

Informazione Regolamentata n. 0110-11-2023	Data/Ora Inizio Diffusione 26 Settembre 2023 18:27:19	Euronext Milan
---	--	-----------------------

Societa' : DANIELI & C.
Identificativo : 181494
Informazione
Regolamentata
Nome utilizzatore : DANIELIN01 - POIANI
Tipologia : 1.1
Data/Ora Ricezione : 26 Settembre 2023 18:27:19
Data/Ora Inizio : 26 Settembre 2023 18:27:19
Diffusione
Oggetto : Press release of Danieli & C. SpA dated
26.9.2023

Testo del comunicato

Vedi allegato.

DANIELI & C. OFFICINE MECCANICHE S.p.A.

Buttrio (UD) – via Nazionale n. 41

Fully paid-up share capital of euro 81,304,566

Registration Number with the Register of Companies of Udine, tax number and VAT registration number
00167460302

www.danieli.com

PRESS RELEASE

DANIELI GROUP

The Board of Directors of Danieli & C. Officine Meccaniche S.p.A. met today, September 26, 2023, to examine and approve the yearly financial statements for the parent company and the consolidated financial statements for the Danieli Group, for the year from July 1, 2022, to June 30, 2023.

CONSOLIDATED ANNUAL REPORT FOR 2022/2023

(millions of euro)	30/06/2023	30/06/2022	Variation
Revenues	4.102,1	3.619,0	13%
Gross operating margin (Ebitda)	423,9	359,2	18%
Operating income	265,1	209,6	26%
Net profit from continued operations (*)	241,3	227,7	6%
Net profit for the period attributable to the Group	243,6	218,7	11%
Positive net financial position	1.602,8	1.206,6	33%
Total shareholders' equity(**)	2.407,7	2.245,3	7%
Number of employees at period end	9.732	9.095	7%
Group order book	6.200	5.052	
(of which Steel Making)	369	430	

(*) In application of IFRS 5.

(**) The figure for June 30, 2022, has been restated.

Summary of results for FY 2022/2023

The 2022/2023 tax year ended with a net profit of 243,6 million euro and a gross operating margin (EBITDA) of 423,9 million euro, a 18% improvement over last year, with interesting profitability in relation to sales for both the Plant Making and Steel Making sectors, which are showing good sales and margins able to ensure full financial coverage for the investments that were made and the huge expenditures in research and development incurred in the year.

Plant Making revenues are higher than the forecasts made at the beginning of the year and are the result of on-time construction schedules contractually agreed with customers, with an EBITDA of 253,0 million euro, up from 2021/2022, even though extraordinary expenses were sustained in the period due to increased transportation costs and the suspension of some projects in Russia and Ukraine.

Also, Danieli's innovative technologies such as the Digimelter, which will gradually replace the existing technology used on traditional electric furnaces, and Direct Rolling (DUE and MI.DA.), are

achieving growing success on international markets, so much so that our competitors have abandoned their technologies to copy ours.

The success of the MI.DA. and DUE plants is due to our competitive total cost per ton of steel produced, taking into account CapEx + OpEx + CO2 reduction.

Although Steel Making revenues are lower than last year, they are in line with what was budgeted at the beginning of the year and show a good percentage of profitability (EBITDA of 170,9 thanks to the contribution of the new rolling mills that are now fully operational; this level of profitability can only be maintained in the next fiscal year if energy costs return to normal, costs that have been gradually decreasing since the beginning of 2023, with limited fluctuations due to less use of Russian gas, and maximum prices per MgwH that are still high but far from the peaks reached during the summer of 2022.

The 2022/2023 result for ABS Steel Making benefited during the year from an extraordinarily positive economic situation (thanks to high prices sells linked with the restocking process by many customers), which we don't feel can be repeated fully in 2023/2024, when we will continue to see good volumes but at lower selling prices because of a general decrease in the cost of production factors.

Steel Making (ABS Group) products sold in the year reached about 1.25 million tons (10% less than last year), with the goal of increasing these volumes in the next tax year by bringing ABS Sisak in Croatia and the new wire rod and ball mills at ABS S.p.A. to maximum production capacity.

ABS S.p.A. supplies products whose quality and delivery times are in line with those of the best producers in the world, and its goal is to be the leading special steelmaker in Italy and among the first three in Europe.

For the 2022/2023 tax year, therefore, consolidated operating profitability (EBIT) is on the rise compared to last year, albeit with some penalties for one-off negative factors tied to prudential write-downs tied to the Group's exit from the Russian market.

The performance of both the Plant Making (plant engineering and manufacturing) and Steel Making (production of special steels) segments and the good level of orders in the order book are such that for the next fiscal year we can predict that results will be positive and better than in 2022/2023.

For the Plant Making segment, we expect a better operating result in 2023/2024, with higher volumes and improved margins, including in the order book, equally distributed among the principal product lines (direct reduction plants, steelmaking shops, long and flat products) and evenly distributed among all the geographical areas where we have projects, and a better contribution to the Group's operating profitability by the parent company Danieli & C Officine Meccaniche S.p.A..

In addition to the investments that were made in order to rationalize, innovate and make steel production more efficient and modern on a global scale, 2023 also saw the start of a new specific investment cycle in the metallurgical sector, which will bring Danieli some major orders to implement decarbonization in our customers' steelmaking facilities in Europe.

In fact, steelmaking is among the *hard-to-abate* sectors, and thanks to the new hydrogen-based plants that will replace the coal-based ones, GHG can be reduced to almost NET ZERO by using the green technologies developed by Danieli.

On the other hand, production volumes in the Steel Making Segment are expected to grow in 2023/2024, with greater efficiency of manufacturing processes since we have at our disposal three vertical integration rolling mills: bars, wire rod and balls, and with improved operation of ABS Sisak, even if the energy variable could negatively affect both volumes and margins of production.

These plants are part of ABS' "Vision 2.3" program, whereby the company plans to invest more than 700 million euro in the new Digimelter furnaces in order to reach a production volume of about 2 million tons, making it the only steelmaking plant to produce quality steels in diameters ranging from 5.5 to 500 mm on a single site, with all the savings in Op-Ex and logistics that this involves.

Finally, financial management shows a positive 50 million euro before exchange rate alignment and inclusive of discounting charges calculated on financial receivables with long-term deferred payment, whereas exchange rate management shows a negative 16 million euro due to the devaluation of the US dollar against the euro for the period ended June 30, 2023. Cash management continued efficiently in the year, maintaining a high level of solvency and a satisfactory net positive financial position of about 1.6 billion euro at the end of the period, whereas

the expectation of interest rates essentially holding steady during the next fiscal year leads us to predict a good financial result for 2023/2024 as well.

Note that, as usual, of the net global value added (corporate social responsibility) of 835.5 million euro, the portion set aside for venture capital remuneration (shareholders including company employees) is limited to 21.5 million euro, and the company portion is 222.1 million euro while the personnel portion is 516.5 million euro, the public administration 66.1 million euro and donations 2.8 million euro.

Worldwide prospects for the metals production sector that affect Danieli's Plant Making business

In the first half of 2023, world steel production was approximately 900 million tons (World Steel Association figures), down 2.5% over the same period in 2022, which had reached a total of approximately 1,900 million tons over the 12-month calendar year.

Forecasts for the entire 2023 calendar year point to an overall drop of 3-4%, with only India and the Middle East showing production growth, whereas in the remaining Asian countries and in advanced and emerging countries, it will decrease by around 5%.

The average plant utilization factor, compared to the maximum theoretical level, continues to be stable at between 80-85% after the most polluting plants were shut down in China, and plants with more modern and sustainable technologies were started up in India.

The steel market will continue to be dynamic in the second half of 2023 with still profitable prices, even if we expect possible distortions or slowdowns, especially in Europe due to the effects of the energy crisis triggered by the Russia-Ukraine conflict; the energy crisis should abate in 2024 thanks to alternative gas supplies from the US and North Africa and with reduced costs in production factors thanks to corrective and compensatory action by the European markets authority.

The commitment of all steelmakers to run their plants more sustainably with a view to total production decarbonization in the next 20-30 years, is becoming a reality by:

- limiting GHG emissions and making production socially sustainable for the community and the environment;
- reducing energy consumption per ton using plants that are increasingly flexible, efficient and have a high degree of vertical integration;
- using "continuous production" solutions, minimizing the use of coal in the production process and replacing it with gas and/or hydrogen.

The quality of products with a high degree of finish, together with punctual and precise customer service, continue to be the most important factors to obtain more profitable prices from the market and greater supply continuity for customers, who tend to reduce their minimum stock volumes while increasingly requesting "on-time" delivery of personalized, quality items.

The production of green steel with low CO2 content has taken on an increasingly central role for all investments in this sector and will require greater availability of electrical energy from renewable sources, replacing coal with natural gas today and with hydrogen tomorrow, at competitive economic conditions in order to significantly decrease the emissions generated by the liquid steel production process.

In fact, primary steelmaking accounts for approximately 7-8% of global CO2 produced by fossil fuels (the steel sector is second only to the energy generation sector), and its decarbonization, which is in line with the COP27 agreements, involves a gradual transformation:

- by initially improving the efficiency of blast furnaces
- and then gradually shutting them down and replacing them

with the use of new iron ore (DRI) reduction technologies, first using natural gas and then hydrogen, in order to reach the NET ZERO EMISSIONS TARGET.

The antidumping policies that have now been implemented by the major steelmaking countries and the proposed customs barriers (CBAM) that are currently being set up to discourage the use of steels produced with high CO2 emissions, have sparked demand for new low-emission plants that will lead to many investments in innovative plants as soon as 2023 and in the years to follow, also

supported and promoted across the board by the major countries in order to reduce the average global rise in temperature.

The desire to set a cap of not more than 1.5° on the rise in average global temperature therefore requires that significant investments be made in the steel sector in order to use new innovative plants that significantly limit the use of coal in the production process.

Danieli has developed and owns all of these new technological solutions to reduce emissions and is committed to reaching the sustainable development goals (SDG) promoted by the United Nations Global Compact, having received certification for our environmental strategies from both the Science-Based Target Initiative, receiving a validation of our targets in the RACE TO ZERO, and from the Carbon Disclosure Project (CDP), obtaining in 2023 an A- rating for leadership in Climate Action and Supply Chain Engagement thanks to our strong commitment to develop and offer innovative, environment-friendly solutions to our customers.

In order to remain competitive in this market, Danieli has invested considerably in innovative technologies to produce green steel, reaffirming customer centricity first and foremost by:

- increasing plant productivity and with it, per capita added value;
- reducing GHG emissions per ton produced by applying innovative technological solutions and consolidated references with low environmental impact;
- putting into practice the principles of the 4.0 revolution in the steelmaking industry through the DIGIMET project, to ensure total control of production variables in all phases of production from liquid steel to the final, finished and packaged product, and;
- speeding up and rationalizing production processes by reducing time and costs and optimizing production efficiency by combining various thermomechanical work phases with endless solutions for both long and flat products.

Steelmaking is an energy-intensive business, and the new Danieli DigiMelter fed by Q-One represents a worldwide milestone in sustainability, which for the first time makes it possible to supply the furnace directly with wind and solar energy, with a new motto “From Sun to Steel with ZERO Emissions”.

The research and technological development carried out by Danieli in the last decade have allowed us to expand the range of plants offered to the entire metals sector (steel, aluminum and other metals), thereby significantly lowering the cost of the initial investment per project (CapEx) but also optimizing production operating expenses (OpEx) and combining several work stages in the same production process, thus increasing the number of potential investors thanks to more economically feasible investments in countries with mature economies as well as in still developing countries.

Summary of Results by Business Segment

Revenues			
(millions of euro)	30/06/2023	30/06/2022	Variation
Plant making	2.597,6	1.940,8	34%
Steel making	1.504,5	1.678,2	-10%
Total	4.102,1	3.619,0	13%
Gross operating margin (Ebitda)			
(millions of euro)	30/06/2023	30/06/2022	Variation
Plant making	253,0	166,4	52%
Steel making	170,9	192,8	-11%
Total	423,9	359,2	18%
Operating income			
(millions of euro)	30/06/2023	30/06/2022	Variation
Plant making	161,0	93,0	73%
Steel making	104,1	116,6	-11%
Total	265,1	209,6	26%
Net profit for the period attributable to the Group			
(millions of euro)	30/06/2023	30/06/2022	Variation
Plant making	143,6	129,3	11%
Steel making	100,0	89,4	12%
Total	243,6	218,7	11%

Gross operating margin (EBITDA) is a measurement used by the Issuer to monitor and evaluate the performance of operations and represents the operating profit before depreciation and amortization of fixed assets and net write-downs of receivables (this measure is not specified in the IFRS standards and therefore may not be fully comparable with other entities that use other calculation criteria).

We believe that in the second half of 2023, the world economy will continue to show positive growth thanks to a generally consolidated economic recovery. In the second half of 2023, the economy is expected to cool down in the US and EU while at the same time Asia will see an improvement which will then extend to the rest of the world in 2024.

The new balance of world power that is forming as a result of the Russia-Ukraine conflict is creating an unexpected economic geography with international trade divided into two opposite, parallel blocks, and accelerated economic growth but with less interrelations between Asia and western countries, especially in the manufacturing and steel sectors, which continue to be strategic for both in order to support the development of infrastructure and the metalworking industry.

Steel consumption forecasts for 2023 and 2024 remain high in absolute terms, with a slight recovery in Asia and constant production in the other countries, partially affected by increased demand in support of the decarbonization of industry.

The tendency of the main players in the metals market to make targeted investments in order to improve production efficiency is confirmed, starting with the decarbonization of steel production and continuing to aim for quality products, even by shifting production to countries where the general competitiveness package (which also includes the presence of domestic demand, energy, ore and transportation) can guarantee greater production cost-effectiveness, with good opportunities for new orders in the plant sector to be added to Danieli's current order book.

Strategies

Below are some of Danieli's mottos:

- *“Innovation to be a step ahead in Capex and OpEx”* which aims to make the most of the Group’s new organizational model, promoting multicultural intellectual growth and creating solutions to meet current market requirements more effectively.
- *“Danieli, the innovative and reliable partner in the steel industry to be front runners”* but also *“We do not shop around for noble equipment”*. The Danieli Group will therefore continue to consolidate and expand its business in order to be more competitive in terms of innovation, technology, quality, costs, productivity and customer service;
- *“Absolute Steel Quality”* which summarizes ABS’ constant commitment to produce steels with a degree of finish and a customer service that are always in line with the most demanding expectations and for the most innovative and rigorous industrial applications.

In the period, the Plant Making segment continued to make rational use of its international structures, focusing in particular on competitiveness in terms of innovation, technology, quality, efficiency and customer service.

Innovation and noble products are developed and manufactured primarily in Europe, whereas plants with already consolidated technologies are designed and manufactured in our Asian plants, which guarantee the same European quality at a lower cost for both the western steelmaking market and the Asian one, where almost 70% of the world’s steel is produced.

The types of orders currently in the Plant Making order book and production planning in the Group’s manufacturing units allowed an orderly saturation of design offices and manufacturing shops both in Italy and the Far East, in some cases with higher transportation costs, without any significant delays in shipping or the supply chain.

The goal is to produce Green Steel in an increasingly sustainable manner, even by directly connecting Danieli’s steelmaking plants to the renewable energy solutions implemented by our subsidiary FATA, using the Q-ONE and Q-MELT technologies developed by Danieli Automation.

ABS is internationally known as one of the most modern steelmaking plants in the world for the quality of its facilities that not only guarantee certified products but also the highest production efficiency in addition to full protection of the ecosystem in which it operates.

The product quality and delivery times of ABS are in line with those of the best producers in the world, and its goal is to be the leading special steelmaker in Italy and among the first three in Europe.

Order Book and Forecast

The Group’s order book is well diversified according to geographical area and product line, and for the year ended June 30, 2023, amounts to 6.200 million euro (of which 369 million euro in the production of special steels) compared to 5.052 million euro for the year ended June 30, 2022 (of which 430 million euro for ABS Steel Making).

The Danieli Group condemns Russia’s aggression of Ukraine, which has led to a conflict in Europe with serious consequences in terms of destruction, loss of human life and economic losses, and we hope that mediation talks can begin to put an end to the military action. Right from the start of hostilities, the parent company Danieli & C. began an in-depth analysis of the order book: in the Plant Making segment, there are currently no ongoing projects of significant value in Ukraine whereas all the projects with Russian customers in progress up to June 30, 2023, either experienced serious delays or were terminated due to force majeure. Consequently, the order book no longer includes any amounts for projects in Russia given the low probability of their being developed in the future. The Danieli Group feels it has adequately covered, through a contingency fund, the huge amount of extraordinary charges connected with the closing of projects still under way.

Danieli Plant Making management constantly monitors the application and impact of the sanctions system - which is continuously evolving - imposed against Russia by the European Union and other International Authorities. We feel that the principal negative impact in the short term will be due

more to a reduction in future trade opportunities with a cooling of the Russian market than to additional extraordinary charges on existing projects that to date are suitably hedged and secured. For the Group, maintaining such a significant order book that includes many innovative plants for green steel production confirms our customers' tendency to invest in new plants thanks to the competitiveness and innovative technological solutions proposed by Danieli, which today has qualifications and references for the entire range of metallurgical products.

Based on these considerations and prospects, the goals of the Danieli Group for fiscal 2023/2024 are:

- A turnover of 4,000-4,300 million euro
- EBITDA of 400-430 million euro
- Net cash of 1,400-1,600 million euro
- Order Book of 6,000-6,500 million euro

Human Resources

On June 30, 2023, the Danieli Group employed 9.732 people - 1.541 in the Steel Making segment and 8.191 in the Plant Making segment, an increase of 637 over the figure of 9.095 employees for the year ended June 30, 2022.

The economic value that is generated converts the Group's ability to create and distribute wealth into remuneration for the stakeholders.

The tables below show how economic value is distributed among stakeholders through the reclassification of data from the consolidated income statement.

Consolidated Value Added

The economic value that is generated converts the Group's ability to create and distribute wealth into remuneration for the stakeholders.

The tables below show how economic value is distributed among stakeholders through the reclassification of data from the consolidated income statement.

(millions of euro)		
Determination of the add global net value	30/06/2023	30/06/2022
A. Revenues	4.102,1	3.619,0
Operating revenues	3.197,5	3.328,1
Change in inventories	742,3	198,0
Other operating revenues	162,3	92,9
B. Intermediate costs of production	3.307,4	2.924,2
Goods and finished products	2.102,1	1.875,6
Cost for services	972,6	850,2
Use of third parties assets	23,4	19,9
Provisions	39,0	17,8
Other operating costs of products and services	11,4	11,1
Other costs	24,4	21,3
Social contributions and charity	2,2	1,5
Contributions	0,6	0,6
Italian local tax	2,2	2,0
Sundry taxes	8,0	6,1
Depreciation, amortisation and write-downs	158,9	149,6
(A - B) Core value added	794,7	694,8
C. Ancillary components	40,8	80,6
Financial income and charges	49,6	(21,2)
Gains/(losses) on foreign exchange transactions	(15,9)	105,8
Income/(charges) arising from the valuation of equity investments in assoc. with the	(1,6)	1,6
Profit and loss deriving from discontinued operations	2,4	(8,6)
Lender remuneration	6,5	2,9
Net global value added	835,5	775,4

The total value added is shared among the following beneficiaries:

- personnel (direct remuneration consisting of wages, salaries, employee termination indemnity and indirect remuneration consisting of social security contributions) and
- the Public Administration (income taxes and miscellaneous taxes)

which cover almost 70% of the total, while the remaining 30% is allocated to venture capital (dividend distribution), third parties (non-controlling interests), company remuneration (reinvested earnings), remuneration to lenders (interest on loans), donations and sponsors (sponsorships, donations and other forms of contribution).

Determination of the add global net value	30/06/2023		30/06/2022	
Personnel remuneration	516,5	61,8%	475,1	61,3%
Wages and salaries	377,5		347,1	
Social security contributions	102,6		92,4	
Post employment benefits	18,3		18,2	
Other personnel costs	18,1		17,4	
Public Administration remuneration	66,1	7,9%	76,2	9,8%
Income taxes	55,9		68,1	
Venture capital remuneration	21,5	2,6%	13,5	1,7%
Total shareholders' equity	171,5		67,6	
Total shareholders' equity	(150,0)		(54,1)	
Non controlling interest remuneration	-	0,1%	0,4	0,1%
Company remuneration	222,1	26,6%	205,2	26,5%
Net profit for the period attributable to the Group	243,6		218,7	
Lender remuneration	6,5	0,8%	2,9	0,4%
Donations and sponsorships	2,8	0,3%	2,1	0,3%
Net global value added	835,5	100,0%	775,4	100,0%

The Chairman of Danieli's Board of Directors and Chief Executive Officers confirm the company's commitment to increasingly promote its role of Corporate Responsibility towards the global community, not only through direct action but also indirectly with its products, by promoting the research and development of steelmaking equipment and machines that use Green Steel and Sustainable Steel solutions, improving efficiency and safety, as well as reducing waste and the impact of GHG to better protect the environment.

Danieli promotes the initiatives of the United Nations Global Compact in order to achieve the sustainability goals of the United Nations (SDGs), while also supporting the UN Women's Empowerment Principles' initiative; Danieli also took part in the Carbon Disclosure Project (CDP), placing it among the worthiest Italian and European companies and earning a position of leadership thanks to the results obtained in reducing its carbon footprint and the development of innovative, environment-friendly solutions for the decarbonization of the steel industry.

Appointment of a New Director

The Board of Directors of Danieli & C. - Officine Meccaniche S.p.A., which met today, also co-opted Ms. Lucia Morandini as a new independent non-executive director, to replace Professor Chiara Mio, who tendered her resignation as independent Director on April 30, 2023, for professional reasons.

For the time being, Ms. Morandini will not sit on any internal committees, and based on the information available to the company, as of today she does not hold any Danieli shares.

The co-opting of the new member of the board, who will remain in office until the next meeting of the company's shareholders, took place in compliance with the provisions of the law and the by-laws. The board of directors, based on the information provided by Ms. Lucia Morandini, ascertained that she possesses the requirements of good standing established in current regulations and that there are no reasons for ineligibility and incompatibility.

Ms. Morandini was the second candidate on the list of minority shareholders submitted by the institutional investors in 2021, during the appointment of the Board of Directors, and following a thorough analysis, Ms. Morandini was deemed to possess all the necessary skills to suitably replace the outgoing director, in full compliance with gender balance.

Lucia Morandini's CV is available on the Company's website at www.danieli.com, in the Investors/Communication/Corporate Documents section.

Resolutions of the Board of Directors

The Board of Directors, in addition to approving the financial statements, will propose to the Assembly of Shareholders - who, following a single call, will meet at company headquarters on October 27, 2023 at 11 a.m. - the distribution of a unit dividend of euro 0.3100 for ordinary shares and euro 0.3307 for saving shares, amounting to 11,639,365.71 euro for ordinary shares and euro 12,061,015.92 for savings shares, totalling euro 23,700,381.63 for both categories of shares, upon detachment of coupon n. 45 on November 20, 2023, payable starting on November 22, 2023 (record date: November 21, 2023). The entire amount of the dividend will be taken from the distributable profit for the year.

The Board of Directors, therefore, is offering a dividend that is essentially in line with last year's, given the results achieved in the period and the expectation of an improvement in the competitive scenario in which the company operates, while continuing to make significant investments in research and innovation for the purpose of developing new products and specific technologies for the current "New Normal" of the steel market.

The Board of Directors points out that in the last 10 years, as much as 87% of the profit has been invested back into the company, not only to maintain its financial solidity but also to invest in new plants and innovation.

Note that the shareholders, in addition to approving the financial statements, are also called upon to deliberate on the following items:

- Appointment of a director following confirmation of the number of board members.
- Approval of Section I and advisory vote on Section II of the Report on the Remuneration Policy and on the fees paid pursuant to Article 123-ter of Legislative Decree no. 58 of February 24, 1998.
- Authorization to purchase and sell treasury shares. Resolutions pertaining thereto and resulting therefrom.

Danieli Group Operations

The Danieli Group essentially runs two main businesses: The first (Plant Making) is in the field of plant engineering and manufacturing of plants – including turnkey plants – for the production of metals. Its principal operating companies in the Plant Making segment are in Europe (Italy, Sweden, Germany, France, Austria, The Netherlands, the United Kingdom and Spain) and in Asia (China, Thailand, India, Vietnam), with service centers in the US, Brazil, Egypt, Turkey and Ukraine.

In the Plant Making sector, Danieli is one of the top three manufacturers in the world for plants and machines for the metals industry, leader in meltshops and plants for the production of long products (these plants produce steel in electric arc furnaces – including by direct reduction of iron ore – and

in addition to being competitive in terms of Capex and OpEx, are also environment-friendly, compared to integrated plants that use blast furnaces and coke); and it is second in the manufacture of plants for flat products.

The second business (Steel Making), on the other hand, concerns the production of special steels through the companies of Acciaierie Bertoli Safau S.p.A. (ABS) and ABS Sisak d.o.o. The steels produced in these facilities supply the automotive industry, heavy-duty vehicles, engineering, energy and petroleum industries. ABS is the number one steelmaker in Italy and among the leading ones in Europe in its field.

In Friuli-Venezia Giulia, the Danieli Group provides employment for about 6,000 people, either directly or through linked industries, and represents almost 40% of the yearly exports of the province of Udine, and 20% of those of the region of Friuli.

Moreover, concerning the well-being of its employees (and others), in addition to the daycare center and kindergarten that have been operating for several years now, this year Danieli developed a program for the primary school, whose teaching methods are considered to be more advanced than traditional teaching methods, particularly as regards the consolidation of soft skills.

As regards the Zero-Tredici educational project, the start of the 2023/2024 school year saw the continuation of the junior high school, thus completing the students' educational cycle and preparing them for high school.

After the opening of the Bistrot and the new Hotel in the "Corte delle Fucine" complex, work has begun on redeveloping an area covering about 60,000 square meters across the street from the Buttrio workshops, with a new multisport complex at the service of the community and to valorize the territory of Friuli.

Finally, work is continuing at the former Dormisch brewery in the city of Udine in which Danieli will invest by building a multi-purpose center covering more than 8,000 square meters, representing one of the largest investments in Friuli intended for young people and their education and social interaction.

Attached is a summary of the statement of assets and liabilities, the income statement (excluding the overall income statement), and the consolidated financial position of the Group and of the Parent Company Danieli & C. Officine Meccaniche S.p.A., for the period ended June 30, 2023, compared with the data for the period ended June 30, 2022.

Consolidated Financial Statements of the Danieli Group

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (*)

<u>ASSETS</u>	<u>30/06/2023</u>	<u>30/06/2022</u>
Non-current assets(**)	1.324,6	1.321,6
Current assets	5.216,3	4.863,2
Total Assets	<u>6.540,9</u>	<u>6.184,8</u>
<u>LIABILITIES</u>		
Share capital	81,3	81,3
Other reserves and profit carries forward, including profit for the year	<u>2.323,4</u>	<u>2.160,7</u>
Group shareholders' equity(**)	<u>2.404,7</u>	<u>2.242,0</u>
Non controlling interest in shareholders' equity	3,0	3,3
Non Current Liabilities	387,9	265,5
Current liabilities	3.745,3	3.674,0
Total liabilities and shareholders' equity	<u>6.540,9</u>	<u>6.184,8</u>

CONSOLIDATED INCOME STATEMENT (*)

	Financial year ended	
	<u>30/06/2023</u>	<u>30/06/2022</u>
Revenues	<u>4.102,1</u>	<u>3.619,0</u>
Goods and finished products	(2.102,1)	(1.875,6)
Personnel costs	(516,5)	(475,1)
Other operating costs	(1.059,5)	(909,1)
Depreciation, amortisation and write-downs	<u>(158,9)</u>	<u>(149,6)</u>
Operating income	<u>265,1</u>	<u>209,6</u>
Financial Income and charges	49,6	(21,2)
Gains/(losses) on foreign exchange transactions	(15,9)	105,8
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	<u>(1,6)</u>	<u>1,6</u>
Profit before taxes	<u>297,2</u>	<u>295,8</u>
Income taxes	(55,9)	(68,1)
Net profit from continued operations	<u>241,3</u>	<u>227,7</u>
Profit and loss deriving from discontinued operations	2,4	(8,6)
Net profit for the period	<u>243,7</u>	<u>219,1</u>
(Profit)/loss attributable to non-controlling interests	<u>(0,1)</u>	<u>(0,4)</u>
Net profit for the period attributable to the Group	<u>243,6</u>	<u>218,7</u>

(*) Please note that some items of the consolidated balance sheet and income statement are presented in abridged form compared to the schedules of the annual report.

(**) The figures for June 30, 2022, have been restated.

CONSOLIDATED NET FINANCIAL POSITION

(millions of euro)	30/06/2023	30/06/2022	Variation
Non-current financial assets			
Other financial receivables	0,3	0,2	0,1
Total	0,3	0,2	0,1
Current financial assets			
Securities and other financial assets	569,4	657,5	(88,1)
Cash and cash equivalents	1.749,6	1.516,1	233,5
Total	2.319,0	2.173,6	145,4
Non-current financial liabilities			
Non-current financial liabilities	228,4	123,5	104,9
Lease liabilities non-current IFRS 16	26,3	29,8	(3,5)
Total	254,7	153,3	101,4
Current financial liabilities			
Bank debts and other financial liabilities	453,7	803,0	(349,3)
Lease liabilities current IFRS 16	8,1	10,9	(2,8)
Total	461,8	813,9	(352,1)
Current net financial position	1.857,2	1.359,7	497,5
Non-current net financial position	(254,4)	(153,1)	(101,3)
Positive net financial position	1.602,8	1.206,6	396,2

Financial statements of Danieli & C. - Officine Meccaniche S.p.A.

In millions of euro

BALANCE SHEET (*)

	<u>30/06/2023</u>	<u>30/06/2022</u>
<u>ASSETS</u>		
Non-current assets	1.488,3	1.389,2
Current assets	1.571,5	1.410,3
Total Assets	<u>3.059,8</u>	<u>2.799,5</u>
<u>LIABILITIES</u>		
Share capital	81,3	81,3
Other reserves and profit carries forward, including profit for the year	<u>765,9</u>	<u>747,7</u>
Total shareholders' equity	847,2	829,0
Non Current Liabilities	217,4	112,4
Current liabilities	1.995,2	1.858,1
Total liabilities and shareholders' equity	<u>3.059,8</u>	<u>2.799,5</u>

INCOME STATEMENT (*)

	Financial year ended	
	<u>30/06/2023</u>	<u>30/06/2022</u>
Operating revenues	1.187,3	872,6
Purchase cost of raw materials and consumables	(682,7)	(471,4)
Personnel costs	(170,5)	(158,3)
Other operating costs	(275,3)	(231,5)
Depreciation, amortisation and write-downs	<u>(19,7)</u>	<u>(28,6)</u>
Operating income	39,1	(17,2)
Financial Income and charges	38,2	(20,2)
Gains/(losses) on foreign exchange transactions	<u>(19,7)</u>	<u>79,1</u>
Profit before taxes	<u>57,6</u>	<u>41,7</u>
Income taxes	<u>(16,5)</u>	<u>(12,0)</u>
Net profit for the period	<u>41,2</u>	<u>29,7</u>

(*) Please note that some items of the consolidated balance sheet and income statement are presented in abridged form compared to the schedules of the annual report.

NET FINANCIAL POSITION OF DANIELI & C, - OFFICINE MECCANICHE S.p.A.

(millions of euro)	30/06/2023	30/06/2022	Variation
Current financial assets			
Securities and other financial assets	28,0	10,5	17,5
Cash and cash equivalents	578,6	553,6	25,0
Total	606,6	564,1	42,5
Non-current financial liabilities			
Non-current financial liabilities	153,0	59,0	94,0
Lease liabilities non-current IFRS 16	7,0	7,8	(0,8)
Total	160,0	66,8	93,2
Current financial liabilities			
Bank debts and other financial liabilities	361,3	598,3	(237,0)
Lease liabilities current IFRS 16	1,4	1,5	(0,1)
Total	362,7	599,8	(237,1)
Current net financial position	243,9	(35,7)	279,6
Non-current net financial position	(160,0)	(66,8)	(93,2)
Net financial position(*)	83,9	(102,5)	186,4

(*) Net financial position amounts to about 158 million euro, taking into account the non-current loan of 75 million euro granted to the subsidiary ABS SpA

The officer in charge of drawing up the corporate accounting documents, Mr. Alessandro Brussi, declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Law on Finance, that to the best of his knowledge, the accounting data in this press release correspond to the results in the accounting records, books and book entries for the period ended June 30, 2023.

CORPORATE CONTACTS:

Investor relations: investors@danieli.it
Mr. Alessandro Brussi (phone no. 0432 1958763)

Department of Corporate Affairs: a.poiani@danieli.it
Ms. Anna Poiani - Attorney (tel. 0432 1958380)

Danieli & C. Officine Meccaniche S.p.A.
Via Nazionale 41
33042 Buttrio (Udine)
Fully paid-up share capital of euro 81,304,566
Tax number, VAT registration number and number of registration with the Register of Companies of Udine: 00167460302
REA (Index of Economic and Administrative Information): 84904 UD
Tel. +39 0432 1958111
Fax +39 0432 1958289
www.danieli.com
info@danieli.com

Financial statements and publications
available on the authorized storage mechanism
SDIR & STORAGE www.emarketstorage.com and at
and on the Company's Web Site:
www.danieli.com, *Investors* section

Fine Comunicato n.0110-11

Numero di Pagine: 17