot. Installation is planned for the summer of 2025. This investment is essential to ensure safe conditions for the EAF and is part of the “no man on the floor” strategy. This action reduces EAF downtime and improves the energy efficiency of the process.

Both EAF furnace vats have been equipped with new OXYMOTM burner technology to improve process efficiency.

The initial engineering steps for modernising the ladle furnace were developed as part of the measures to increase the capacity of the steel mill. The project is in the implementation phase and will be carried out in several phases in 2025-2027.

Rolling mill

A new billet transfer system has been put into operation between the existing steel mill and the new rolling mill.

The new rolling mill B has been assembled and the commissioning process for the new production line is underway.

Logistics and infrastructure

The construction of a new electrical substation has been completed, which will enhance the efficiency of the electrical systems and supply the necessary electricity for the new Plant B and all anticipated energy users.

Specialties Business Unit
Acciaierie di Calvisano S.p.A.

Two outdoor parks for photovoltaic power generation have been completed to achieve a total capacity of about 4.0 MW.

Steel mill

A new silo has been installed specifically for the injection of polymers or other carbon substitutes to optimise the injection process and enhance material management.

A new extractor hood for the EAF furnace and two extractor hoods for the ladle furnace area have been constructed. The new larger hood allows for an increase in the efficiency of the fume extraction and treatment process.

The creation of two billet storage areas with controlled cooling has been completed in order to improve the quality of the finished product.

Arlenico S.p.A.

Rolling mill

The construction site for a new coil bar plant has been completed.

The studies and engineering for the construction of a district heating plant have been completed.

A new area adjacent to the facility was acquired.

Diversified Products Business Unit

Saexpa S.p.A.

The first stage of development has started for the new building that will host Saexpa, including compressors, evaporative towers, and lighting.

Nuova Defim S.p.A.

Installed the new edging system for the grating.

Studies and engineering for the new grating plant whose expected arrival date is in 2025.

LEGEND

Industrial commitment

Environmental Commitment

Product Quality

Energy Division

To cover part of its electricity demand for 2030, the Group has approved investments in solar power plants and is exploring wind energy projects. Photovoltaic plants are planned in areas outside the production sites located in different Italian regions and, to a lesser extent, in areas where production activities are carried out. For the latter, almost all the plants have been completed; their commissioning occurred gradually throughout the year 2024, and for the remaining part, it will happen in the near future.

In light of the significant regulatory changes concerning support for energy-intensive companies, particularly Energy Release and FerX; the fluctuating electricity market prices, and the ongoing uncertainties related to the approval times for building renewable energy plants, during the year 2024, some investment initiatives have been partially revised in content and timing, while others have been abandoned. In particular, the investment for which a building permit application is pending at the municipality of Villasor (Cagliari) is currently under review. Conversely, in the financial year 2024, due diligence activities were performed to acquire the necessary permissions for building certain plants, and new opportunities were sought using more selective energy cost criteria (*Levelized Cost Of Energy*) compared to the past.

With regard to the operating model, the Group engaged a limited number of specialised operators with high professional and reputational profiles. The operating model used follows guidelines that correspond to the best market standards and involves the purchase of shares in special purpose vehicles that have obtained authorisations to build energy production plants; the signing of contracts with EPC (*Engineering Procurement Construction*) operators; the signing of contracts with O&M (*Operation & Maintenance*) operators.

Feralpi Group recognises the centrality of the steel core business and the simultaneous strategic importance of investing directly in power generation, which, in combination with the *Power Purchase Agreements* and Guarantees of Origin, helps bolster a mix of actions that are fundamental to achieving the goal of reducing CO_2 emissions (Scope 2).

The investment in self-generation will also increase profitability through the production of renewable energy at competitive costs with respect to market purchase prices and mitigate the risk of volatile supply prices.

5. Research and development activities

Steel for Construction Italy business unit
Feralpi Siderurgica S.p.A.

The following R&D projects started in previous years continued during the year.

Coralis

Coralis project, co-funded through the Horizon 2020 European Funding Programme. In the financial year, the phase of defining processes for reclaiming slag and other residues by producing ferro-alloys and charging materials was completed. The tests then continued at an external pilot plant for the recovery of metal fractions through oxide reduction. Additionally, this process entailed outlining the optimal by-product combinations for recovery, selecting their compaction methods, and preparing the most appropriate size for treatment as by-products. The project also included activities in cooperation with other partners related to technical-economic feasibility analyses, environmental impact assessments, scenario studies, and dissemination.

"Steel Zero Waste"

"Steel Zero Waste" project, co-funded by the Ministry of Economic Development (MISE), launched in 2023, aims to study solutions for improving the environmental sustainability of the steel-making process through the implementation of innovative technologies for eliminating waste and significantly reducing emissions. Project activities included the completion of billet heating via electrical induction, and the development of the production sludge dewatering system. Efforts also continued in reclaiming slag for use in Construction materials and in testing plastic materials as substitutes for existing polymers and fossil-derived carbon in EAF. Analyses of the performance of the scrap shredding machine continued with the aim of achieving improved melt performance and possible reuse of the oxides in other reduction processes.

ModHeaTec

ModHeaTec Project, in 2024 the ModHeaTec project "*Modular HEATing Technology through renewable resources for steel production*" continued for the Feralpi Siderurgica site in cooperation with other production sites and research bodies within the framework of the European R&S Horizon-Twin Transition co-financing call. The aim of the project is to promote, realise and test the introduction of alternative heating systems to the use of gas through the use of electrical sources in order to drastically reduce CO_2 emissions in steel production. Applications are evaluated at two production sites. Within the project, Feralpi Siderurgica collaborates with ESF Elbe-Stahlwerke Feralpi GmbH to conduct tests and experiments on its billet samples as well as to assess potential applications in its plant configuration. In the year in question, preliminary studies and evaluations were carried out to identify the possible small-scale experimental pilot solution to be implemented.

Modiplant

Project Modiplant, the project "*MODular hybrId technology in the Steel PLANT production*" (MODIPLANT) continued in the year 2024 for the Feralpi Siderurgica site with the participation of ESF Elbe-Stahlwerke Feralpi GmbH within the European funding programme for research RFCS-2022-CSP-Big Tickets for Steel. Within the project, Feralpi Siderurgica aims to develop an innovative method of billet heating by electricity as an alternative to induction, leading to the implementation of an actual industrial-scale demonstration of the system. During the year, studies, and simulations were carried out to define the plant solution to be adopted. The design of the system and the selection of the expert supplier to whom the activity was commissioned were carried out. For the plant under study, the phase of component construction and material acquisition, as well as the relevant site preparation, was initiated.

Sunshine

Project Sunshine, in the year 2024, the Sunshine project ("*SUstainable New casting and rolling process monitoring / sensing approach aimed at proper surface quality and SHape IN flat and long products, enabling Energy savings and smart management in the casting*") was initiated, dedicated to improving the quality of the billet semi-product through the implementation: an integrated system comprising advanced continuous casting sensors, AI criteria for identifying defect origins, and process modelling applied online. The project's specific aim is to enhance the billet shape quality, thereby boosting performance not only during the casting process but also in the subsequent rolling process.

Steel for Construction Germany business unit
ESF - Elbe Stahlwerke Feralpi GmbH

ModHeaTec

ModHeaTec Project - ESF Elbe-Stahlwerke Feralpi GmbH is in charge of supporting Feralpi Siderurgica in evaluating the configuration of the pilot plant to be built and in assessing any potentially useful experimentation in order to also consider the production process and layout of ESF Elbe-Stahlwerke Feralpi GmbH. Testing will be conducted with billet samples from ESF Elbe-Stahlwerke Feralpi GmbH to evaluate both the effects on the products and the technical-economic and scalability aspects of the proposed solutions. Project started in 2023.

Modiplant

Project Modiplant ESF Elbe-Stahlwerke Feralpi GmbH carried out the necessary activities to study the plant engineering solution for innovative electric billet heating. ESF Elbe-Stahlwerke Feralpi GmbH is specifically tasked with assisting Feralpi Siderurgica in assessing the industrial implementation of the innovative electric billet reheating plant solution and overseeing the testing phase. This was carried out with the aim of evaluating the repeatability at the specific site, considering both the expertise gained and the limitations imposed by one's own plant, by exploring various installation configurations within the rolling department. Project started in 2023.

FlexHybHeat

FlexHybHeat Project. This project involves simulating heating options using various energy sources such as electricity, hydrogen, or natural gas, and others like ammonia, along with assessing all potential combinations to determine which technological mix and level of flexibility are suited for a future billet heating concept. The second part of the project focuses on developing a new type of heating control system with integrated CO_2 emissions calculation and real-time cost analysis, also considering the stability of the electricity grid and the fluctuations of market prices on a quarterly basis.

Specialties Business Unit
Acciaierie di Calvisano S.p.A.

iSlag

The **iSlag Project**, ended in 2024 with the activities related to the implementation of online slag monitoring systems and process simulators. In particular, systems for monitoring the condition of the raw materials and their transition from furnace to ladle were evaluated. Furthermore, to complete the activity, real-time process simulators for the furnace and out-of-furnace areas were developed alongside the associated Decision Support System, to obtain the best corrective recommendations for the entire process and downstream slag management.

MultisensEAF

MultisensEAF project, during the 2024 financial year, new sensors for managing the EAF process were assessed, and initial tests were performed on the following: a novel sensor for detecting steel levels in the EAF, an acoustic system for monitoring electric arc coverage, water flow sensors in the panels, and an OES system for online detection of slag composition. To complement the sensor systems and support the optimisation of the melting process, a dynamic furnace simulator is being developed that digitally replicates the state of the scrap melting.

Biorecast

Biorecast Project, throughout the 2024 financial year, the project advanced with the objective of assessing Biocoal and polymers as replacement materials for fossil coal introduced into EAF, aiming to enhance slag foaming and arc coverage in the special steel industry. For this purpose, the Acciaierie di Calvisano project has implemented a new EAF material storage and propulsion system, with which it has already conducted initial operational tests and analysed the results.

Arlenico S.p.A.

DeepQuality

DeepQuality Project, is aimed at the implementation of an advanced sensor system and a monitoring system for process parameters in order to identify process anomalies and the relevant quality standards. To achieve the project results, a predictive model was developed that considers quality and process parameters by monitoring mechanical strength as the main KPI. In 2024, the project concluded with the deployment of these systems and the associated testing and validation of the adopted technological guidelines, maximising system reliability and the consequent benefits.

LEGEND

Environmental Commitment

Industrial Commitment

6. Productions

The total production of **billet steel** and **finished product in the year 2024** is generally increasing compared to the previous year, although with different trends in the individual plants. The volumes of **cold-processing products** also increased compared to 2023.

BILLET STEEL (TONNES)	NATION	2024	2023	% CHANGE
Feralpi Siderurgica S.p.A. - Lonato del Garda	Italy	1,164,368	1,057,574	10.1%
Acciaierie di Calvisano S.p.A. - Calvisano	Italy	425,592	440,215	(3.3%)
ESF Elbe-Stahlwerke Feralpi GmbH - Riesa	Germany	994,266	931,933	6.7%
TOTAL		**2,584,227**	**2,429,722**	**6.4%**

FINISHED PRODUCT (REBAR IN BARS - REBAR IN COIL - WIRE ROD) - (TONNES)	NATION	2024	2023	% CHANGE
Feralpi Siderurgica S.p.A. - Lonato del Garda	Italy	1,347,244	1,243,966	8.3%
Caleotto S.p.A. - Lecco	Italy	265,115	238,765	11.0%
ESF Elbe-Stahlwerke Feralpi GmbH - Riesa	Germany	863,718	838,963	3.0%
TOTAL		**2,476,077**	**2,321,694**	**6.6%**

COLD WORKING - DERIVATIVES - (TONNES)	2024	2023	% CHANGE
TOTAL	**1,343,571**	**1,286,749**	**4.40%**

7. Non-GAAP Indicators

In order to allow for a better analysis of management performance, additional income statement and balance sheet indicators are presented in addition to those already provided for by IFRS. These indicators are not to be regarded as alternatives to IFRS indicators, whose calculation is not required by the accounting standards.

In particular, the **alternative performance indicators** used in this document are as follows:

EBITDA (or GOP): an indicator used by the Group as financial targets in internal and external reports, and is a useful unit of measure for assessing the operating performance of the Group as a whole and of individual companies. This indicator is in addition to the operating profit. EBITDA is an intermediate economic indicator derived from the operating result, excluding depreciation, amortisation, provisions and any impairment of tangible and intangible assets.

Net Working Capital: this item consists of the value of inventories, trade receivables, current tax receivables and other receivables, from which the value of trade payables, tax payables and other payables are subtracted.

Net Invested Capital: this is the value of Net Working Capital plus the value of intangible and tangible fixed assets, equity interest, other fixed assets, and deferred tax assets, from which deferred tax liabilities, employee benefits and provisions for contingent liabilities and charges are subtracted.

Net Financial Position: this measure is the gross financial debt less cash and cash equivalents and other current financial receivables. The net financial position was determined in accordance with paragraph 175 of ESMA Recommendation 32-382-1138 of 4 March 2021.

Workforce: is given by the number of employees on the register on the last day of the reporting period.

8. Analysis of the economic and financial situation

8.1 Revenues by geographical area

	2024 (€/000)	2023 (€/000)	% CHANGE	% TOT 2024	% TOT 2023
Italy	626,648	658,282	(5%)	37.9%	38.2%
Germany	389,787	487,698	(20%)	23.6%	28.3%
France	175,029	174,961	0%	10.6%	10.1%
Switzerland	94,992	105,412	(10%)	5.7%	6.1%
Austria	14,078	17,929	(21%)	0.9%	1.0%
Poland	123,180	60,019	>100%	7.5%	3.5%
Czech Republic	57,368	38,740	48%	3.5%	2.2%
Turkey	18,120	26,191	(31%)	1.1%	1.5%
Other countries	153,782	154,987	(1%)	9.3%	9%
TOTAL	**1,652,984**	**1,724,219**	**(4%)**	**100.0%**	**100.0%**

The revenues reported in the year 2024 are in contraction compared to the values reported in the year 2023.

This contraction was determined by the reduction in sales prices, accompanied by growth in the volumes of finished products sold.

Poland and the Czech Republic are exceptions, where the Group's revenues grew strongly.

8.2 Reclassified economic situation

RECLASSIFIED SUMMARY INCOME STATEMENT (€/000)	31/12/2024	%	31/12/2023	%	% CHANGE
Revenues from contracts with customers	1,652,984	100.0%	1,724,219	100.0%	(4.1%)
EBITDA	**27.645**	**1,7%**	**78.300**	**4,5%**	**(64,7%)**
Depreciation and amortisation	(70,306)	(4.3%)	(65,391)	(3.8%)	7.5%
EBIT	**(42.661)**	**(2,6%)**	**12.909**	**0,7%**	**<100%**
Net interest expenditure	(6,477)	(0.4%)	(5,440)	(0.3%)	19.5%
Exchange gains and (losses)	(144)	(0.0%)	(30)	(0.0%)	380.0%
Share of profit of associates and joint ventures	3,069	0.2%	2,006	0.1%	41.6%
Pre-tax result	**(46.213)**	**(2,8%)**	**9.445**	**0,5%**	**<100%**
Income taxes	8,472	0.5%	3,451	0.2%	145.5%
Net result	**(37.742)**	**(2,3%)**	**12.896**	**0,7%**	**<100%**
Result for the Group	(37,798)	-	12,872	-	-
Minority interest result*	56	-	24	-	-

* Result attributable to minority shareholders

The sustained and widespread downturn in sales markets, alongside substantial hikes in scrap costs and, in the latter part of the year, also in energy costs, resulted in a notable reduction in contribution margins. Despite significant growth in sales volumes and the positive effect of production efficiencies, EBITDA in 2024 significantly declined compared to 2023. This reduction was more pronounced in the second half of the year than in the first. EBIT followed the same trend as EBITDA and saw an increase in amortisation/depreciation due to the investment activities carried out by Group companies. Net interest expenditure for the year 2024 increased compared to the previous year, due to a reduction in available liquidity and greater use of average debt, which became necessary to finance investments nearing completion.

As a consequence of the preceding dynamics, the Net Result for the year 2024 shows a negative value.

The reclassification of the value-added income statement according to GRI Indicator 201-1 Economic value directly generated and distributed is given in the ***Appendix [Section "Economic Sustainability Indicators"]***.

8.3 Reclassified statement of ffinancial position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (€/000)	31/12/2024	% REVENUES	31/12/2023	% REVENUES	% CHANGE
Net Fixed Assets	**809,381**	**49.0%**	**635,200**	**36.8%**	**27.4%**
Inventories	375,983	22.7%	295,196	17.1%	27.4%
Trade receivables	292,202	17.7%	357,323	20.7%	(18.2%)
Trade payables	(438,084)	(26.5%)	(340,774)	(19.8%)	28.6%
Commercial Working Capital	**230,101**	**13.9%**	**311,745**	**18.1%**	**(26.2%)**
Net Non-Commercial Working Capital	**11,723**	**0.7%**	**26,588**	**1.5%**	**(55.9%)**
Net Invested Capital	**1,051,205**	**63.6%**	**973,534**	**56.5%**	**8.0%**
Net financial position	**155,552**	**9.4%**	**45,556**	**2.6%**	**>100%**
Shareholders' equity	**895,650**	**54.2%**	**927,978**	**53.8%**	**(3.5%)**
TOTAL SOURCES	**1,051,202**	**63.6%**	**973,534**	**56.5%**	**<100%**

Net Invested Capital as at 31 December 2024 increased compared to the value reported as at 31 December 2023 due to the increase in Net Fixed Assets, as a result of the investment activities in progress at the Group companies, accompanied by the simultaneous reduction in Commercial Working Capital. Regarding this latter measure, the inventory value as at 31 December 2024 is significantly higher than the value reported on 31 December 2023 due to the increase in stock volumes. Conversely, the reduction in trade receivables and the increase in trade payables have made a positive contribution to cash generation.

	PFN CONSOB - AMOUNTS IN THOUSAND EUROS	31/12/2024	31/12/2023
A	Cash	50,720	173,189
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	**Liquidity(A+B+C+D)**	**50,720**	**173,189**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	4,057	5,643
F	Current part of non-current financial debt	107,545	66,295
G	**Current financial debt (E + F)**	**111,601**	**71,938**
H	**Net current financial debt (G - D)**	**60,881**	**(101,251)**
I	Non-current financial debt (excluding current portion and debt instruments)	94,671	146,808
J	Debt instruments	-	-
K	Trade and other non-current payables	-	-
L	**Non-current financial debt (I + J + K)**	**94,671**	**146,808**
M	**Total financial debt (H + L)**	**155,552**	**45,557**

As at 31 December 2024, the consolidated Net Financial Position showed a net debt value of €155.5 million, compared to €45.6 million as at 31 December 2023. The increase is due to investment activities carried out during the year and the reduction in working capital.

9. Significant transactions and events during the year

During the year 2024, the asymmetrical full demerger of Feralpi Holding S.p.A. in favour of seven beneficiary companies took legal effect.

Feralpi Holding S.p.A. demerged its assets, consisting mainly of the equity investment in its subsidiary Feralpi Siderurgica S.p.A. The entire net assets of the demerged company were distributed on 27 November 2024 to the seven beneficiaries, maintaining civil and fiscal continuity of values, precisely in proportion to the total shares owned by each beneficiary company's shareholders in the demerged company. The shareholders were not allocated shares in the beneficiaries in proportion to their original ownership percentages in the share capital of the demerged company, but instead, these were allocated asymmetrically, specifically to alter the shareholding structure.

In relation to the demerger, there was no change in the economic value of shareholders' holdings, as the total economic value of the shareholdings in the beneficiaries matched that of the previously held shareholdings (in line with Article 2506-bis, para. 4, second part, of the Italian Civil Code), and therefore no monetary adjustments were made. Since this was a full demerger transaction, the demerged Feralpi Holding S.p.A. was extinguished as of 27 November 2024. The share capital of Feralpi Siderurgica S.p.A. is now divided among seven beneficiary companies, each corresponding to a family holding company.

As a result of the demerger, Feralpi Siderurgica S.p.A. assumed the role of parent company of the steel branch.

On 20 December 2024, with an additional addendum dated 31/01/2025, Feralpi Siderurgica S.p.A. agreed to a medium-to-long-term *Sustainability Linked Loan* amounting to €170.0 million, comprising a Capex tranche of €120.0 million and a Refi tranche of EUR 50.0 million. The disbursement of the loan took place for a first part, amounting to €100.0 million, on 31 January 2025. The loan is aimed at supporting both ordinary and extraordinary industrial investments of Feralpi Siderurgica S.p.A. and its subsidiaries, and it includes a margin trend linked to achieving two ESG Performance Indicators in addition to meeting certain financial covenants that will be measured starting from the financial year 2025.

The first indicator focuses on reducing specific CO_2 emissions and is calculated based on criteria validated by SBTi. The second indicator focuses on enhancing worker safety and measures the percentage of employees in group companies certified under the ISO 45001 standard. Through this transaction, Feralpi Siderurgica increases the average *maturity* of its financing structure.

The loan also allows for achieving the aim of having a portion of medium- to long-term financing whose margin is linked to achieving ESG objectives. The loan was secured through a consortium of banking institutions, comprising Banca Nazionale del Lavoro S.p.A., Credit Agricole Italia S.p.A., Intesa Sanpaolo S.p.A., and Unicredit S.p.A., who took on the roles of Lenders, *Global Coordinator, Mandated Lead Arranger, Bookrunner, as well as Sustainability Coordinator*. Banco BPM, BPER, and Cassa Depositi e Prestiti served as Arrangers. Banca Nazionale del Lavoro also acted as Agent and SACE Agent. The CapEx tranche of the loan was backed by the SACE Archimede guarantee.

In July 2024, Feralpi Group obtained approval from the international body SBTi (Science Based Targets Initiative) for its 2030 targets to reduce CO_2 emissions and other climate-altering gases. For more information, please refer to the Voluntary Consolidated Sustainability Report ***[Section 15.1.1.1.]***.

10. Risk management

The continuous monitoring and effective management of risks in the Finance and ESG areas are key elements in protecting the Group's value generation tools, especially in the current operating environment, characterised by significant volatility and uncertainties at global level.

Feralpi has adopted an *Internal Control and Risk Management System* (SCIGR) that is inspired by the provisions contained in the best reference practices, such as those set forth in Article 6 "*Internal Control and Risk Management System*" of the Corporate Governance Code - 2020 edition and, more generally, by the principles outlined in the "*Enterprise Risk Management* (ERM) framework - *Integrating with Strategy and Performance*", of June 2017, published by the *Committee of Sponsoring Organisations of the Treadway Commission* (CoSO). This system constitutes the set of organisational structures, rules and procedures aimed at enabling the identification, measurement, management and monitoring of the main corporate risks within the Group, contributing to the sound and correct management of the company in line with the objectives defined by the Board of Directors and promoting the taking of conscious decisions consistent with the risk appetite, as well as the dissemination of a correct knowledge of risks, legality and corporate values.

Feralpi Group's business activities involve the assumption of various types of risk; the Group has defined the scope of its risk management model in light of the objectives contained in the business plan and in consideration of its organisation.

The Group's risk management strategy is aimed at identifying the main uncertainties and minimising the negative effect on results. The monitoring of the main risks and the definition of adequate prevention, mitigation and remediation policies are responsibilities allocated to the Parent Company's top management: these management policies are actually defined and approved, in agreement with the administrative body, by the Top Management, which provides principles for risk management and the use of the appropriate tools.

The **Risk Model** adopted by Feralpi is divided into heterogeneous categories, enabling a holistic, high-level view of the Group's risk exposure.

A first level of categorisation divides the business **risks into the following subcategories**:

a. **Strategic Risks**: risks associated with internal or external events and or decisions that could threaten the achievement of the Group's strategic objectives;
b. **Operational Risks**: risks arising from events or circumstances that may adversely affect the efficiency and/or effectiveness of business processes and the safeguarding of assets;
c. **Financial Risks**: risks related to the availability of financing sources, efficient liquidity management and volatility of currencies and interest rates;
d. **Legal and Compliance Risks**: risks related to compliance with national and international laws, regulations and contractual agreements governing the Group's activities;
e. **Reporting Risks**: risks related to the reliability of internal and external reports, financial and non-financial information.

The list of main risks and related scenarios for the Group includes the definition of the risk register for Environmental, Social and Governance (ESG) areas, which are of central importance in addressing sustainable development objectives.

Risks are also given an additional categorisation:

- external, relating to factors not directly controllable by the company;
- process-related, concerning internal processes;
- information and decision-making, related to external and internal information flows, as well as to the decisions resulting from such information.

In the context of the evolution of global dynamics, characterised by increasing attention towards ESG issues, Feralpi Group conducted an integration of financial risks with ESG risks.

This approach reflects the growing awareness of the profound implications that ESG factors can have on business performance and sustainability in the long term. ESG risk integration is a proactive response to emerging challenges, offering organisations the opportunity to mitigate risks associated with reputation, regulation and investor pressures, while simultaneously fostering a responsible and future-oriented corporate culture.

The main risk factors for Feralpi Group are summarised below. The order in which they are listed does not imply any classification, neither in terms of the probability of their occurrence, nor in terms of their possible impact.

The description of material risk factors contains a brief illustration of the uncertainties that may significantly affect the Group's business in the immediate future. It should also be considered that the Group has long had a Supervisory Board, which, through the 231 organisational model, contributes to the monitoring of risks relating to the various corporate functions.

		Financial		Environmental	Social	Governance
STRATEGIC RISKS						
	Deterioration of the global macroeconomic environment	◇		◇	◇	◇
	Price fluctuation and commodity shortage	◇		◇	◇	
	Energy sector dependence, price fluctuation and supply discontinuity	◇		◇		
	Transition to a sustainable product	◇		◇		
	Customer concentration and business relations	◇				
	Physical impacts of climate change	◇		◇		
	Impacts of the energy transition	◇		◇		
OPERATIONAL RISKS						
	Product quality and liability	◇		◇	◇	
	Computer systems operation and cybersecurity	◇		◇	◇	◇
	Pollution from radiation sources and radioactive materials	◇		◇		
	Waste disposal			◇		
	Occupational health and safety	◇			◇	
	Lack of professionalism and expertise				◇	
FINANCIAL RISKS						
	Credit risk	◇				
	Interest rate fluctuation	◇				
	Exchange rate fluctuation	◇				
	Liquidity risk	◇				
	Risks associated with possible covenant breaches	◇				
LEGAL AND COMPLIANCE RISKS						
	Antitrust and business ethics	◇				◇
	Compliance with environmental and occupational health and safety regulations	◇		◇	◇	
	Violation of human rights or discrimination	◇			◇	
PLANNING AND REPORTING RISKS						
	Financial Reporting and Voluntary Consolidated Sustainability Report	◇				◇

Strategic Risks

Deterioration of the global macroeconomic and geopolitical environment
Feralpi Group companies are exposed to the risks associated with the economic trends of the specific markets in which they conduct their business activities. Sales of the Group's products are mainly influenced by investment activities in infrastructure, but also in residential housing and investments in the industrial sectors targeted by the Group's products.

Economic events such as an economic recession, high inflation and persistent high interest rates together with unpredictable events such as pandemics or environmental disasters could lead to a reduction in the volume of purchases and/or a reduction in the sales prices of the Group's products and affect the health and safety of people and the continuity of production, causing absenteeism and blocking of the production system as well as having a significant negative effect on the Group's economic, financial and equity situation.

In addition, the emergence of global wars and crises, the imposition of economic sanctions and embargoes on certain countries, anti-dumping and anti-subsidy tariffs, the establishment of protectionist policies in export countries, and possible restrictions on exports, could lead to difficulties in sourcing inputs with subsequent delays or business interruptions and the loss of markets and customers.

Feralpi Group has no operations in territories where there are ongoing wars or in countries characterised by major political instability. In addition, the Group does not trade in these markets. However, ongoing war events and geopolitical crises lead to indirect impacts on operating costs in view of trends in the cost of electricity and gas.

In response to emergencies that have occurred in the past, the Group has set up specific dedicated task forces and promptly adopted the necessary measures to prevent, control and contain the negative effects caused by them, while at the same time trying to ensure, as far as possible, business continuity. This approach, already effective in that circumstance, is configured as a replicable model for dealing with future emergencies in an equally timely and structured manner.

Price fluctuation and shortage of commodities
These risks arise from the fluctuations, including significant, that the price of strategic raw materials, such as ferrous scrap and ferro-alloys, can experience even in the short term. Such cost increases may originate from supply market dynamics as well as inflationary trends.

At present, the Russian-Ukrainian conflict, regulatory developments on the ecological transition and logistical constraints have aggravated the difficulties in sourcing raw materials and further increased price volatility with consequences for supply obligations. Business non-continuity for unforeseeable events such as climate change and pandemics inevitably has repercussions in terms of upstream and downstream supply chain resilience.

The Group's inability to increase the selling price of finished products as a result of the increase in the cost of ferrous scrap and ferro-alloys could lead to a reduction in its contribution margin. Significant increases in sales prices could lead to losses in market share. Hedging transactions are assessed in light of the liquidity of the official markets where the main trades are executed and the visibility of sell orders.

In addition, the Group's responsible management of supplier relations and careful control of raw material quality are key to preventing risk and customer dissatisfaction, as well as offering opportunities in the circular economy and generating positive impacts on competitiveness and availability risk management.

Energy sector dependence, price fluctuation and supply discontinuity
Energy risks include possible supply disruptions, price volatility and taxation of energy-intensive activities. Geopolitical evolution and regulatory developments, aimed at the transition to renewable energy sources, have increased the risk of volatility in energy commodity prices to which the steel sector is heavily exposed.

In order to contain energy costs and meet decarbonisation targets, the Group has defined a specific energy strategy; in addition, it has considered scenarios of possible energy supply disruptions and consequent production stoppages. In fact, the Group has achieved its own production flexibility in order to concentrate production on days and times when the cost of energy is lower and to reduce or stop production in a planned manner during periods of peak energy prices.

Transition to a sustainable product
The regulatory, social and economic environment makes it necessary to develop increasingly sustainable products in order to maintain a high level of competitiveness on the market. Feralpi Group believes that the development of a competitive offer linked to sustainability is of fundamental importance in order to meet growing customer expectations and to prepare adequately for possible sudden changes in market demands.

The complexity of this path is reflected in the need for major investments, difficulties in forecasting and evolving market demand, and significant regulatory uncertainty combined with bureaucratic complexity for environmental authorisations.

Indeed, failure to meet product sustainability requirements could result in the loss of strategic suppliers, contracts and customers. To systematically address this challenge, the Group has crafted a strategy to offer its customers a full spectrum of low-carbon products

The certification framework for steel, with the definition of various standards, primarily aims to enhance transparency and sustainability; however, it remains complex and fragmented, with the risk of divergent standards and implementation difficulties for producers.

Customer concentration and business relations
The target markets are characterised by a relatively small number of global and regional players and a high number of customers. Also due to the volatility of market prices, customer relations are mainly based on specific purchase orders in the absence of long-term contracts; this situation makes it difficult for the Group to make medium-term sales forecasts. The occurrence of such risks could lead to a reduction in revenues with significant negative effects on the Group's economic, financial and equity situation.

Feralpi has established and maintained long-lasting business relations with its customers; however, it cannot be ruled out that the Group may have difficulties in the future in maintaining business relations with current customers or in developing business relations with new customers.

Constant commercial supervision, continuous dialogue with long-standing and newly acquired customers, and the ability to provide high quality products and adequate service levels are elements that mitigate exposure to the aforementioned risk.

Physical impacts of climate change
The uncontrollable phenomena include physical aspects resulting from ongoing climate change. These risks have special characteristics that must be taken into account, such as the magnitude of the impact in terms of scope and scale, an uncertain and longer-term time horizon, and dependence on short-term initiatives. Physical risks from climate change are divided into:

- **Acute**: event-based risks, including an aggravation of extreme weather events such as storms, hail, fire, heat waves, etc.). These events are happening more frequently both regionally and globally.
- **Chronic**: refer to risks associated with long-term changes in climate, such as changes in temperature, wind and precipitation patterns, water stress and sea level rise. They can be identified as change processes rather than single events and are bound to become more significant in the long run.

Feralpi Group is most exposed to transition risk, described below, but also considers physical risks for business continuity and the resilience of its business plan and sustainability strategy.

In 2023, the first physical climate risk assessment was conducted to understand short- and long-term exposure and to take management measures for the sites most at risk.

The first phase involved a Climate Self Risk Assessment and verification of prospective climate indicators according to an ensemble of three GCM-RCM (*Global Circulation Model - Regional Climate Model*) models guided by the **RCP 8.5 scenario** for sites included in the scope of the Taxonomy Regulation[2] in the short and long term.

Subsequently, the Lonato del Garda and Riesa sites were analysed in detail, using various climate scenarios to understand the evolution of the risk up to 2050, with possible indications of worsening by the end of the century.

A further detailed analysis was then carried out, based on different climate scenarios **(RCP 2.6, RCP 4.5 and RCP 8.5)** on the plants considered most strategically relevant: Lonato del Garda and Riesa.

The assessment was expressed through the following metrics:

1. **Maximum Value-At-Risk (MVAR)**: the MVAR corresponds to the estimated value in economic terms of the potential damage caused by a climate risk. The overall MVAR represents the aggregation of the estimated Value-At-Risk (VAR) for each physical risk.
2. **Maximum Annual Loss (MAL)**: estimated valueof damage to an asset for all climate risks combined, expressed in current currency, without discounting or adjustment for other transaction costs.
3. **Failure Probability (FP)**: annual probability that a climate risk may cause disruption or malfunction of an asset with or without damage.

The Climate Self Risk Assessment indicated that the company's assets present a medium to low physical risk from climate change. The more specific risks to which the Group will pay more attention through preventive mitigation actions mainly concern extreme wind conditions and flash floods from heavy rain and thunderstorms.

The in-depth analysis, according to MVAR% metrics, assessed the overall risk for the Lonato del Garda site as medium. As far as the Riesa site is concerned, however, the overall risk is rated as low.

Impacts of the energy transition
Transition risks in the context of Feralpi Group indicate the potential financial loss that the company may suffer, both directly and indirectly, during the process of adapting to a low-carbon and more environmentally and socially sustainable economic model. The continuous evolution of climate and environmental regulations, technological developments and changes in market expectations and preferences (Green Steel) can have a major impact on the Group's economic performance.

These risks can be divided into the following types:

- **Executive risks**: arising from delays or lack of expertise in strategic projects, which may result in strategic projects not being identified or slowing down their implementation, also due to a lack of skills to manage them.

[2] For more details on the European Taxonomy, please refer to the Voluntary Consolidated Sustainability Report ***[Section 15.3.]***.

- **Regulatory risks**: arising from evolving regulatory actions to limit negative impacts or promote adaptation to climate change, including potential litigation;
- **Technological risks**: related to the introduction of new technologies that support the transition to a low-carbon economy, with possible interference on existing business systems;
- **Market risks**: related to possible changes in the demand for products and services by the Group's customers.

The adoption of a climate transition strategy, which is fundamental to Feralpi Group's industrial strategy, requires close attention to be paid to this type of risk.

The Group has therefore conducted an analysis to identify and assess the types of risk, as defined above, probability (low, medium, high) and severity (low, medium, high) - of the risks associated with this process, as well as to develop strategies to effectively mitigate and manage the risks.

The risks to which the Group will pay more attention are related to possible difficulties in implementing its strategy of self-generation of renewable energy and to the evolving context regarding the use of alternative fuels such as biomethane and hydrogen.

Operational risks

Product quality and liability
The Group's products must comply with different quality, safety and regulatory standards, including through a careful selection of suppliers, consistent with the regulations required in the countries where they are marketed.
If products do not meet the requirements of the different applicable regulations, it may be legitimate to return them, which could lead to increased costs and possible damage to the image of Group companies and also negatively affect their ESG performance.

This type of risk is most relevant for the Specialties Business Unit, where product quality is crucial for the safety of the end consumer (automotive).

To this end, the Group carries out strict controls on its products: each production company has a quality risk management protocol, with specific control activities and procedures. There are dedicated functions at production units and audits at major scrap suppliers. In addition, the Group has product liability insurance coverage.

However, it is not possible to exclude the possibility of manufacturing defects or, in certain circumstances, the inadequacy of the above-mentioned insurance coverage.

Computer systems operation / cybersecurity
The growing use of digital technologies increases the cybersecurity risk, with possible impacts on business continuity, data protection and privacy.

Cyber attacks or human error can compromise confidentiality, reliability, information integrity and corporate reputation. Failure to comply with regulatory requirements can lead to sanctions and loss of reliability, affecting relations between employers and employees. A cyber attack could also endanger the health and safety of workers and cause environmental damage by compromising software and monitoring equipment. Any errors, malfunctions and/or unauthorised access to the Group's software and related systems of suppliers and/or customers may also damage the production activities of the Group's suppliers and/or customers.

The occurrence of such risks could have an adverse material effect on the Group's economic, financial and equity situation.

The Group considers the operational continuity of its management and operational information systems to be of major importance; therefore, it has carried out a specific risk analysis concerning internal and external attacks on information systems aimed at blocking their normal operation, or at extracting or corrupting Group information. In addition, the Group is finalising the implementation of a framework for managing these risks, with the aim of ensuring business continuity, availability, integrity and confidentiality of data, while also enabling compliance with the European GDPR regulation and applicable national regulations in individual EU member states.

The centrality of information systems, as a lever of value for the Group, is also testified by the considerable investments made to update and digitalise systems and processes; in this context, the launch of programmes to optimise processes and automate certain activities, also through *Robotic Process Automation* solutions and solutions based on Business Intelligence and "data analytics" was emphasised in particular.

Pollution from radiation sources and radioactive materials
Pollution due to radioactive isotope decay could affect the input scrap, the melting furnace process and the finished products. This can lead to non-compliance with environmental and health and safety regulations, contamination of water, soil and air, fines and reputational damage, as well as production stoppages for clean-up operations.

The Group has adopted specific procedures, as part of its management system, to define and implement radioactivity control measures throughout the production chain, right from the material input stage.

Waste disposal
Monitoring risks related to regulatory changes in the use of by-products is crucial; keeping up with these developments prevents production slowdowns, economic and reputational damage. Strategic pavement and sealing maintenance is essential to prevent soil and groundwater contamination.

The Group's management of waste and production residues mainly involves recovery and/or qualification as by-products, with only residual disposal in landfills. Processes and facilities are organised to minimise the volumes to be landfilled.

The Group is also committed to reducing the handling of raw materials and production residues, to reducing inputs and to raw material substitution.

Occupational health and safety
Health and safety risks to workers include exposure to chemical agents, physical agents, equipment, and for Acciaierie di Calvisano and Feralpi Siderurgica, major accident hazards. An inadequate level of control over health and safety risks present in plants and workplaces can cause injuries, occupational diseases, fires, and explosions, with social, legal, and reputational consequences. The company risks facing penalties for non-compliance with safety regulations, which may include shortcomings in risk assessment, training, and the adoption of preventive or protective measures.

The failure to control such risks, particularly following incidents leading to physical damage, fire, explosion, or workplace injuries requiring investigations, can also cause production downtime.

The Group carefully monitors the issue of health and safety based on its own Group policy and following the regulations of the countries where its plants operate, and it has different management approaches depending on the type of production processes in place. Feralpi Siderurgica has a health and safety management system in place certified in accordance with the international ISO 45001 standard, that ensures that risks are continually monitored and improvement measures are identified. This system is being extended to all Group plants.

Lack of professionalism and expertise
The current market presents risks related to the difficulty of attracting, developing and retaining key skills and appropriate professionalism. Business success depends on a qualified and motivated management team. Failures in this area could lead to production slowdowns, reduced innovation and product quality. Dependence on external suppliers of core competencies exposes the company to risks, as the disruption of such business relationships could seriously damage strategies and production activities. Lack of staff knowledge and skills can also reduce competitiveness, resulting in a loss of attractiveness. Adaptation to new systems and technologies and knowledge transfer are crucial.

Feralpi Group is committed to enhancing people's skills as a key factor for business success. With a view to Talent Attraction, the Group has developed eight different recruitment and selection formats to foster the placement of young talent by offering a practical choice for professional development. As far as talent development is concerned, Feralpi Group has implemented a framework ***[Section 16.1.]*** to map, monitor and efficiently manage the skills - technical and organisational - of its staff and act on any gaps through a series of internal training offers and in cooperation with external partners.

Financial risks

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 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 reliable counterparts 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 assignment instrument to specialised financial operators.

Interest rate fluctuation
Changes in interest rates affect the market value of the Group's financial assets and liabilities as well as net financial expenses. The interest rate risk to which the Group is exposed originates mainly from long-term financial payables which, at the date of this report, are at variable rates and almost entirely hedged by Interest Rate Swaps. Fixed-rate payables expose Feralpi Group to *fair value risk*.

Exchange rate fluctuation
Exchange rate risk refers to the possibility that exchange rate fluctuations may adversely affect the value of the Group's assets, profits or financial exposure. Feralpi Group's exposure to exchange rate risk is structurally modest given the almost total denomination of commercial transactions in euro.

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.

Risks associated with possible covenant breaches
In order to support the investment plan, the Group has medium- to long-term loan agreements in place. These loan agreements require compliance with certain financial and commitment covenants. The Group has reporting mechanisms in place to monitor historical and prospective compliance with the signed covenants and to define, if necessary, appropriate action plans aimed at preventing and mitigating any impacts related to covenant non-compliance.

Legal and compliance risks

Antitrust and business ethics
This risk refers theoretically to the possibility of conduct in breach of antitrust or competition law. As a result, the Group may face legal costs and reputational damage to stakeholders; in addition, it may receive sanctions, with similar impacts to those described above.

As a countermeasure, the Group has developed a compliance programme aimed at putting in place preventive measures against antitrust offences, including through the appointment of a top-level person who plays the role of "antitrust officer" and who has the task of verifying compliance with regulations by monitoring the individual conduct of the persons who could most expose the Group's companies to this risk.

Compliance with environmental and occupational health and safety regulations
The Group's industrial production is subject to administrative authorisations. Failure to renew or issue such authorisations could lead to legal-administrative liabilities of various kinds, resulting in production stoppage. The Group's main plants have started the process to obtain ISO 50001 certification for energy efficiency, while in the environmental field the EMAS and ISO 14001 certifications have already been obtained. All of the Group's production plants are required to adopt prevention and protection measures defined by current national regulations.

Furthermore, evolving European environmental regulations expose companies to the risk of late alignment, with negative business consequences and potential cost increases and business limitations. The biggest risks concern developments in the *Emission Trading Scheme* (ETS) and the adoption of a *Carbon Border Adjustment Mechanism* (CBAM).

Any workplace accidents, even minor ones, caused by non-compliance with the aforementioned regulations, could lead to criminal and administrative sanctions, with even serious consequences if they involve bans, even for limited periods, financial losses and/or reputational damage.

The issuance of additional regulatory provisions applicable to companies, or changes to the regulations currently in force in the countries in which the Group operates, could require the Group to adopt stricter standards, also entailing costs for adapting production facilities.

Compliance with management measures and procedures reduces these risks and prevents emergency scenarios.

Violation of human rights or discrimination
The risks associated with inclusion and integration, arising from incidents of mobbing, harassment and discrimination based on nationality, faith, gender, or age, as well as those related to the protection of human rights, although generally more limited, require constant monitoring. The occurrence of such situations may lead to reputational damage, with possible financial repercussions and legal action.

Planning and reporting risks

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These risks are related to the possible negative impacts that irrelevant, untimely or incorrect information could have on the Group's strategic, operational and financial decisions. In order to mitigate the risk associated with financial information, the Group has initiated a number of projects, including the implementation of a Corporate Performance Management tool for the preparation of the Consolidated Financial Statements, the Budget and the Business Plan.

The Group has also adopted an Accounting Manual and materiality thresholds for the audit of the Consolidated Financial Statements have been used that conform to those applicable to public interest companies.

In addition, to meet the requirements of process governance, a gap analysis was carried out related to the areas Information *Technology General Controls and Segregation Of Duties*. Finally, in order to better prepare for the *Corporate Sustainability Reporting Directive* (CSRD), to whose obligations the Group will be subject from the 2025 reporting, Feralpi is in the process of adopting integrated tools capable of monitoring the reporting and consolidation of financial and non-financial data in the ESG domain.

11. Other Information

11.1 Organisation and Human Resources

Throughout 2024, the group's overall workforce expanded notably, with an increase of 85 employees compared to the previous year, bringing the total from 1,887 to 1,972. Staff growth was largely fuelled by the strengthening of skills in the technical and production areas.

Of particular importance from a quantitative point of view is the increase in staff for the hiring of technical-production figures for the rolling mill B plant of ESF Elbe-Stahlwerke Feralpi GmbH and at the Calvisano plant, where a new work team was formed.

The table below shows the average number of employees for each company, comparing the figures for 2024 with those for 2023:

COMPANY	AVERAGE 2024	AVERAGE 2023
Presider S.p.A. (Italy)	90	78
Caleotto S.p.A. (Italy)	6	8
Arlenico (Italy)	106	103
Feralpi Siderurgica S.p.A. (Italy)	538	531
Presider Armatures (France)	4	4
Acciaierie di Calvisano S.p.A. (Italy)	137	129
Nuova Defim S.p.A. (Italy)	82	80
ESF Elbe-Stahlwerke Feralpi GmbH (Germany)	797	740
Industria Expositores y parrillas S.A.(Spain)	87	81
Wire applications SL (Spain)	0	2
P.R. Soldadura SL (Spain)	12	12
Feralpi Stahlhandel GmbH (Germany)	10	10
Feralpi Logistik GmbH (Germany)	29	32
Feralpi Algerié Sarl (Algeria)	13	13
Feralpi Praha Sro (Czech Republic)	39	42
Feralpi Hungária Kft (Hungary)	22	22
TOTAL	**1,972**	**1,887**

The analysis by geographical area confirms the prevalence of employees in foreign companies compared to Italian companies. The average breakdown is as follows:

AVERAGE WORKFORCE BY GEOGRAPHICAL AREA	AVERAGE 2024	AVERAGE 2023
Italy	959	929
Foreign	1,013	958
TOTAL	**1,972**	**1,887**

At the end of the year, the total number of employees increased by 64, from 1,922 to 1,986. The specific distribution by category is as follows:

DESCRIPTION	2024	2023
Executives	38	39
White-collars and middle managers	575	558
Blue-collars	1,373	1,325
TOTAL	**1,986**	**1,922**

11.2 Transactions with related parties

Transactions with related parties do not qualify as either atypical or unusual, as they are part of the ordinary course of business of Group companies. Such transactions, when not concluded on standard terms or dictated by specific regulatory conditions, are in any case settled on market terms. For details of the economic and equity effects of transactions with related parties as at 31 December 2024, please refer to the relevant section of the explanatory notes to the consolidated financial statements.

11.3 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.

For the 2024 financial year, the companies revoked the option for adhering to consolidated taxation, pursuant to Article 117 et seq. of the TUIR, following the demerger of Feralpi Holding S.p.A. which took place in November 2024. This modification to the company structure has rendered the regime no longer applicable and consequently led to the autonomous management of taxes by all the individual companies.

As for VAT, Feralpi Siderurgica S.p.A. opted into the Group VAT regime on 18 April 2024, as the "controlling entity or company", in section VK of form 2024 for the year 2023. 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., Nuova Defim 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.

Feralpi Group adopts a model for the analysis and management of risks, including those of a fiscal nature. Please refer to the ***Appendix***, ***[section "Economic Sustainability Indicators"]*** for the tax data.

11.4 Number and par value of shares of the parent company held by the company and its subsidiaries

None of the Group companies hold shares in the company Feralpi Siderurgica S.p.A.

12. Subsequent events

On 20 December 2024, 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 €170.0 million, comprising a Capex tranche of €120.0 million and a Refi tranche of EUR 50.0 million. The initial portion of the loan, amounting to €100.0 million, was disbursed on 31 January 2025, effectively paying off the remaining balance of the old loan, which was €54,200 thousand. The loan is aimed at supporting the ordinary and extraordinary industrial investments of Feralpi Siderurgica S.p.A. and its subsidiaries.

13. Business outlook

For 2025, there is a generalised difficulty in making forecasts given the numerous factors that contribute to uncertainty. These factors include the conflicts in the Middle East and Ukraine, whose resolutions would positively impact the steel market; the pressure from Chinese exports, which risks shifting further towards Europe; the impact of the tariffs imposed by Donald Trump; the German federal elections scheduled for February 2025, a possible turning point for the future of European industrial policies; and the feared disappearance of free CO_2 allowances combined with a potential tightening of the carbon border adjustment mechanism (CBAM), which risks penalising the European sector, making it less competitive. Additional sources of uncertainty, which also impact the competitiveness of steel producers, including those in Italy, are the high cost of electricity and the dynamics related to the export of scrap. 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.