

Finarvedi SpA

**2025
CONSOLIDATED
FINANCIAL STATEMENTS**

SUMMARY

2025 DIRECTORS' REPORT

Company information	7
Arvedi Group Shareholding Structure	10
Significant events that occurred during the year	11
Market Environment	12
Consolidated results and operating performance	18
Research and development activities	30
Main risks and uncertainties	33
Initiatives pertaining to environment, safety and quality	34
Other information	36
Consolidated Sustainability Statement 2025 of The Arvedi Group	
General disclosures and minimum disclosure requirements	40
Climate change	57
Pollution	72
Water and marine resources	76
Biodiversity and ecosystems	79
Resource use and circular economy	83
Own workforce	87
Workers in the value chain	97
Affected communities	100
Consumers and end-users	105
Business conduct	107
2025 Material ESG indicators for the main Companies of the Arvedi Group	113

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements	116
Notes to the consolidated financial statements	124
Explanatory notes to the balance sheet items	140
Explanatory notes to the income statement items	174
Other information	188
Commitments, guarantees and contingent liabilities not recorded in the balance sheet	190
Significant events after year end	190

INDIPENDENT AUDITOR'S REPORT	194
------------------------------	-----

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT	200
---	-----

Finarvedi SpA

2025
DIRECTORS' REPORT



COMPANY INFORMATION

FINARVEDI S.P.A.

Registered Office – Viale E. Forlanini, 23 – 20134 Milan
Share capital - fully paid-up Euro 67,769,000
Company Register of Milan 04587230154 – Economic Administrative Register of Milan 1026420
Tax Code and VAT No. 04587230154

BOARD OF DIRECTORS

Mr. Giovanni Amedeo Arvedi	Chairman
Mr. Mario Carlo Arvedi Caldonazzo	Chief Executive Officer
Mr. Fabio Massimo Baldrighi	Director
Mr. Claudio Costamagna	Director
Mr. Marco Mangiagalli	Director
Mr. Carlo Mapelli	Director
Mr. Massimo Maria Polli	Director

BOARD OF STATUTORY AUDITORS

Mr. Pierluigi Novello	Chairman
Mr. Fabrizio Colombo	Statutory Auditor
Mr. Roberto Gianelli	Statutory Auditor

INDEPENDENT AUDITORS

EY S.p.A.

Dear Shareholders,

This Directors' Report (the "Directors' Report") outlines the financial and operating performance of the Arvedi Group (the "Group") for the 2025 financial year, as consolidated by Finarvedi S.p.A. ("Finarvedi", the "Company" or the "Parent Company"), the holding company at the head of the Group.

As is well known, 2025 was characterised by significant geopolitical tensions, which reshaped international trade relations and contributed to an increasingly uncertainty and unstable global economic environment.

Against this backdrop, the European steel market came under considerable pressure on selling prices as a result of substantial imports of finished steel products, primarily from Asian producing countries. This compressed the margins of European producers for much of the year. The flat carbon steel and stainless steel products that form the core of the Arvedi Group's business were similarly affected by these market dynamics.

However, a gradual improvement in steel product market prices was observed during the final four months of the year. This trend is linked to the anticipated implementation of the European Union's Carbon Border Adjustment Mechanism (CBAM), which came into force on January 1st, 2026.

The CBAM, or carbon tax, has encouraged European customers to begin redirecting part of their purchasing volumes away from Asian-produced materials in favour of steel products manufactured within Europe.

In addition, the European market environment is expected to benefit from the introduction of new safeguard measures from July 1st, 2026. Duty-free import quotas will be significantly reduced, while volumes exceeding those quotas will be subject to duties equal to 50% of the value of the imported goods.

The combined effect of the CBAM and the new safeguard measures leads us to believe that a general improvement in European steel product prices and operating margins is a realistic prospect.

At the same time, the continuing military conflicts around the world, together with increasingly protectionist trade policies, continue to have significant economic and political repercussions. The recent disruption to shipping through the Strait of Hormuz, a critical route for the global supply of natural gas, oil and other essential raw materials, has led to a sharp increase in energy prices and raised concerns regarding future supply availability. This heightened uncertainty has been immediately reflected in financial markets.

The Group's financial statements and the results achieved during the year should therefore be viewed within this particularly challenging context. The Group's consolidated financial statements for the 2025 financial year closed with a net profit of Euro 58 million, compared with Euro 92 million in the previous year. The Group achieved highly satisfactory results, closing 2025 with a sufficient Operating Margin to generate the cash flows required to finance its ongoing development initiatives. Net financial debt, which continues to be closely monitored, decreased by Euro 84 million compared with 31 December 2024.

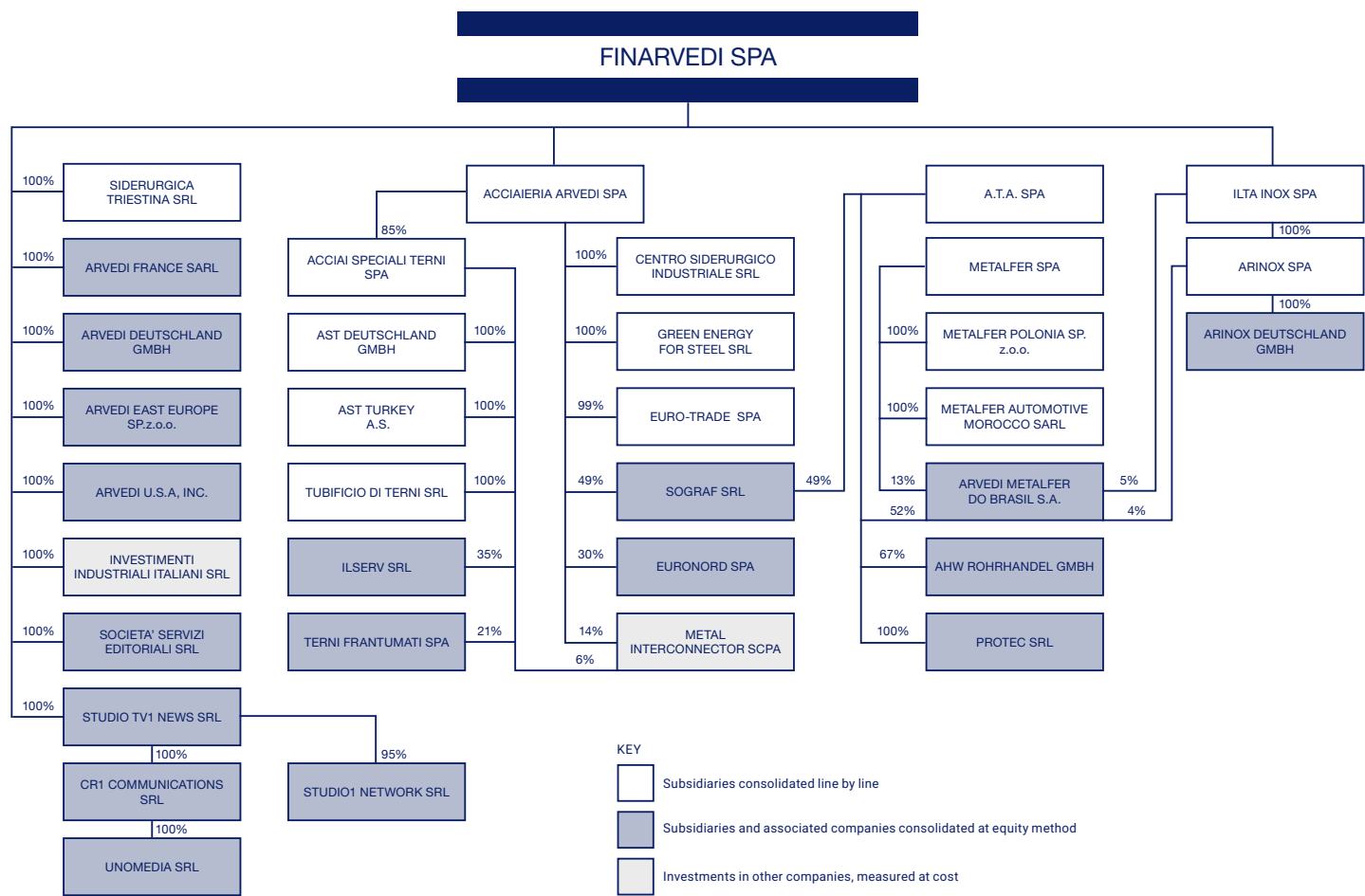
With the publication of the consolidated financial statements for the 2025 financial year, the Arvedi Group has combined traditional financial reporting with sustainability reporting, reflecting the central role that sustainability plays within the Group's industrial strategy.

Indeed, 2025 marks the first year in which the Group has voluntarily adopted the principles of the Corporate Sustainability Reporting Directive (CSRD). The related disclosures are presented within this Directors' Report.

The Consolidated Sustainability Statement, prepared in accordance with the European Sustainability Reporting Standards (ESRS), publicly demonstrates the commitment that the Arvedi Group is pursuing across ESG matters, measuring and reporting the results of ongoing initiatives aimed at combining environmental excellence with continued progress in the Social and Governance dimensions.

To support the achievement of its ESG objectives, the Group has established a dedicated organisational structure comprising professionals with proven expertise in these areas. It has also defined a long-term strategic pathway focused on continuous improvement and the implementation of its decarbonisation plan, which has been validated by the Science Based Targets initiative (SBTi) and is aligned with recognised best practices.

ARVEDI GROUP SHAREHOLDING STRUCTURE



SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR

The process of reorganising the Group’s ownership structure, which commenced in 2022, continued throughout 2025 with the completion of a number of extraordinary transactions. The merger of Metalfer Automotive S.r.l. into Metalfer S.p.A. became legally effective. The transaction was based on the complementary nature of the two companies in terms of their commercial strategies and expertise.

Centro Siderurgico Industriale S.r.l. completed the acquisition of a business unit consisting of a production and industrial facility located in Osimo (Ancona), with the aim of achieving a significant increase in the company’s production capacity.

As provided for under the Shareholder Purchase Agreement, ThyssenKrupp Nederland B.V. exercised its irrevocable put option, giving rise, as at 31 December 2025, to an obligation on the part of the Group to acquire the remaining 15% shareholding in Acciai Speciali Terni S.p.A. The related liability, amounting to Euro 70,362 thousand, is presented within current liabilities.

During June, the Parent Company and its subsidiaries Acciaieria Arvedi S.p.A. and Acciai Speciali Terni S.p.A. entered into a syndicated bank financing agreement with the aim of amending the contractual terms and extending the maturity of two existing financing facilities held by Finarvedi S.p.A. and Acciaieria Arvedi S.p.A. At the same time, a separate tranche was made available to Acciai Speciali Terni S.p.A. to finance its investment programme. The total financing amounted to Euro 750 million, allocated through the following tranches:

- Finarvedi S.p.A. - Euro 350 million, with final maturity in June 2030 and the first repayment instalment due in December 2026, replacing an existing Euro 374 million facility maturing in June 2028;
- Acciaieria Arvedi S.p.A. - Euro 200 million, with final maturity in June 2030 and the first repayment instalment due in December 2026, replacing an existing Euro 219 million facility maturing in December 2026;
- Acciai Speciali Terni S.p.A. - Euro 200 million, with final maturity in June 2031 and the first repayment instalment due in June 2027.

The agreement also provides for a committed revolving credit facility (RCF) of Euro 150 million for the benefit of Acciaieria Arvedi S.p.A. and Acciai Speciali Terni S.p.A., available until June 2030. The amendment of the contractual terms and the extension of the maturity profile of the two aforementioned loans resulted in a reassessment of the estimated future cash flows associated with those facilities. Upon execution of the transaction, this led to the recognition of a financial gain of Euro 16,960 thousand, together with a financial charge of approximately Euro 351 thousand arising from the early repayment of part of the existing debt. A portion of this net effect, amounting to Euro 15,801 thousand, will be recognised in the income statement over the term of the new financing facilities.

THE GENERAL ECONOMIC CONTEXT

The global economy continued to show signs of weakness in 2025, with modest expansion that showed vastly different trends among geographical areas. The year was dominated by international trade tensions that were fuelled by the escalation of US tariffs – with tariffs on steel raised first to 25% in March and then to 50% in June – and the uncertainty generated by the new Trump administration. Consumption in the United States showed a certain resilience, favoured by internal industrial protection policies; on the other hand, GDP growth in the European Union stood at around 1.5%, penalised by the persistent weakness of the manufacturing sector, the automotive and mechanical sectors in particular. The Italian economy recorded even lower growth of less than 0.8%. In China, domestic demand continued to be affected by the crisis in the real estate market, with repercussions on steel production and exports. In terms of inflation, there was a gradual decline in Europe, accompanied by an easing of the ECB's monetary policy, with a gradual reduction in interest rates, which have not yet however been fully reflected in industrial demand.

THE STEEL INDUSTRY SCENARIO

In 2025, global steel production recorded a total volume of 1,799 million tonnes, a decrease of 2.3% compared to 2024. This decrease is the result of two divergent trends: on the one hand, the slowdown in China, and on the other, the essential “stability” of production in the rest of the world. With regard to production, the increase recorded was mainly driven by a change in India as well as changes in the United States and Turkey, albeit to a lesser extent. On the other hand, the European Union area recorded a decrease due to a reduction by the main producer, namely Germany. Italy, however, recorded an increase compared to 2024.

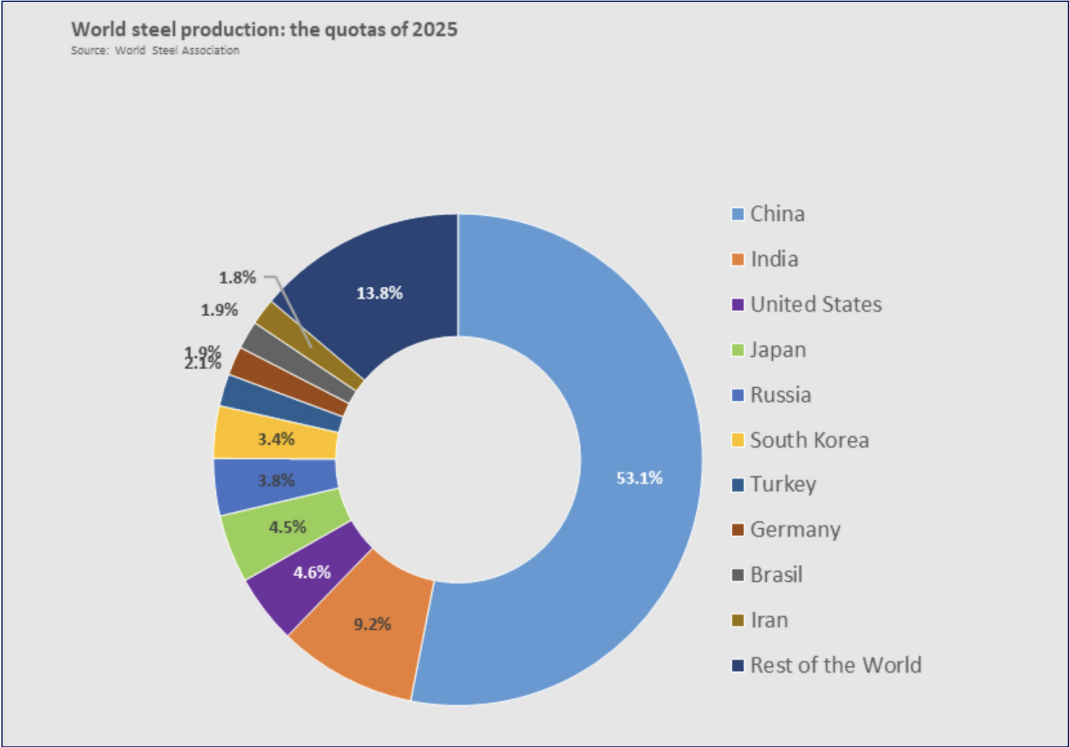
Among the European steel producers, changes varied: Germany and France recorded production of 34.1 million tonnes (-8.6%) and 10.1 million tonnes (-6.3%) respectively. The opposite trend occurred in Italy which, according to the data disclosed by Federacciai, recorded an output of 20.7 million tonnes (+3.7%). Production in Spain (-0.6%), Belgium (+1.0%) and Poland (+1.0%) was substantially unchanged.

In Asia, on the other hand, there was a 2.4% decline compared to the previous year. The figure communicated by the World Steel Association for Asia and Oceania is 1,324.5 million tonnes, of which 72% produced by China (955.5 million tonnes, -4.9% compared to the previous year).

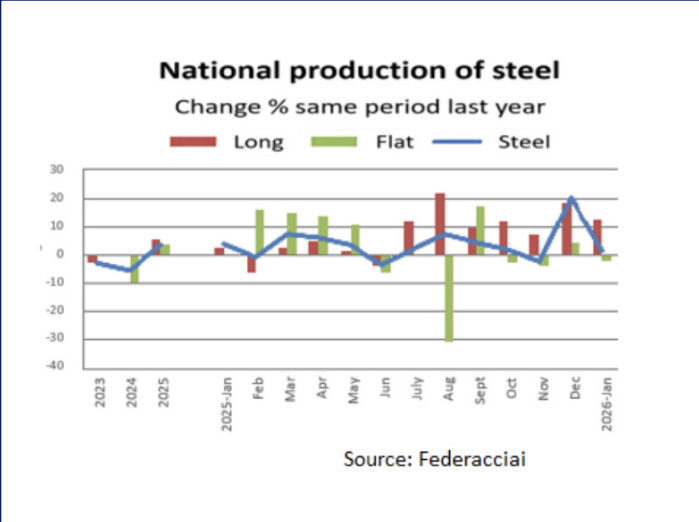
Production thousands of tonnes	January-December			January		
	2024	2025	var. % 25/24	2025	2026	var. % 26/25
World	1,840,863	1,799,006	-2.3	157,596	147,343	-6.5
China	1,005,031	955,460	-4.9	87,378	75,272	-13.9
Rest of the world	835,832	843,546	0.9	70,218	72,071	2.6
India	149,421	164,894	10.4	13,710	15,144	10.5
United States	79,457	81,937	3.1	6,828	7,052	3.3
Turkey	36,893	38,118	3.3	3,203	3,390	5.8
EU(27)	129,491	126,139	-2.6	10,499	10,261	-2.3
Germany	37,310	34,090	-8.6	2,680	3,083	15.0
Italy	20,007	20,739	3.7	1,698	1,725	1.6
Spain	11,873	11,799	-0.6	1,033	770	-25.5
France	10,755	10,073	-6.3	870	810	-6.9
Austria	7,130	7,553	5.9	599	620	3.5
Belgium	7,135	7,205	1.0	634	600	-5.4
Poland	7,113	7,186	1.0	636	520	-18.3
Remaining EU(27)	28,168	27,495	-2.4	2,350	2,134	-9.2

Source: Worldsteel & Federacciai

The ranking of the top ten producing countries shows a couple of changes: the United States and Turkey, thanks to the increase in output recorded, outperformed Japan and Germany respectively, which recorded decreases in output. Just behind China, India continues to grow, recording an increase of 10.4% compared to 2024 and total production of 165 million tonnes of crude steel. In third place was the United States with 82 million tonnes produced (+3.1%), followed by Japan with 80 million tonnes (-3.9%), Russia (-4% to 67.8 million tonnes), South Korea (-2.5% to 61.9 million tonnes), Turkey (+3.3% to 38.1 million tonnes), Germany (-8.6% to 34.1 million tonnes), Brazil (-1.2% to 33.3 million tonnes) and Iran (+2.6% to 31.8 million tonnes).



Focusing on Italy, the output of Italian steel mills recorded an increase of 0.7 million tonnes in 2025 compared to 2024, equal to an increase of 3.7% which, however, does not fully recover the decrease recorded in 2024 compared to 2023. An analysis of the change by product type shows that the increase is attributable to both long products (+5.5%) and flat products (+4.0%).



During the first 11 months of 2025, the apparent steel consumption recorded a total value of approximately 25.4 million tonnes, an increase of approximately 1.1 million tonnes, equal to +4.3% compared to the same period in 2024. The increase concerned all three main categories, i.e. flat products, equal to 14.4 million tonnes with an increase of 0.7 million tonnes (+5.1%); long products, equal to 9.1 million tonnes with an increase of 0.3 million tonnes (+3.1%); and semi-finished products, equal to 1.9 million tonnes with an increase of 0.1 million tonnes (+4.4%). Alongside with this trend, there was strong competitive pressure from imported steel products, with volumes of 16.8 million tonnes, an increase of 1.0 million tonnes (equal to +6.5%). This trend brought the penetration rate in the first few months of 2025 to a value of 46.2%, an increase of 45.3% compared to the same period of 2024. This boost was substantially due to non-EU imports which rose from 9.0 million tonnes in the first eleven months of 2024 to 10.0 million tonnes (+11.2%) entering the domestic market in the first eleven months of 2025. Imports from EU countries were essentially unchanged, amounting to 6.8 million tonnes (+0.2%). In the face of this pressure, steel exports in the first eleven months did not record significant changes, remaining stable at around 9.5 million tonnes, of which 8.2 million tonnes vis-à-vis EU countries (+0.3 million tonnes, +3.8%) and the remaining 1.3 million tonnes to non-EU countries (-0.3 million tonnes, -19.8%).

STEEL-USING SECTORS: 2025 PERFORMANCE AND 2026 OUTLOOK

Despite the ongoing international tensions, the industrial outlook slightly improved in 2025, also supported by the gradual monetary easing of the ECB which helped stabilise the demand for steel. The increase in the EU Steel Weighted Industrial Production (SWIP) index in the third quarter of 2025 confirmed this trend, with an increase compared to the previous quarter; this did not enable the annual index to record a positive sign but at least interrupted the trend of the previous six consecutive quarters of decline.

However, the above trends revealed two distinct dynamics. On the one hand, the automotive and engineering sectors, which are the two core steel-consuming industries, continued to show clear signs of weakness. On the other hand, more pronounced signs of recovery emerged, particularly in the construction and tube manufacturing sectors.

Year-on-Year %-Change in EU Steel Weighted Industrial Production (SWIP) Index											Source: EUROFER	
	% Share in total consumption	2025	Q1'26	Q2'26	Q3'26	Q4'26	2026	Q1'27	Q2'27	Q3'27	Q4'27	2027
Construction	37	0.7	1.4	2.0	2.9	3.1	2.4	2.6	2.4	2.9	3.2	2.8
Mechanical engineering	12	-0.8	0.5	1.0	2.3	1.9	1.4	2.2	2.0	0.9	2.4	1.9
Automotive	19	-4.3	3.5	1.0	0.0	-1.2	0.9	0.7	1.7	2.0	2.3	1.7
Domestic Appliances	3	0.5	2.1	0.3	2.1	1.4	1.5	0.3	1.3	0.3	1.6	0.9
Other Transport	3	2.3	2.8	2.7	3.1	2.8	2.9	1.8	2.2	2.8	2.3	2.3
Tubes	11	0.2	2.6	-0.8	0.2	1.2	0.8	0.7	2.8	1.8	0.7	1.5
Metal Goods	13	-0.1	2.3	2.9	3.7	2.8	2.9	2.8	2.3	1.7	3.1	2.5
Miscellaneous	2	2.5	1.8	2.5	-0.3	1.1	1.3	1.7	1.5	1.8	1.7	1.7
TOTAL	100	-0.3	2.3	1.5	2.1	1.7	1.9	1.8	2.2	2.3	2.5	2.2

As noted above, construction industry, which is by far the sector that makes the greatest use of steel products, showed a reversal of the trend thanks in part to favourable monetary policies that drove investments in residential building. There will be further positive effects in 2027 and 2028 as the government has announced that it will also increase investments in infrastructure.

The automotive sector continues to suffer the effects of downsizing linked, on the demand side, to a reduction in consumer income and, on the supply side, to the uncertainties deriving from the challenging electric vehicle standards in addition to the tariffs on US imports starting from the first half of 2025. Despite the uncertainties experienced during 2025, passenger car registrations in the EU increased by 1.8%, although they remained well below pre-pandemic levels. Although important challenges persist, timid signs of a trend reversal are expected to occur in 2026 and, to a greater extent, in 2027.

The mechanical engineering sector, which recovered its pre-COVID production levels in 2022-2023, continued to feel the effects of international geopolitical tensions in 2025, with a decrease compared to 2024. A moderate recovery is expected for the sector in 2026 and 2027, albeit subject to persistent uncertainty.

The third quarter of 2025 reported an increase of 3.8% in the tubes industry also for the first time after six consecutive quarterly declines, recording an increase during the year compared to 2024. For the years 2026 and 2027, this growth is expected to stabilise, driven more by demand for tubes for construction rather than for the energy (where an increase in importing LNG by ship rather than through gas pipelines is expected) and automotive sectors.

The international crisis situations, both relating to Ukraine and those relating to the Middle East and the Persian Gulf, will continue to have a strong influence on the growth of the economy in general and, consequently, of the steel market. EU countries experienced a soft landing in 2025, i.e. low inflation and low interest rates without excessive recessionary pressures. In the absence of large external shocks, this may indicate a recovery in economic activity for 2026 and 2027.

Entering into the specifics of the European steel sector, it is worth noting that, during the last quarter, the market showed encouraging signs of a gradual improvement in demand but above all in the level of prices, with positive effects on margins.

The aforementioned trend has continued in early 2026, suggesting the consolidation of an expansionary phase for the sector.

ENERGY MARKET PERFORMANCE

In 2025, the average wholesale electricity price in the Italian market stood at Euro 115.32/MWh, marking an increase of 6.6% compared with 2024. Major European benchmark exchanges (France, Spain and Germany) also recorded similar average increases compared with 2024, though at significantly lower absolute levels, resulting in an average spread versus Italy of around Euro 42/MWh. This outcome once again highlights the substantial gap between Italy and other European countries, largely attributable to the generation mix, which remains heavily reliant on natural gas for much of the year.

Throughout 2025, gas and electricity prices were influenced by geopolitical tensions and seasonal dynamics, particularly in the first quarter. In the final quarter, despite relative stability in gas prices, electricity prices rose significantly due to higher carbon emission allowance prices. The CO₂ allowance market surged initially due to the imminent introduction of the new phase of the EU Emissions Trading System, which will involve a general reduction in free allocations, and subsequently, due to the entry of speculative operators, anticipating price increases linked to these regulatory changes.

In response to the above, the Arvedi Group implemented a range of market measures and made use of available regulatory mechanisms, which helped mitigate the impact of the higher electricity prices recorded during the year.

CONSOLIDATED RESULTS AND OPERATING PERFORMANCE

ANALYSIS OF THE GROUP’S ECONOMIC PERFORMANCE

It should be noted that the scope of consolidation as at 31 December 2025 remained substantially unchanged compared with 31 December 2024. Following the exercise of the put option by the minority shareholder of Acciai Speciali Terni S.p.A., there was no profit or loss pertaining to minority interests.

The Group’s financial results for the 2025 financial year, compared with those of the previous financial year, are set out below.

Euro/000	2025	2024	Change	Change %
REVENUES	5,516,358	5,744,235	(227,877)	-4.0%
Purchases of materials and external services	(4,743,295)	(4,944,489)	201,194	-4.1%
Labour costs	(418,719)	(401,162)	(17,557)	4.4%
Capitalised costs	4,104	4,699	(595)	-12.7%
GROSS OPERATING PROFIT	358,448	403,283	(44,835)	-11%
% on revenues	6.5%	7.0%		
Depreciation of tangible assets	(163,454)	(159,055)	(4,399)	3%
Amortisation of intangible assets	(12,239)	(15,345)	3,106	-20%
Other operating costs/revenues	(43,419)	(53,847)	10,428	-19%
Write-downs of receivables and fixed assets	(2,119)	(2,256)	137	-6%
OPERATING PROFIT	137,217	172,780	(35,563)	-21%
Net financial charges	(55,745)	(71,316)	15,571	-22%
RESULT FROM OPERATIONS	81,472	101,464	(19,992)	-20%
Adjustments to financial assets	(3,401)	136	(3,537)	<-100%
Dividends and Valuation adjustments on equity investments	(976)	817	(1,793)	<-100%
GROSS PROFIT	77,095	102,417	(25,322)	-25%
Current taxes	(21,514)	(9,218)	(12,296)	>100%
Deferred taxes	2,292	(799)	3,091	<-100%
NET PROFIT	57,873	92,400	(34,527)	-37%
Group profit	57,873	88,382	(30,509)	-35%
Profit pertaining to minority interests		4,018	(4,018)	-100%

The Arvedi Group’s consolidated revenue for the 2025 financial year amounted to Euro 5,516 million, a decrease of Euro 228 million compared with the 2024 financial year. The decrease of 4.0% is mainly attributable to the decline in average selling prices affecting both the carbon steel and stainless steel segments, as a result of the substantial volume of steel imports from Asian producing countries. Overall, the increase in sales volumes compared with 2024 was modest and was driven by the carbon steel segment, while the stainless steel segment recorded a decline in volumes sold, as discussed in greater detail below.

In 2025, 57.4% of revenue was generated by the companies operating in the carbon steel segment, amounting to Euro 3,169 million. Despite recording a 0.3% decrease compared with 2024, the carbon steel segment’s share of total consolidated revenue in 2025 was higher than the 55.3% recorded in the previous financial year.

The stainless steel sector generated total revenues of Euro 2,321 million, equal to 42.1% of the consolidated total, down 8.8% compared to the previous year. The sector's share of the consolidated total was lower than in the previous year, when it contributed 44.3% of total revenues. A further Euro 26 million of consolidated revenue was generated by the operation of the Servola power plant in Trieste, owned by Green Energy For Steel S.r.l.; compared with 2024, this represents an increase of 13.5%, attributable to changes in the market zones in which the plant operates. Its contribution to the total also increased, rising to 0.5% from 0.4% in the previous financial year.

With regard to the geographical allocation areas, 57% of the Group's revenues are allocated to national operators, 37% to the European market (EU27) and 6% to the non-European one. Compared with the 2024 financial year, the contribution of non-European markets decreased from 7% to 6%, to the benefit of the European Union market.

The carbon steel segment continues to be heavily concentrated in the European market, which accounts for approximately 96% of its revenue, with the domestic market remaining its principal outlet (66%). Residual shares are allocated to the rest of the world. The figures are broadly in line with the proportions recorded in 2024, with a slight increase in the European market at the expense of the domestic market; the share allocated to the rest of the world remains a corresponding decrease in the domestic market, while the share attributable to the rest of the world remained substantially unchanged.

The stainless steel segment, by contrast, has a greater exposure to international markets (54%), with the European market remaining the principal destination for sales (46%), reflecting a change in the sales mix compared with the previous financial year. Specifically, the share of non-EU markets decreased from 10% to 9%, while the share attributable to the EU market increased from 45% to 46%.

In terms of sales volumes, the Group reached an aggregate volume of approximately 5.55 million tonnes in 2025, up 1.9% compared to 5.45 million tonnes in 2024.

Within these trends, the “Carbon Steel” segment recorded an aggregate sales volume of 4.47 million tonnes (equal to 80.6% of the total), compared to 4.32 million tonnes in 2024, with an increase of 3.4%. The increase is mainly attributable to Acciaieria Arvedi S.p.A., which recorded sales volumes of approximately 3.43 million tonnes compared with 3.35 million tonnes in the previous financial year (+2.5%), and to Centro Siderurgico Industriale S.r.l., which recorded sales volumes of 0.50 million tonnes compared with 0.44 million tonnes in 2024 (+14.3%). The other companies did not record any significant changes, as the lower volumes reported by Metalfer S.p.A. and its subsidiaries during 2025 were more than offset by the higher volumes achieved by Arvedi Tubi Acciaio S.p.A.

The stainless steel sector recorded an aggregate sales volume of 1.08 million tonnes (19.4% of the total) slightly down compared to 1.12 million tonnes in 2024 (-4.2%). This decrease is mainly attributable to the lower volumes recorded by Acciai Speciali Terni S.p.A. and Arinox S.p.A. The trends reported above make it possible to highlight how for 2025 all the main Group com-

panies suffered a generalised decline in the average value of sales prices compared to 2024, with revenues decreasing overall by 4% while sales volumes recorded an average increase of 1.9%. Purchases of materials and external services amounted to Euro 4,743 million, a decrease of Euro 201 million compared with the previous financial year. In line with the decrease in sales revenue, purchases of materials and external services also declined. However, the reduction in this item was proportionately lower and smaller in absolute terms.

By contrast, labour costs followed a different trend, increasing by approximately 4.4% compared with the previous financial year. The increase is attributable to salary increases resulting from collective bargaining agreement renewals and, to a lesser extent, to the higher average number of employees compared with the previous year.

As a result of the trends described above, Gross operating Profit, which amounted to Euro 358 million, declined both in absolute terms (Euro 44.8 million) and as a percentage of consolidated revenue, decreasing from 7.0% to 6.5%.

Depreciation and amortisation amounted to Euro 176 million (Euro 174 million in the 2024 financial year). The increase in depreciation of tangible assets, equal to Euro 4.4 million, is due to the entry into operation of new tangible assets. The decrease in the amortisation of intangible assets, amounting to Euro 3.1 million, is attributable to the completion, as at 31 December 2024, of the amortisation of consolidation differences recognised on the initial consolidation of certain equity investments.

Other operating costs, amounting to Euro 43.4 million, consist primarily of: (i) Euro 8.8 million relating to the use of third-party assets, stated net of royalty income and rental income; (ii) Euro 9.9 million relating to charitable donations, net of the related grants received; (iii) Euro 7.7 million relating to indirect taxes and duties; and (iv) Euro 5.8 million relating to net losses on the disposal of assets. Operating profit amounted to Euro 137 million, compared with Euro 173 million in the 2024 financial year.

Net financial charges amounted to Euro 55.7 million, a decrease of Euro 15.6 million compared with the previous financial year, mainly as a result of:

- The recognition of income of Euro 16.6 million, arising from the difference between the present value of the financial liability and its previous carrying amount following the extension of its maturity, as discussed earlier in this report;
- The decrease in interest income of Euro 6.3 million, as a result of the lower remuneration of cash and cash equivalent following the decrease in interest rates;
- The decrease in interest expense and other finance costs of Euro 14.5 million, reflecting the lower average interest rates prevailing during 2025 compared with 2024. It should be noted that this effect is mainly attributable to the short-term portion of the Group's financial indebtedness, as the medium- to long-term financing facilities are almost entirely hedged through derivative instruments;
- Exchange differences, which generated a loss of Euro 3.2 million in 2025 compared with a gain of Euro 5.8 million in 2024, resulting in a year-on-year variance of Euro 9 million.

The "Adjustments to financial assets" item amounted to an expense of Euro 3.4 million and represents the net effect of the revaluations and write-downs of derivative financial instruments. The "Dividends and Valuation adjustments on equity investments" item amounted to an expense of Euro 976 thousand and includes the net effect of the valuation of investments accounted for using the equity method, offset by gains realised on the disposal of investments.

Taxes in the year under review amounted to Euro 19.2 million. Unlike the previous year, 2025 did not benefit from the significant tax adjustments, amounting to Euro 11.2 million, recognized in 2024 as a result of tax reliefs relating to previous tax periods. As a result, the net tax charge for the financial year increased by Euro 9.2 million.

Consolidated net profit for the 2025 financial year amounted to Euro 57.9 million, compared with Euro 92.4 million in the 2024 financial year.

BALANCE SHEET HIGHLIGHTS

The Group's balance sheet reclassified as at 31 December 2025, compared to 31 December 2024, is presented below.

Euro/000	31/12/2025	31/12/2024	Change	Change %
Net tangible assets	1,723,754	1,660,813	62,941	4%
Intangible assets	25,700	31,310	(5,610)	-18%
Equity investments	57,763	58,694	(931)	-2%
TOTAL FIXED ASSETS	1,807,217	1,750,817	56,400	3%
Inventories	1,862,753	1,581,058	281,695	18%
Trade receivables	666,914	584,298	82,616	14%
Trade payables	(1,634,995)	(1,071,622)	(563,373)	53%
TRADE WORKING CAPITAL	894,672	1,093,734	(199,062)	-18%
Other assets	470,477	337,704	132,773	39%
Other liabilities	(367,847)	(253,875)	(113,972)	45%
NET WORKING CAPITAL	997,302	1,177,563	(180,261)	-15%
Severance Indemnity	(23,584)	(28,320)	4,736	-17%
Other provisions	(68,596)	(56,402)	(12,194)	22%
NET CAPITAL INVESTED	2,712,339	2,843,658	(131,319)	-5%
Share capital	67,769	67,769	-	0%
Reserves	2,245,731	2,184,432	61,299	3%
Profit/(Loss) for the year	57,873	88,382	(30,509)	-35%
TOTAL EQUITY	2,371,373	2,340,583	30,790	1%
TOTAL MINORITY INTERESTS	-	77,957	(77,957)	-100%
Medium- to long-term bank loans	897,488	828,493	68,995	8%
Subsidiised loans	1,262	2,515	(1,253)	-50%
Short-term bank loans	436,896	366,963	69,933	19%
Payables due to other financing institutions	21,762	15,214	6,548	43%
Other financial liabilities (leases)	29,096	28,214	882	3%
Financial receivables	(3,142)	(5,681)	2,539	-45%
Cash and cash equivalents	(1,042,396)	(810,600)	(231,796)	29%
NET FINANCIAL DEBT	340,966	425,118	(84,152)	-20%

Total fixed assets amounted to Euro 1,807 million, an increase of Euro 56.4 million compared with 31 December 2024, as detailed below for each of the items comprising the balance.

Tangible assets increased by a net Euro 63 million as at 31 December 2025, mainly as a result of the following movements: (i) investments made during the financial year amounting to Euro 237 million; (ii) depreciation, amortisation and impairment charges recognised during the year amounting to approximately Euro 164 million; and (iii) disposals, sales and write-downs amounting in total to Euro 11 million.

Intangible assets recorded a net decrease of Euro 6 million compared to 31 December 2024. The change derives from the combined effect of an increase of Euro 6 million due to new capitalisations and a decrease of Euro 12 million as a result of amortisation for the year.

Equity investments decreased by Euro 931 thousand, mainly as a result of the recognition of the Group's share of the net results of companies accounted for using the equity method.

Trade working capital, net of the bad debt provision, amounted to Euro 895 million, down by approximately Euro 199 million compared to 31 December 2024. Specifically:

- The change in inventories was positive by approximately Euro 282 million and is attributable to the higher inventory volumes held by both the carbon steel and stainless steel segments. This increase was partially offset by a general decline in average book values;
- The increase in trade receivables of Euro 83 million (+14%) is attributable to the higher sales volumes recorded in the final quarter of 2025 compared with the corresponding period of 2024;
- The increase in trade payables of Euro 563 million (+53%) is attributable to the higher level of purchases concentrated in the latter part of the year compared with the previous financial year.

The increase in the "Other assets" item is mainly attributable to the receivable arising from the Energy Release 2.0 mechanism and to the higher contribution received in respect of indirect CO2 costs. This positive effect was partially offset by the lower fair value of derivative financial assets and the decrease in tax receivables.

The "Other liabilities" item increased by Euro 114 million, mainly as a result of the combined effect of: the liability arising from the obligation to acquire the remaining 15% interest in Acciai Speciali Terni S.p.A. (Euro 70 million); the increase in payables relating to capital expenditure (Euro 34 million); the increase in VAT liabilities (Euro 7 million); and higher employee-related liabilities (Euro 7 million, relating both to salaries and accrued holiday entitlement). These increases were partially offset by a Euro 10 million reduction in the deferred tax provision.

Net working capital amounted to Euro 997 million, representing a decrease of Euro 180 million compared with 31 December 2024.

Provisions decreased overall by Euro 7.5 million, primarily as a result of the increase in the negative fair value of derivative instruments by Euro 14 million, partially offset by a reduction of approximately Euro 4.7 million in the employee severance indemnity liability.

Net invested capital amounted to Euro 2,712 million, a decrease of Euro 131 million compared with 31 December 2024, and was financed by equity and net financial debt.

Equity as at 31 December 2025 increased by approximately Euro 31 million, mainly as a result of the profit for the year of Euro 57.9 million and the Euro 7.9 million effect of changes in the scope of consolidation arising from the exercise of the put option (which resulted in the reclassification of the entire minority interest balance to Group reserves, net of the liability arising from the exercise of the option). These positive effects were partially offset by a Euro 34.6 million reduction in the fair value reserve relating to derivative financial instruments.

Consolidated net financial debt amounted to Euro 341 million as at 31 December 2025, repre-

sented a decrease of Euro 84 million compared with Euro 425 million as at 31 December 2024, driven by the positive cash flows generated by the Group. Cash and cash equivalents increased by Euro 232 million, while amounts due to banks increased by Euro 139 million, taking into account both medium- to long-term bank loans (Euro 69 million) and short-term bank loans (Euro 70 million). Finally, payables to other financing institutions increased slightly by Euro 7 million.

FINANCIAL HIGHLIGHTS OF THE MAIN GROUP COMPANIES

Di seguito si fornisce un dettaglio dei più significativi indicatori economici e patrimoniali relativi alle principali società del Gruppo consuntivati nell'esercizio chiuso al 31 dicembre 2025.

CARBON STEEL SECTOR

Acciaieria Arvedi

Acciaieria Arvedi S.p.A. ("Acciaieria Arvedi"), a leading producer of flat carbon steel products (coils), reported positive results for the 2025 financial year, with net profit amounting to Euro 36 million, compared with Euro 18.7 million in the previous financial year. Revenues, amounting to Euro 2.7 billion, decreased by 1% compared with the 2024 financial year, as a result of lower selling prices in a market characterised by a continued decline in apparent steel consumption, which led to weaker demand despite an increase in volumes sold. Gross operating profit amounted to Euro 188 million (Euro 187 million in 2024), representing approximately 7% of revenue.

Net financial debt, amounting to Euro 444 million, decreased by Euro 20 million as a result of the cash flows generated by the company.

Arvedi Tubi Acciaio

Arvedi Tubi Acciaio S.p.A. ("ATA"), which operates in the welded carbon steel tube sector, reported revenue of Euro 471.6 million, compared with Euro 480 million in the 2024 financial year, reflecting a decline in average selling prices. Gross operating profit was affected by this trend and amounted to Euro 41 million, representing 8.6% of sales revenue, and was lower than in the previous financial year.

The net financial position showed a net cash surplus over financial debt and amounted to Euro 90 million, broadly in line with the balance as at 31 December 2024.

Metalfer

Metalfer S.p.A. ("Metalfer") specialises in the production of drawn and honed tubes and operates mainly in export markets, where product quality and pre- and post-sales service are critical factors in serving its customer base.

The 2025 results show revenue of Euro 95 million, representing a decrease of approximately 6% compared with the previous financial year, attributable to the decline in average selling prices. Operating margin, amounting to Euro 6 million, was lower than in the previous financial year, both in absolute terms and as a percentage of revenue.

Net financial debt, which decreased compared with 31 December 2024, amounted to Euro 20 million.

Centro Siderurgico Industriale S.r.l. ("CSI") is a company engaged in the production, processing and distribution of strip steel, sheet steel, flat-rolled products, tubes and open sections, serving primarily the construction, agriculture, racking and shelving, structural steelwork, photovoltaic systems, automotive and distribution sectors. Revenues for the 2025 financial year amounted to Euro 437 million, an increase of 10% compared with the previous financial year, driven by the contribution from production at the Vasto plant, acquired during 2024, and from the new production facility in Osimo.

Gross operating profit amounted to Euro 14.4 million, representing 3.3% of total revenue, and showed a slight improvement compared with 2024.

Net financial debt as at 31 December 2025 amounted to Euro 125.8 million, compared with Euro 116.5 million as at 31 December 2024, primarily as a result of the investments made during the financial year, which led to a cash outflow.

STAINLESS STEEL SECTOR

Acciai Speciali Terni

Acciai Speciali Terni S.p.A. ("AST") is one of the leading European manufacturers of flat rolled stainless steel products with an integrated hot/cold production cycle. AST's main products are hot and cold-rolled rolls and sheets of austenitic and ferritic stainless steel, supplied in a wide range of surface finishes and formats.

Revenues for 2025 amounted to Euro 2.1 billion, down compared to 2024 when they amounted to Euro 2.4 billion. The pressure on selling prices, only partially offset by lower raw material and service costs, affected Gross operating profit, which amounted to Euro 76 million, compared with Euro 103 million in the previous financial year.

Net financial debt amounted to Euro 31.7 million, down from Euro 47.6 million as at 31 December 2024, thanks to the operating cash flows generated during the 2025 financial year.

Ilta Inox

Ilta Inox S.p.A. ("Ilta") is a market leader in the production of stainless steel tubes for industrial applications, owing to its high product quality, specialised manufacturing capabilities and high standard of customer service, which distinguish the company from its leading domestic and international competitors.

Revenues for the 2025 financial year amounted to Euro 319 million, compared with Euro 333.5 million in the previous financial year, reflecting a general decline in average selling prices. Despite this, the company succeeded in improving its Gross operating profit, which amounted to Euro 19.6 million, compared with Euro 16.5 million in the 2024 financial year, representing 6% of revenue.

The net financial position showed a net cash surplus over financial debt of Euro 55.4 million, a decrease of approximately Euro 1.2 million compared with 31 December 2024, as a result of cash absorbed by changes in net working capital.

Arinox S.p.A. ("Arinox"), leader in the precision-rolled stainless steel sheet metal market (precision strips), boosted its industrial and commercial growth strategy on the basis of innovative ultra-thin products, with a higher manganese content making them less sensitive to the volatility of nickel alloy prices. In addition to this, the company includes top-of-the-line products in its portfolio, with a high nickel content, which contribute to higher profit margins and are designed for special applications.

Sales revenues for the 2025 financial year amounted to Euro 197.7 million, compared with Euro 218.5 million in the 2024 financial year. The decrease is mainly attributable to the average nickel price, which was 10% lower than in 2024.

Gross operating profit was affected by this trend and amounted to Euro 20.4 million, compared with Euro 28.7 million in the previous financial year, although it remained at a level of more than 10% of revenue.

The net financial position showed a net cash surplus over financial indebtedness of Euro 141.3 million, an improvement compared with Euro 127.1 million as at 31 December 2024, as a result of the cash flows generated by operating activities.

Tubificio di Terni

Tubificio di Terni S.r.l. ("Tubificio") was established in January 2023 through the transfer of AST's business unit relating to the production of welded stainless steel tubes for the automotive market, for which it is the industry leader, and for decorative and industrial use.

Revenues for the 2025 financial year amounted to Euro 74 million, representing a decrease compared with the Euro 77.6 million reported in 2024, as a result of lower demand and trends in average selling prices. Gross operating profit remained positive and amounted to approximately Euro 1 million in the financial year, representing a slight decrease compared with the previous financial year, while its percentage of revenue remained broadly in line with that recorded in 2024.

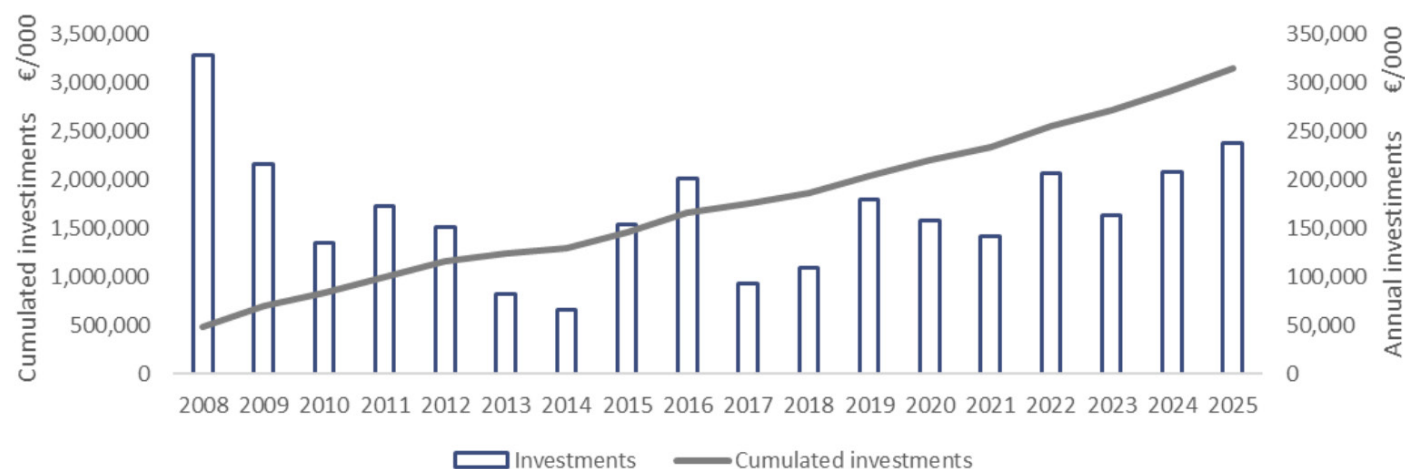
The net financial position showed a net cash surplus over financial debt of Euro 14.4 million, down compared with Euro 21.5 million in the previous financial year, as a result of changes in net working capital.

INVESTMENT PLANS UNDERTAKEN BY THE GROUP

The investments made by the Arvedi Group companies during 2025, particularly by Acciaieria Arvedi S.p.A. and Acciai Speciali Terni S.p.A., were driven by two strategic priorities established in previous years. The first concerns investments aimed at decarbonisation and improving environmental performance, with the objective of promoting sustainable development. The second concerns investments in production lines and processes designed to enable a higher value-added product mix, particularly at the Terni site.

In the 2008-2025 period, the Arvedi Group made investments in tangible assets totalling Euro 3.2 billion, as illustrated below:

ANNUAL AND CUMULATED FIGURES, PERIOD 2008-2025



The main investments made during the 2025 financial year, which amounted in aggregate to Euro 237 million, are summarised below.

The project of improving environmental sustainability performance through initiatives relating to the stages preceding the melting and casting process – namely scrap preparation and treatment – was advanced through the commissioning of a second scrap shredder and sorting mill at Acciaieria Arvedi S.p.A.'s Cremona site.

The ARVES project, undertaken in pursuit of environmental protection objectives, continued through the development of a facility for the production of magnetic steel using a Vacuum Oxygen Decarburisation (VOD) process at Acciaieria Arvedi S.p.A.

As part of its decarbonisation objectives, the Group continued with projects to upgrade the fume extraction systems at its steelworks.

At Acciai Speciali Terni S.p.A., work continued on projects initiated in the previous year, including the installation of Cold Rolling Line No. 8 (LAF8) and Sendzimir Mill 11 (ZMILL11), the redesign of part of the Terni Service Centre layout, and the installation of a new slab reheating furnace in the hot rolling department. This new facility will reduce energy consumption by 33% compared with the existing plant and will be capable of operating on either pure hydrogen or a hydrogen-natural gas blend.

For all companies, various investments in the maintenance of production lines have continued, with a particular view to energy efficiency.

With regard to investments made in the technological modernisation of information systems, particular emphasis should be placed on the development of a new cloud-based ERP platform, which will be rolled out across all of the Arvedi Group's industrial companies, with the first implementation phase scheduled to commence on 1 January 2027.

GROUP FINANCIAL STRUCTURE

The companies of the Group, in order to deal with the financial requirements for the investment plans, made use of the positive cash flows generated by current operations and the resources from structured finance transactions shared and offered by the banking system.

Medium- to long-term financial debt, in its various forms, accounted for approximately 67% of gross financial debt as at 31 December 2025 (69% in the previous financial year). Gross financial debt amounted to Euro 1,387 million, an increase compared with Euro 1,241 million at the end of 2024. Despite the increase compared with the previous financial year, this financing structure continues to reflect a particularly strong financial position. The positive financial performance achieved in 2025 generated an operating cash surplus which, together with the use of available cash resources, enabled the Group to meet its working capital commitments on a timely basis and contribute to the reduction of short-term financial debt. Available liquidity at the year-end amounted to Euro 1,042 million, amount far in excess of the total of short-term financial debt.

The main structured finance transactions existing as at 31 December 2025, expressed at nominal value, are as follows:

- A syndicated loan facility entered into at the end of June 2025 with nine lending banks, with BNL acting as Facility Agent, for a total amount of Euro 750 million, structured as a medium- to long-term financing facility comprising:
 - Euro 350 million granted to Finarvedi, backed by a SACE guarantee, with the first repayment instalment falling due on 31 December 2026 and final maturity on 20 June 2030.
 - euro 200 million granted to Acciai Speciali Terni, backed by a SACE guarantee, with the first repayment instalment falling due on 30 June 2027 and final maturity on 20 June 2031.
 - Euro 200 million granted to Acciaieria Arvedi, with the first repayment instalment due on 31 December 2026 and final maturity on 20 June 2030.
 - A further Euro 150 million was made available under a revolving credit facility (RCF) that may be drawn jointly by Acciaieria Arvedi and Acciai Speciali Terni and which was utilised for Euro 90 million as at 31 December 2025.
- A syndicated loan facility with nine banking groups signed at the end of December 2020, with Intesa Sanpaolo as agent bank, for an original amount of Euro 240 million (balance of Euro 96 million as at 31 December 2025) in favour of Acciaieria Arvedi, Arvedi Tubi Acciaio and Centro Siderurgico Industriale. This financing facility comprises a Green tranche, the first transaction of its kind to be completed in Italy, originally amounting to Euro 165 million (Euro 66 million outstanding as at 31 December 2025), backed by a SACE guarantee granted in support of investments to be carried out by Acciaieria Arvedi with a positive environmental impact, and a Capex tranche, originally amounting to Euro 75 million (Euro 30 million outstanding as at 31 December 2025), intended to finance industrial investments.
- EIB loan totalling Euro 110 million (balance of Euro 64 million as at 31 December 2025) to sustain of industrial plant engineering investments with a low environmental impact, to be implemented at Cremona and Trieste sites, and disbursed in favour of Acciaieria Arvedi with maturity on 30 June 2030.

The main financial indicators of the Group are summarised in the table below:

Indicators	2025	2024
Net financial debt/Gross Operating Profit (leverage)	1.0	1.1
Net financial debt/Equity (gearing)	0.1	0.2
Gross Operating Profit /Net financial charges (coverage)	6.4	5.6

The sustainability-related indicators of the Group’s financial debt remained at excellent levels, showing improvements across all indicators compared with the previous financial year.

The financial indicators above also show a particularly solid situation that allows the Group to adequately support its growth strategies by virtue of the financial resources available.

BUSINESS OUTLOOK

The general economic context continues to be influenced by the high geopolitical uncertainty as a result of the ongoing conflict between Russia and Ukraine and the conflict in the Middle East. Added to this is the US trade policy, which is becoming increasingly aggressive in terms of tariffs and customs barriers.

During the first few months of 2026, there was a significant deterioration in the geopolitical context in the Persian Gulf area following the escalation of military actions between the United States, Israel and Iran that began on 28 February, which led to the closure of the Strait of Hormuz and significant disruptions in global oil and liquefied natural gas supply chains. The Strait is the main global energy corridor and its closure is generating strong volatility in the prices of energy commodities. The development of the conflict and the ongoing geopolitical tensions could indirectly impact the macroeconomic context, energy costs and, more generally, the conditions of the reference markets.

With regard to energy costs, the Group’s energy-intensive companies had previously put in place energy price hedging arrangements designed to stabilise energy costs for 2026. The Arvedi Group will continue to monitor and manage commodity price risk by adopting appropriate strategies aimed at limiting, as far as possible, any significant impact on profitability.

On 20 February 2026, the Supreme Court of the United States issued a decision of international importance on commercial policy, establishing that the International Emergency Economic Powers Act (IEEPA) does not give the President of the United States the power to introduce customs duties. The decision resulted in the invalidation of the IEEPA tariffs introduced in 2025, including those relating to the “Reciprocal Tariffs” measures and other tariffs related to declared emergencies. However, the Court did not address the retroactive effects of the ruling or how to obtain reimbursement of any tariffs already collected, generating a framework of operational uncertainty left to the administrative authorities.

After the European Commission communications on the launch of the Carbon Border Adjustment Mechanism (CBAM) from 2026 and the proposal of a new Safeguards scheme with possible import cuts, the market has shown a gradual recovery in prices and demand compared to the second half of the previous year, despite persistent inflationary pressures, rising interest

rates and uncertainties related to the conflicts in Ukraine and the Middle East.

Consequently, the sales prices level is gradually increasing, despite sluggish demand. The price of electricity and methane is rising due to the conflict in Iran, with a consequent increase in production costs and a further increase in uncertainties, which also concern supply chains. Improvements in demand should take place during the second part of 2026 thanks to the increase in public investments in infrastructure and defence.

Therefore, the gross operating profit in the first months of the year is positive and expected to remain stable in the second quarter. At present it is premature to make predictions about its evolution in the rest of the year.

The decline in interest rates, which began in the second half of 2024, continued through to the end of the first half of 2025, reaching the threshold rate of 2%, at which it remained stable throughout the second half of 2025. During the first few months of 2026, interest rates experienced significant volatility, driven in part by the tensions described above, with a general upward trend. Against this backdrop, all of the Arvedi Group’s carbon steel companies benefited, during the first few months of 2026, from an increase in sales revenue, driven both by higher sales volumes (approximately +15% on average) and by the aforementioned increase in average selling prices (approximately +5% on average) compared with the corresponding period of 2025.

With regard to the stainless steel segment, a similar increase in sales volumes was recorded, although this growth was concentrated at Acciai Speciali Terni S.p.A., while the other companies in the segment broadly maintained the volumes achieved in the corresponding period of 2025. In terms of pricing, although increases were recorded during the period compared with the final quarter of 2025, average prices in the first few months of 2026 remained lower than those recorded in the corresponding period of 2025 (approximately -5% on average).

The Arvedi Group confirms a strong commitment to the development of its business by virtue of significant investments under way and primarily planned at the production of an increasingly sustainable steel from an environmental point of view, with a special focus on primary production requiring innovative technical and production solutions.

With reference to the general economic context, and in particular the conflicts involving Russia and Ukraine, the United States, Israel and Iran, the Group believes that these events have no significant impact in terms of orders and sales revenues; however, they could have an impact, albeit limited in relation to the procurement of raw materials and production materials, both in terms of availability and purchase prices.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities continued throughout the financial year across substantially all Group companies and were focused on improving production processes, enhancing product quality and expanding potential applications for the Group's products, with the objective of further strengthening the Group's competitiveness in the market. Costs related to these activities were recognised in the income statement for the year.

During 2025, the Research and Development Department of Acciaieria Arvedi continued and initiated a number of projects and activities, the main ones of which are outlined below.

Following the final industrialisation of three newly designed injectors and the installation of a fourth injector, the consumption of fossil carbon used to generate foamy slag in the EAF1 electric arc furnace was significantly reduced. A study was also completed for the implementation of the same technology at the EAF2 electric arc furnace. In addition, studies and analyses were carried out on the use of vegetable-based carbon as agents for foamy slag.

Significant cold-commissioning activities continued and, during the final part of the year, the hot-commissioning of the vacuum pumping stations and tanks of the 2xVOD (vacuum-oxygen-decarburisation) plant, revamped and equipped with oxygen lances in order to produce new interstitial-free steels (suitable for deep drawing) and cleaner steels (for the automotive sector) and to be able to carry out production tests of non-oriented silicon steels for electrical applications, up to the most sophisticated grades for electric vehicles.

A new project has been launched for the study, design, construction and installation of a pilot plant at Galvanising Line #3 in Cremona for the removal of oily emulsion residues resulting from cold rolling on the strip before it enters the galvanising furnace with the first tests carried out in December 2025.

During 2025, the procedure continued for the Research and Development project "ARVES" (AR-Vedi Electrical Steel). The project, financed by the Ministry for Enterprises and Made in Italy, aims to produce non-oriented silicon steels for electrical applications, starting from scrap metal via the Electric Arc Furnace (EAF) and medium-thin slab continuous casting route.

Several projects continued, including that for the recycling of white slag in the steel desulphurisation process, that to increase the reliability of critical components submerged in zinc tanks and that to improve the purification of pickling acids.

With a view to producing increasingly cleaner steels and promoting innovation, various analyses and studies were carried out: the interventions concerned studies on the charge mix and the replacement of pig iron with recycled materials, measurement campaigns on extraction systems, analysis of technologies for checking impurities in scrap, projects for the recovery and reuse of refractory materials, development of new coatings, tests on the granulation of white slag, measure to reduce metal re-oxidation, revision of refractory technologies for tundishes, assessments of lower-impact covering powders and studies for the introduction of high-performance rollers and components in the rolling departments.

Technical specifications have been defined for the implementation of the zinc-magnesium coating project (improved corrosion resistance) and for increasing strip thickness through a new bath, a new laser welding machine and nitrogen air knives placed on galvanising line #2 as well as technical specifications for installing a new cleaning section on Coating Line #1.

Assistance was provided within the group to Acciai Speciali Terni in the technical definition of strategic investments and externally, through the partner supplier Primetals, in relation to the hot commissioning of the first ARVEDI ESP line in North America at Big River Steel (Arkansas). With Primetals, development activities and operational planning were also defined for the activities on the Masterplant in Cremona for the coming years.

With regard to the projects undertaken by Acciai Speciali Terni S.p.A., Research and Development activities carried out during 2025 focused both on strengthening projects launched in pre-

vious financial years and on new strategic initiatives aimed at supporting market development. The following activities carried over from the previous year are worth noting:

- European and International Projects: monitoring and collaboration continued within the Horizon Europe programme under the HEPHAESTUS project, focused on recovering metals from waste dust collected from EAF and AOD furnaces. The company worked with international partners on enhancing the environmental and production sustainability of the steel value chain, advancing the project into its final industrial prototyping phase, which is expected to be completed in the coming year;
- Development/optimisation of new steel grades: activities continued for grades intended for various industrial sectors (STR14, 201E). In terms of protecting the Company's intellectual property, work also continued towards the international extension of the patent for 444Nb steel, following its national filing in the previous year;
- Process efficiency improvements: efforts to enhance production efficiency continued, leading to the definition of innovative production cycles for both traditional grades and new products.
- Among the main initiatives introduced in 2025, the following new experimental activities should be highlighted:
- Launch of new prototyping and industrial testing phases focused on improving formability. The objective is to produce steels with enhanced stamping performance, capable of meeting increasingly stringent technical requirements in high-tech markets. At the same time, studies were initiated to improve corrosion resistance in traditional grades and finishes, enhancing durability and the stability of the passive film in sectors where the aesthetic performance of the material is a critical functional requirement;
- As part of initiatives supporting the local area, the company made a significant contribution to the technical definition and supply of materials for a landscape bio-integration project. The project, aimed at redeveloping the Sant'Erasmo chimney area in Terni — of strong symbolic value to the local community — involved the combined use of Corten steel and stainless steel. These alloys were selected for their corrosion resistance and durability, ensuring a perfect balance between industrial innovation and integration within the natural ecosystem.

MAIN RISKS AND UNCERTAINTIES

The Arvedi Group's business activities expose it to various types of risk. The Group's risk management strategy is aimed at identifying the principal sources of uncertainty and mitigating their adverse impact on performance. The main risk factors to which the Group is exposed are summarised below.

PRICE RISK

The Group is exposed to volatility in steel prices, both in the carbon steel and stainless steel segments. In any case, there are no supply contracts that could significantly compress margins. During the financial year, where market conditions made it appropriate to do so, certain Group companies entered into derivative financial instruments with the aim of fixing the purchase price of specific raw materials — particularly nickel — as well as electricity and natural gas.

RISK OF CHANGES IN INTEREST RATES

The financial structure of most Group companies, together with the nature of their business activities, requires the management of financial risks that may be highly complex. Medium- to long-term bank loans amounted in aggregate to approximately Euro 917.5 million (at nominal value). Of this amount, only Euro 4.4 million was indexed to a variable interest rate, while the remaining Euro 913.1 million comprised fixed-rate borrowings, partly achieved through the use of derivative hedging instruments. The Group's main companies with medium- to long-term debt have entered into derivative financial instruments designed to hedge the interest rate risk arising from their respective financing arrangements. These instruments are accounted for using hedge accounting, and the related effects are summarised in the Notes to the Financial Statements, in accordance with the requirements of Article 2427-bis of the Italian Civil Code. The hedging instruments adopted are intended to stabilise finance costs and satisfy the requirements of the applicable accounting standards for classification and accounting treatment as hedging instruments, thereby ensuring reporting that is both consistent and compliant with the relevant regulatory framework. The Group's exposure to interest rate risk is therefore considered to be limited, in light of the hedging arrangements in place and the average duration of the unhedged financing facilities, which is approximately three years. Financial liabilities arising from finance lease arrangements amounted to Euro 29 million, of which approximately Euro 25.3 million were subject to hedging arrangements.

FOREIGN EXCHANGE RATE RISK

The Group is exposed to foreign exchange risk arising from its ordinary commercial activities, both in relation to the purchase of raw materials and the sale of finished products. Foreign currency exposures relate almost exclusively to the US dollar. Exposure arising from purchases is generally managed on a transaction-by-transaction basis through the use of forward foreign exchange contracts. In certain cases, although not on a systematic basis, Group companies have used option-based derivative financial instruments as a complement to their other hedging arrangements. Exposure arising from sales is generally mitigated through the use of forward foreign exchange contracts or, alternatively, through facilities agreed with banking counterparties that allow foreign currency positions to be converted at any time at a predetermined exchange rate applicable within a specified period. These instruments were entered into for the purpose of hedging foreign exchange risk. For further information on the size, effects and accounting treatment of these derivative financial instruments, reference should be made to the Notes to the Financial Statements.

CREDIT RISK

The Arvedi Group is exposed to credit risk arising from its commercial relationships with customers. Credit risk is closely monitored by the directors of each Group company and is mitigated through specific procedures for the selection and assessment of customers, the establishment of credit limits for individual customers, the monitoring of expected collections and, where necessary, the implementation of debt recovery actions. This risk is also mitigated through the use of credit insurance cover, in accordance with the relevant Group policy. Eventual exposures to customers that exceeds insurance limits, including specific challenging situations that require recovery actions, are managed with legal support and monitored on an ongoing basis until they are resolved.

LIQUIDITY RISK

Liquidity risk and changes in expected cash flows are carefully monitored by all Group companies and coordinated by the Parent Company Finarvedi. Up to now, investment plans have been adequately covered by both specific medium/long-term lines of financing obtained from the banking system and long-term leases. This approach has enabled the Group to complete its investment plans with certainty about the available sources of financing.

INITIATIVES PERTAINING TO ENVIRONMENT, SAFETY AND QUALITY

The Arvedi Group operates in the steel sector in compliance with the strictest environmental parameters; environmental commitment has been an objective integrated into the business of the Group for several years, positioning sustainability at the centre of its business. Both the international and Italian contexts confirm a framework in which ESG regulations and the sensitivities of stakeholders, such as customers and new generations, are evolving at an increasingly rapid pace.

As noted in the introduction, 2025 marked the first year in which the sustainability initiatives launched in previous years were coordinated and incorporated into the broader Arvedi Group project aimed at strategically structuring its sustainability journey, through:

- the identification of financial and ESG-related impacts and dependencies through the Double Materiality Assessment;
- the collection and aggregation of ESG data through an information management tool fed by the same information system used for financial data;
- the establishment of the Group's new ESG targets for 2030;
- contribution to the Group's first Consolidated Sustainability Statement.

The main initiatives undertaken in the areas of environment, health and safety, and quality are outlined below.

Reference should be made to the Arvedi Group Consolidated Sustainability Statement included in this Directors' Report.

In the QHSE area, Acciaieria Arvedi and Acciai Speciali Terni, which operate in primary production, are those of the Group most exposed to environmental, safety and quality issues but are also the entities in which the controls are most developed and the state of the art is certified by accredited external bodies.

In 2025, Acciaieria Arvedi consolidated and renewed its Environmental Management System certified by an authorised third-party body (IGQ), according to UNI EN ISO 14001 standard and renewed its EMAS Registration Certificate from the Ecolabel – Ecoaudit Committee of ISPRA for a further three years, making the 2025 environmental statement public.

As part of its industrial programme, in accordance with the European objectives for the reduction of greenhouse gas, the objectives have been pursued envisaged in the Decarbonisation Plan which lists the objectives for 2030 and 2050, as required by European standards, and the projects supported, in progress and planned for 2030.

In order to certify, trace and correctly report progress towards the reduction of climate-altering gases, the new EPD Environmental Product Declaration (ISO 14025: 2006 and EN 15804: 2012 + A2: 2019/AC: 2021) was verified during 2025, confirming the values and programmes set forth in the Decarbonisation plan.

It also updated the procedure developed in 2022 pursuant to the GHG Protocol, which provides for the Carbon Neutrality of all products generated, processed and transformed in its plants, for all the quantities approved by the Authorities. This procedure was the subject of an update inspection by the third-party organisation Rina Service S.p.A., which, with its certification of 10 September 2025, allowed Carbon Neutral certificates to continue to be placed on the market with direct verification by Rina through a specific shared platform, for data traceability and for each individual batch for which the customer requests certification.

During 2025, the reduction in water consumption was certified for the first time through an audit by a third-party body, TÜV Rheinland Italia S.r.l.

Since May 2025, Acciaieria Arvedi, together with Finarvedi, has formally supported the Ten Principles of the United Nations Global Compact relating to human rights, labour standards, environmental protection and anti-corruption.

There is also a high level of attention to environmental issues at Acciai Speciali Terni, especially considering the location of its production site, which, like most of the industrial sites dating

back to the end of the 19th century, is located in a typically urban context, with a high population density. The steel plant's proximity to the city centre has influenced its history, prompting the early and often stricter adoption of environmental self-regulation standards than those required by current regulations. Consistent with the above, AST successfully maintained its ISO 14001:2015 environmental certification (following a positive DNV audit conducted between 26 and 30 May 2025) and continued the rigorous implementation of its Environmental Management System, pursuing a continuous improvement approach that extends beyond mere compliance with legal requirements.

The full adoption of a "system-based" approach entails the involvement of all functions and departments within the organisation, each with its own roles and responsibilities, while maintaining the central role of the Company's EAS ("Ecology, Environment and Safety") and ASE ("Services Area") functions, which are responsible for coordinating and implementing activities related to compliance with, and improvement of, environmental performance. In the implementation of the environmental management system, the role of "delegated executives" is increasing, by virtue of specific delegations, and similarly to what has been happening for years with regard to occupational health and safety obligations, who, having adequate decision-making and spending power, have the responsibility to ensure legislative compliance and implement company directives within the areas of their competence.

ASE and EAS also promote projects aimed at the correct management of waste materials (waste management – through the specific SMA department – and management and treatment of plant waste-water) and the reduction of the environmental impact of the activities of our production site.

A number of Group companies have developed management systems for controlling and improving energy efficiency, subject to the ISO 50001 certification process, while further certifications (in particular UNI EN ISO 9001 and UNI 10616) were obtained by a number of companies for the specific types of activities carried out.

The health and safety of workers is a priority for the Group and is an integral part of all company procedures. The Group companies operate in compliance with the relevant regulations in force, paying particular attention to the continuous monitoring of the de facto situation, with controls aimed at preventing any situations that may cause potential injuries with consequent updating of the Risk Assessment Documents and the specific risks assessments, strengthening the resources available where necessary.

The most significant safety-related activities carried out in 2025, as in previous years, covered not only compliance with applicable regulations, but also both plant and structural interventions and initiatives aimed at promoting and embedding a "safety culture" at all levels of the organisation – from senior management and supervisors through to all employees on site, including contractors.

In 2025, in line with the Group's health and safety improvement initiatives, Acciaieria Arvedi S.p.A. launched the STAR (Safety Training And Review) project at its Cremona and Trieste sites. The project is aimed at strengthening employee training on safety operating procedures and, as at 31 December 2025, had achieved completion rates of 53% of the overall programme at the Cremona site and 92% at the Trieste site.

Each company of the Group adopted an organisational, management and control model with functions for the prevention and protection from crimes sanctioned by Italian Legislative Decree No. 231/2001. The models of all companies are constantly updated by implementing the most recent provisions set forth by the law.

OTHER INFORMATION

HUMAN RESOURCES

During 2025, the Group's average employment exceeded 6,200. Arvedi Campus, the Group's dedicated centre for employee training and the development of new talent, continued to deliver training activities for Arvedi Group personnel throughout the 2025 financial year. The Arvedi Campus is a specialised training centre on technical, managerial and business training courses with the aim of spreading and sharing the Arvedi Group's wealth of values, knowledge and skills within the Group itself, nurturing a common culture and the sense of belonging to the Group. Similarly, at the Terni site, the AST Academy continued to invest in the development of its people's skills through a broad and comprehensive training programme, ensuring the consolidation and enhancement of competencies.

For further details, reference should be made to the Arvedi Group Consolidated Sustainability Statement included in this Directors' Report.

RELATED-PARTY TRANSACTIONS

Commercial and financial transactions with related parties, including Arvedi Steel Engineering S.p.A., a minority shareholder of Finarvedi S.p.A., were carried out on an arm's-length basis and are disclosed in the Notes to the Financial Statements. Finarvedi, together with eleven subsidiaries, is subject to the national tax consolidation agreement.

OWN SHARES AND SHARES IN THE PARENT COMPANY

During the year, Finarvedi and the other Group companies did not purchase, hold or sell their own shares, directly or through trust companies or third parties.

CONSOLIDATED SUSTAINABILITY STATEMENT 2025 OF THE ARVEDI GROUP

Prepared on a voluntary basis in accordance with the European
Sustainability Reporting Standards and Article 8 of Regulation (EU)
2020/852 of the European Parliament and of the Council of 18 June 2020

GENERAL DISCLOSURES AND MINIMUM DISCLOSURE REQUIREMENTS

|| MDR-P || MDR-M || BP-1
General basis for the preparation of sustainability statements

This section at the end of the Director's Report represents the Group's Consolidated Sustainability Reporting as at 31 December 2025. The Sustainability Report is the disclosure Arvedi has prepared on a voluntary basis in accordance with the European Sustainability Reporting Standards and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020. In order to ensure alignment with the ESRS (European Sustainability Reporting Standards) required by the CSRD, the Group has set up a specific database connected to the financial database in order to collect ESG data on a monthly or annual basis and ensure the digital tagging of the data. The Sustainability Reporting was subject to third-party limited assurance for the first time.

The economic and financial data used are reconciled with the financial part. If changes to the scope of consolidation arise during the year (acquisitions or disposals of Companies or changes in control percentages), the data and information relating to these Companies are included or excluded in line with the Consolidated Financial Statements. No such cases occurred in 2025.

Compared to the scope of the Consolidated Financial Statements, all production companies were included, as the initial analysis showed that these companies are more likely to generate material ESG impacts. Given its manufacturing nature, the associate company Arvedi Metalfer do Brasil S.A. was also included in the consolidated sustainability reporting, as the Group exerts significant influence over the management of its operating process. The following companies are instead excluded differently from the Consolidated Financial Statements, with reference to the reporting of environmental aspects only: Siderurgica Triestina S.r.l., active in logistics, and Euro-Trade S.p.A., operating in the purchase and sale of scrap. Due to their non-productive nature, the latter were not considered environmentally material, but are expected to be included in future statements. The table below summarises the coverage of ESG data collection over the years for the Holding company and the 13 Group companies starting from 2023:

Arvedi Group Holdings and Companies		2023	2024	2025
Finarvedi	Holding	✓	✓	✓
Acciaieria Arvedi S.p.A.	Consolidated company	✓	✓	✓
Acciai Speciali Terni	Consolidated company	✓	✓	✓
Tubificio di Terni S.r.l.	Consolidated company	✓	✓	✓
Centro Siderurgico Industriale S.r.l.	Consolidated company	✓	✓	✓
Green Energy For Steel S.r.l.	Consolidated company	✓	✓	✓
Ata S.p.A.	Consolidated company	✓	✓	✓
Metalfer S.p.A.	Consolidated company	✓	✓	✓
Metalfer Polonia Sp zo.o.	Consolidated company	✓	✓	✓
Arvedi Metalfer Do Brasil S.A.	Associate	✓	✓	✓
Ilta Inox S.p.A.	Consolidated company	✓	✓	✓
Arinox S.p.A.	Consolidated company	✓	✓	✓
Siderurgica triestina S.r.l.	Consolidated company	✓	✓	✓
Euro-Trade S.p.A.	Consolidated company	✓	✓	✓

Based on the Group's commitments and the resulting due diligence, the ESG Policies and Targets involve the value chain in all cases where the Double Materiality analysis has highlighted material Impacts, Risks and Opportunities (IRO), i.e. the Group's entire upstream and downstream supply chain.

|| BP-2
Disclosures in relation to specific circumstances

Three time frames were considered in the Sustainability Reporting and Impacts, Risks and Opportunities (IRO) assessments: one year (short-term) for the annual reduction targets at Group sites, five years (medium-term) for the Group ESG Targets by 2030, and beyond five years (long-term) for the Group carbon neutrality commitment by 2050. The document shows metrics which have been estimated. In particular, GHG Scope 3 emissions are calculated from both estimates along the value chain and estimates of the emission factors adopted. These data and/or emission factors are obtained from accredited sources or indirect sources such as proxies and industry averages.

The Group supplements the requirements of the ESRS with other elements which enable:

- alignment with the initiatives it supports (United Nations Global Compact, UNGC and Responsible Steel);
- meeting the requirements of the ESG ratings (S&P, EcoVadis, Carbon Disclosure Project);
- the adoption of international references (Science Based Targets initiative, SBTi).

|| GOV-1
Role of the administrative, management and supervisory bodies

The Group implements a traditional governance system, which includes a Board of Directors. There is no representation of employees or other types of workers within the administrative, management and supervisory bodies.

The table below shows the composition of the Board of Directors (BoD):

Office	Name	Age group	Gender	Role	Expertis
Chairman	Mr Giovanni Amedeo Arvedi	>50	Male	Executive	Industrial
Chief Executive Officer	Mr Mario Carlo Arvedi Caldonazzo	>50	Male	Executive	Industrial
Director	Mr Fabio Massimo Baldrighi	>50	Male	Executive	Commercial
Director	Mr Claudio Costamagna	>50	Male	Non-executive	Financial
Director	Mr Marco Mangiagalli	>50	Male	Non-executive	Financial
Director	Prof. Carlo Mapelli	>50	Male	Non-executive	Academic
Director	Mr Massimo Maria Polli	>50	Male	Executive	Financial

The Arvedi Board of Directors currently lacks specific ESG expertise; however, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), both members of the Board of Directors, are gradually acquiring ESG knowledge, primarily through dialogue with certain key external stakeholders from the industrial and banking sectors, and through active participation in the Group’s ESG Steering Committee (ESG SC).

First established in 2024, the ESG SC welcomed the arrival of a new Group Head of ESG in 2025, who statements to the CEO and coordinates the ESG SC. Currently composed of the CEO, CFO, ESG team and an external advisor, the ESG SC meets four times a year and has three main responsibilities:

- to drive the achievement of the Group's ESG targets by 2030;
- to authorise the annual ESG Action Plan and any necessary acceleration during the year;
- to approve the Sustainability Report once a year.



Diversity in the Board of Directors (BoD)

43% of the Board is independent; 58% of Board members have financial expertise, whilst the remainder is equally spread across three other areas of expertise: 14% industrial, 14% commercial and 14% academic. The Board of Directors is composed entirely of male members. The Group is working on its first Board Diversity Policy; future statements will include updates in this regard.

|| GOV-2
Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

The ESG matters approved by the Chairman of the Board and addressed in the ESG Steering Committee (ESG SC) in 2025 included:

Team ESG	ESG matters addressed
Membership	Adherence to the United Nations Global Compact (UNGC) and its 10 Principles (Labour, Human Rights, Environment and Anti-Corruption)
2030 Group ESG Target	Approval of ESG Governance, ESG Policies and ESG Targets by 2030
Group ESG Database	Update on ESG database construction and alignment of common procedures for generating monthly or annual ESG data
Group Decarbonisation Plan	Progress of the approval steps for the first Group Decarbonisation Plan by the Science Based Targets initiative (SBTi)
Group Sustainability Reporting	Preparation of the first Group Sustainability Report aligned with the EU Corporate Sustainability Reporting Directive (CSRD)
Positioning	Group positioning with respect to competitors (national and international) on ESG matters

The Board of Directors is given annual information on the material impacts, risks and opportunities identified through the Double Materiality analysis. It is also responsible for approving the policies, actions, metrics and targets adopted to manage ESG matters which are relevant to the Group.

|| GOV-3
Integration of sustainability-related performance in incentive schemes

The Group is formalising its Remuneration Policy; future statements will include updates in this regard.

|| GOV-4
Statement on due diligence

There is currently no formalised Policy defining the due diligence process at Group level; future statements will include updates in this regard.

|| GOV-5
Risk management and internal controls over sustainability reporting

The Group carried out its first Double Materiality exercise with a third party in 2025 in order to map its Impacts, Risks and Opportunities (IRO), considering both the impacts the company generates on the outside world and the risks and opportunities that may affect its financial performance. The exercise will be carried out yearly to remain up to date. The risk assessment approach, including the risk prioritisation methodology, is described in section IRO-1; the main risks identified and their respective mitigation strategies are described in each section with reference to the material topic. The findings of the risk assessment were used to construct the Group ESG Policies and Targets by 2030.

Also in 2025, the collection of ESG data from each Group site was structured within the database linked to the financial database. Group Data Owners have been appointed for each topic related to specific ESG data (i.e. safety, environment, human resources, suppliers, governance, tax strategy, cybersecurity and the activities of the Giovanni Arvedi and Luciana Buschini Foundation – hereinafter the "Foundation"); they are responsible for the quality and availability of the data (on a monthly or annual basis). Once the database is fully established, the ESG team will analyse data on a monthly basis with the Data Owners and report quarterly performance trends to the ESG Steering Committee (SC).

An update on the integration of internal controls will be provided in future statements. Lastly, to manage the risks associated with the constantly evolving regulations and standards relating to ESG reporting, the Group has implemented a data collection system that includes regular regulatory updates.

|| SBM-1 || MDR-P || MDR-T
Strategy, business model and value chain

The group was founded by Mr. Giovanni Arvedi in 1963 with the first two companies, Arvedi Commercio Prodotti Siderurgici S.r.l. and ILTA Inox S.p.A.. Growth continued in the 1970s in Cremona with Acciaieria e Tubificio Arvedi S.p.A. (now Arvedi Tubi Acciaio S.p.A.), a plant equipped with the most advanced technologies for the production of steel and hot-rolled tubes. Finarvedi S.p.A. is the holding company established in the 1980s, responsible for the strategic and operational coordination of the Group's companies, which has grown over the years thanks in part to the acquisition of Acciai Speciali Terni S.p.A. in 2022, a European leader in stainless steel production.

2009 was a memorable year for the Group thanks to the commissioning of the new ESP (Endless Strip Production) plant, which pioneered the world’s first continuous casting and rolling process. This technology, known as Arvedi ESP and covered by 460 patents, enables liquid steel to be transformed into ultra-thin coils in just 180 metres and 7 minutes.

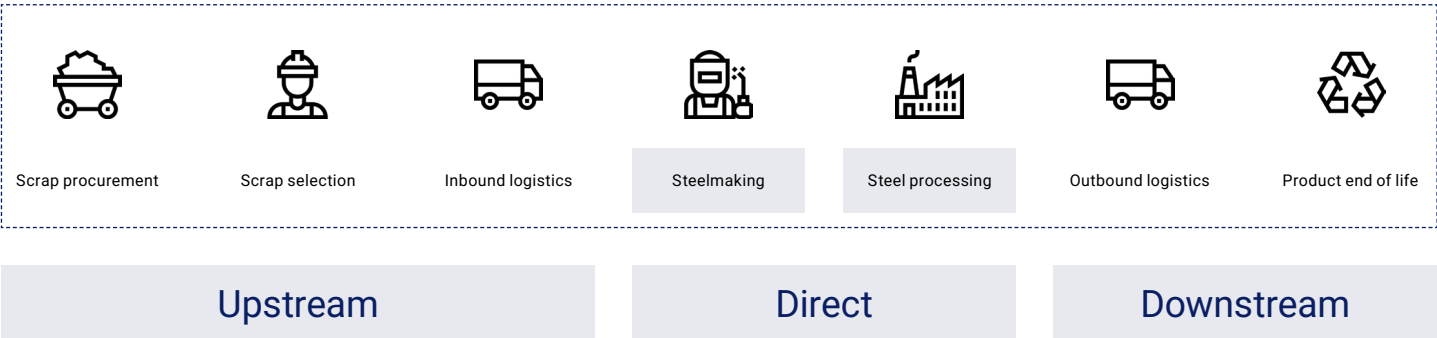
Arvedi ESP technology is the culmination of the vision of Mr. Giovanni Amedeo Arvedi, who for over 20 years had been striving to develop a process that combined compactness, quality, cost-effectiveness and environmental compatibility. Today, Arvedi ESP technology is exported and used all over the world.

In addition to technological innovation, which has always been a hallmark of the Group, the

adoption of the ESG Strategy in 2025 represents a logical evolution for the Group, in renewing and enhancing a principle deeply rooted in the Arvedi family, namely respect for people and the environment, making it measurable and relevant through internationally recognised metrics. No changes to markets, products or services occurred in 2025.

The Group currently has 6,439 employees (6,383 in 2024), mainly in Italy (steelworks and tube mills) and some operations (tube mills) in Brazil and Poland. The Group produces and processes over 7 million tonnes of steel products, generating revenues of approximately €5.5 billion; the breakdown of total revenues by significant ESRS sectors will be provided in future statements. The CEO and other senior executives do not hold shares in the company, and no shares are state-owned.

The value chain illustrated in the figure below shows the main inflows and outflows of resources for steel production within the Group.



Impacts in the value chain on both the ESG and financial side can occur:

- **UPSTREAM** – these include the impacts the Group may cause through its relationships and procurement policies with suppliers and partners providing raw materials (both natural and non-natural), energy (electricity and heat) and the transport services necessary for production activities;
- **DIRECT** – i.e. within direct operations, including the impacts the Group may cause through its activities, including plant maintenance;
- **DOWNSTREAM** – these include the impacts the Group may cause through its products throughout their life cycle.

A material positive impact stems from the fact that 100% of the steel is recyclable, making a tangible contribution to the circular economy.

Depending on its strength, durability and intended end use, the life cycle of steel varies before it becomes scrap: a few months for a food can, 15 or 20 years for vehicles and up to 100 years or more for structural steel used in buildings and infrastructure.

ESG Purpose

The ESG Purpose represents the underlying aim, the *raison d'être* and the reason why the ESG team operates within the Arvedi Group. In practical terms, ESG supports Arvedi's journey:

- by 2030, in guiding the transition from Group reporting to the understanding and management of ESG performance, with the aim of:
 1. measuring ESG impacts and dependencies;
 2. improving ESG performance;
 3. gaining institutional and economic recognition, also through ESG ratings.
- by 2050, contributing to the creation of cultural value by embedding sustainability into the corporate identity and into the way we think and act. Cultural Value will thus complement the economic value created by Arvedi.

How will we achieve our goals by 2030 and 2050? Together, the teams of the Holding Company and the Group companies, with measurable, challenging objectives subject to third-party verification.

This is how figures are transformed into momentum, becoming the starting point for building genuine and lasting cultural awareness.

ESG Strategy

The Group's ESG strategy is guided by the Double Materiality analysis carried out in 2025, and focuses on the aspects that emerged as material along the value chain, namely:

Material topics	IRO (Impacts, Risks and Opportunities): ESG and financial impact
Environment	• Physical damage to plants related to climate change (CO₂) • Energy cost and availability • Exceeding the limits of other atmospheric emissions • Raw materials, water, biodiversity, waste, noise and environmental violations
Safety	• Consequences on costs, human lives and corporate image following workplace injuries
Business ethics	• Human rights, diversity and discrimination risks, stakeholder management, risk of corruption and bribery and cybersecurity

Finarvedi S.p.A. defined its Group ESG Policies starting from the three material topics (Environment, Safety and Business Ethics):

- The Group Code of Conduct is the policy covering the material topic of Business Ethics. Originally approved in 2023, the Group updated its Code of Conduct (in Italian and English) in 2025; it sets out the principles, values and rules of conduct that guide the Group's companies, with a focus on: equal treatment and non-discrimination, the protection of human rights, health and safety, anti-corruption, competition and antitrust, minerals from conflict zones, environmental protection, cybersecurity and personal data. The Code applies to employees, collaborators, suppliers and other stakeholders. The Group has adopted 10 Guidelines that ensure the consistency and effectiveness of key business processes. The Guidelines cover cross-cutting organisational and compliance areas, including: document management, plant access, customer data management, institutional relations, use of IT tools, prevention of corruption, competition, prevention of money laundering, whistleblowing and the protection of personal data. The Guidelines strengthen the Group's governance and control framework. The Code of Conduct can be downloaded from

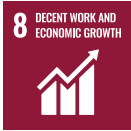
the website at the following link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.

- Group QHSE Policy, namely the policy covering the Environment and Safety material topics. The topics covered are: compliance with regulations; adoption of best practices; leadership and the precautionary approach; training; risk assessment; decarbonisation; traceability and environmental footprint; waste. The QHSE Policy applies to the Group’s current sites and future acquisitions; it covers all activities carried out and extends to the supply chain, in line with the principles of the Group Code of Conduct. It can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

Also in 2025, Finarvedi S.p.A. defined the Group’s ESG Targets by 2030 for each material topic. The Targets refer to the base year 2023, apply to 100% of consolidated companies and also involve the value chain (details and strategies for achieving the ESG Targets are available in the various sections).

		UM	2023 Base year	2025 Current status	2030 Group ESG Target
Environment					
Climate Change	1) Absolute Scope 1 + 2 CO ₂ emissions	Ton	1,455,559	936,126	- 42%
	2) Absolute Scope 3 CO ₂ emissions	Ton	6,180,778	5,633,659	- 25%
Circular economy	3) Recycled content (scrap) within our products	%	76%	81%	85%
Ecosystems and biodiversity	4) Group sites with a Biodiversity Impact Assessment	%	10%	10%	100%
Social					
Culture of safety	5) Frequency index of injuries with absence from work	Index	22	18	- 70%
	6) Persons covered by ISO 45001 safety management systems	%	86%	83%	100%
People's satisfaction	7) Group sites featuring a survey on awareness of the Group's ESG positioning	%	0%	0%	100%
Governance					
Human rights	8) Group sites with a Human Rights Impact Assessment	%	0%	0%	100%
Suppliers	9) Suppliers qualified according to ESG aspects in addition to technical-economic aspects	%	0%	22%	100%

The first two 2030 ESG targets for CO₂ (Scopes 1, 2 and 3) were approved by the Science Based Targets initiative (SBTi) in early 2026. In addition, the SBTi also approved the Group’s net-zero target, namely to reduce absolute Scope 1, 2 and 3 CO₂ emissions by 90% by 2050. Lastly, the Group has embraced the global call to action launched by the Sustainable Development Goals (SDGs) following its first mapping exercise in 2025. The assessment was carried out for both the Group’s industrial operations and the Foundation. The results are summarised in the table on the following page:

SDG & Arvedi Group				SDG & Giovanni Arvedi and Luciana Buschini Foundation	
					

For the Group, the four SDGs where we can make a difference (SDG 6, SDG 8, SDG 12, SDG 13) align with the areas identified through the Double Materiality analysis (Environment, Safety and Business Ethics). As regards the Foundation, SDG 4 and SDG 11 are in line with the Foundation’s own areas of focus (Purposes) (namely Education, Art and Culture).

|| SBM-2 || MDR-A || MDR-T
Interests and views of stakeholders

One of the themes that emerged from the Double Materiality analysis is stakeholder engagement. The table below sets out the main categories of the Group’s stakeholders and their regular engagement with the Group:

Stakeholder category	Engagement modes	Engagement purpose	Engagement frequency	Concrete examples in 2025
Employees	• Dialogue with trade unions • Training	• Sharing workers' needs	At least quarterly	Arvedi Campus
Suppliers	• Code of Conduct • ESG improvement plans	• Solutions to common challenges	At least quarterly	Responsible Steel at Arvedi AST
Customers	• Dedicated dialogue	• Insights into carbon neutral products	At least quarterly	Arvzero
Affected communities	• Programme agreements • Foundation activities	• Producing while respecting the environment and involving the affected communities	At least annually	AST Programme Agreement (Terni Steelworks)
Banks and investors	• Dedicated dialogue	• Rewards in financing through ESG policies, targets and performance	At least annually	AST Programme Agreement (Terni Steelworks)
Industry associations	• Meetings and working groups	• Access to electricity from renewable sources at competitive costs	At least annually	Responsible Steel at Arvedi AST, Federacciai, Eurofer

The Group has not yet formalised its Stakeholder Dialogue Policy. Future statements will include updates. None of the Group’s projects or operational sites has required the physical or economic displacement of people over the last ten years, and there are no indigenous communities in the regions where Arvedi operates.

|| SBM-3
Material impacts, risks and opportunities and their interaction with the strategy and business model

Through the application of the Double Materiality approach described in the following section IRO-1, 'Description of the processes to identify and assess material impacts, risks and opportunities', ESG and financial impacts have been ranked by materiality (not material, material and highly material). Below is a list of the aspects identified as 'highly material' from both perspectives: ESG impact materiality and financial materiality.

- Aspects classified as 'highly material' in terms of ESG impact materiality:
- Contribution to climate change from the combustion of fossil fuels and the generation of greenhouse gases;
 - Potential reduction in the availability of energy resources due to their intensive use during the Group's direct operations;
 - Potential damage to the environment and human health caused by the generation and emission of pollutants into the atmosphere (e.g. particulate matter, NOx, SO2);
 - Potential negative impacts on land occupation and water and air pollution due to the incorrect treatment of recyclable and non-recyclable waste generated;
 - Impacts on workers and their families due to the consequences of workplace injuries.

- Aspects classified as 'highly material' in terms of financial materiality:
- Operational risk due to physical damage caused by extreme weather events that may impact Group-owned assets;
- Operational risk of increased costs related to the purchase and/or production of energy.

|| IRO-1
Description of processes to identify and assess material impacts, risks and opportunities

The Group carried out a Double Materiality analysis to identify Impacts, Risks and Opportunities (IRO) in collaboration with a third party, according to the EFRAG IG-1 Materiality Assessment guidelines. The Double Materiality analysis mapped the financial and non-financial (ESG) risks associated with the Group’s activities using a dual perspective:

- internal 'Inside-Out' perspective, involving stakeholders who share their views on the ESG impacts on people and the environment;
- external 'Outside-In' perspective, using self-assessment to identify how certain external risks and opportunities may impact the Group financially.

- Starting from the list of impacts generated by the Group, the following scales were defined:
- The 'impact scale', i.e. direct or indirect; actual or potential; negative or positive; short-, medium- or long-term; intentional or unintentional; reversible or irreversible;
 - The 'severity scale', constructed as a combination of severity, diffusion and irreversibility;
 - The 'likelihood scale' that considers the measures taken to prevent and mitigate the impact.

The Double Materiality analysis carried out in 2025 with an internationally recognised third party identified the preliminary scope of the negative, positive, actual and potential impacts generated by Finarvedi and its value chain, as well as the risks and opportunities for the Group in the short, medium and long term. The analysis included the identification of external pressures alongside an analysis of internal documentation. For the impact analysis, impacts were assessed according to severity and likelihood of occurrence. Conversely, the assessment of risks and opportunities took into account the economic significance and likelihood of occurrence. The topics covered in the report were identified on the basis of the material impacts, risks and opportunities. For the three most material topics (Environment, Safety and Business Ethics) and their associated Impacts, Risks and Opportunities (IROs), the Group has developed its own Policies and new ESG Targets by 2030.

|| IRO-2
Disclosure requirements in ESRS covered by the undertaking’s sustainability statements

The table on the following pages sets out the disclosure requirements identified in ESRS 2 and the disclosure requirements of the relevant standards for the Group on which this Sustainability Report is based. Certain aspects may not be quantified for the first year of application of the CSRD (phased-in approach) in accordance with Appendix C – ESRS 1.

Table of Contents - ESRS disclosure requirements:

ESRS 2 General disclosures and minimum disclosure requirements		
Basis for preparation		
BP-1	General basis for preparation of sustainability statements	Yes
BP-2	Disclosures in relation to specific circumstances	Yes
Governance		
GOV-1	Role of the administrative, management and supervisory bodies	Yes
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	Yes
GOV-3	Integration of sustainability-related performance in incentive schemes	Yes
GOV-4	Statement on due diligence	Yes
GOV-5	Risk management and internal controls over sustainability reporting	Yes
Strategy		
SBM-1	Strategy, business model and value chain	Yes
SBM-2	Interests and views of stakeholders	Yes
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model (Phase-in (ESRS 2 SBM-3 paragraph 48(e))	Phased-in
Impact, risk and opportunity management		
IRO-1	Description of processes to identify and assess material impacts, risks and opportunities	Yes
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	Yes
MDR-P	Policies adopted to manage material sustainability matters	Yes
MDR-A	Actions and resources in relation to material sustainability matters	Yes
MDR-M	Metrics in relation to material sustainability matters	Yes
MDR-T	Tracking the effectiveness of policies and actions through targets	Yes

ESRS E1 Climate changes		
IRO-1	Description of processes to identify and assess material climate-related impacts, risks and opportunities and their interaction with the strategy and business model	Yes
E1-1	Transition plan for climate change mitigation	Yes
E1-2	Policies related to climate change mitigation and adaptation	Yes
E1-3	Actions and resources in relation to climate change policies	Yes
E1-4	Targets related to climate change mitigation and adaptation	Yes
E1-5	Energy consumption and mix	Yes
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	Yes
E1-7	GHG absorption and GHG emission mitigation projects financed through carbon credits	Yes
E1-8	Internal carbon pricing	Yes
E1-9	Anticipated financial effects of material physical and transition risks and potential climate-related opportunities	Phased-in
ESRS E2 Pollution		
IRO-1	Description of processes to identify and assess material pollution-related impacts, risks and opportunities	Yes
E2-1	Pollution-related policies	Yes
E2-2	Actions and resources related to pollution	Yes
E2-3	Pollution-related targets	Yes
E2-4	Air, water and soil pollution	Yes
E2-5	Substances of concern and substances of very high concern	Yes
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Phased-in
ESRS E3 Water and marine resources		
IRO-1	Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Yes
E3-1	Policies related to water and marine resources	Yes
E3-2	Actions and resources related to water and marine resources	Yes
E3-3	Targets related to water and marine resources	Yes
E3-4	Water consumption	Yes
E3-5	Anticipated financial effects from water and marine resource-related impacts, risks and opportunities	Phased-in

ESRS E4 Biodiversity and ecosystems		
SBM-3	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with the strategy and business model	Yes
IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	Yes
E4-1	Transition plan and focus on biodiversity and ecosystems in the strategy and business model	Yes
E4-2	Policies related to biodiversity and ecosystems	Yes
E4-3	Actions and resources related to biodiversity and ecosystems	Yes
E4-4	Targets related to biodiversity and ecosystems	Yes
E4-5	Impact metrics relating to changes in biodiversity and ecosystems	Yes
E4-6	Anticipated financial effects of biodiversity and ecosystem-related risks and opportunities	Phased-in
ESRS E5 Resource use and circular economy		
IRO-1	Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Yes
E5-1	Resource use and circular economy policies	Yes
E5-2	Actions and resources related to resource use and circular economy	Yes
E5-3	Targets related to resource use and circular economy	Yes
E5-4	Resource inflows	Yes
E5-5	Resource outflows	Yes
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Phased-in
ESRS S1 Own workforce		
IRO-1	Description of processes to identify and assess material impacts, risks and opportunities related to own workforce	Yes
S1-1	Policies related to own workforce	Yes
S1-2	Processes for involving own workforce and workers' representatives with regard to impacts	Yes
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Yes
S1-4	Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce, along with the effectiveness of such actions	Yes
S1-5	Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities	Yes

S1-6	Characteristics of the undertaking's employees	Yes
S1-7	Characteristics of non-employees in the undertaking's own workforce	Yes
S1-8	Collective bargaining coverage and social dialogue	Yes
S1-9	Diversity metrics	Yes
S1-10	Adequate wages	Yes
S1-11	Social protection	Phased-in
S1-12	Persons with disabilities	Phased-in
S1-13	Training and skills development metrics	Yes
S1-14	Health and safety metrics	Yes
S1-15	Work-life balance metrics	Yes
S1-16	Remuneration metrics (pay gap and total remuneration)	Yes
S1-17	Incidents, complaints and severe human rights impacts	Yes
ESRS S2 Workers in the value chain		
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Yes
S2-1	Policies related to value chain workers	Yes
S2-2	Processes for the involvement of value chain workers with regard to impacts	Yes
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Yes
S2-4	Actions on material impacts and approaches to mitigating material risks and the pursuit of material opportunities related for workers in the value chain and the effectiveness of such actions	Yes
S2-5	Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities	Yes
ESRS S3 Affected communities		
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Yes
S3-1	Policies related to affected communities	Yes
S3-2	Processes for engaging with affected communities about impacts	Yes
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	Yes
S3-4	Taking action on material impacts on affected communities and approaches to managing material risks and pursuing material opportunities related to affected communities, along with the effectiveness of those actions	Yes
S3-5	Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities	Yes

ESRS S4 Consumers and end-users		
SBM-3	Material impacts, risks and opportunities and their interaction with the strategy and business model	Yes
S4-1	Policies related to consumers and end-users	Yes
S4-2	Processes for involvement of consumers and end-users with regard to impacts	Yes
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Yes
S4-4	Taking action on material impacts with respect to consumers and end-users and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, along with the effectiveness of those actions	Yes
S4-5	Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities	Yes
ESRS G1 Business conduct		
GOV-1	Role of the administrative, management and supervisory bodies	Yes
G1-1	Policies on corporate culture and business conduct	Yes
G1-2	Management of relationships with suppliers	Yes
G1-3	Prevention and detection of corruption and bribery	Yes
G1-4	Incidents of corruption or bribery	Yes
G1-5	Political influence and lobbying activities	Yes
G1-6	Payment practices	Yes

ENVIRONMENT

ESRS E1 - CLIMATE CHANGE

|| IRO-1 || E1-9 || GOV-3 || SBM-3

Description of processes to identify and assess material climate-related impacts, risks and opportunities and their interaction with the strategy and business model

With regard to climate-related issues, Impacts, Risks and Opportunities (IRO) related to our production activities and value chain were identified and assessed as summarised in the table below:

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E1 - Climate change - Climate change mitigation	Contribution to climate change resulting from the combustion of fossil fuels and emissions of greenhouse gases (GHGs) generated by the Group's activities and throughout the value chain (material).	Medium-long	Opportunities for accessing subsidised financing schemes through investments in renewable energy facilities (not material).	The generation of renewable energy at the Group's sites could help reduce the consumption of fossil fuels and provide access to subsidised financing schemes.	Short
E1 - Climate change - Climate change adaptation	No positive or negative impacts have been identified in relation to the issues associated with these risks. These risks have been identified in view of the Group's reliance on 'climate change adaptation'		Risk arising from physical damage caused by extreme weather events that may impact the Group's assets (material).	The increase in weather events such as floods, hurricanes, forest fires and heatwaves could cause damage to the Group's assets, leading to delays or suspensions in supply and sales.	Medium-long

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E1 - Climate change - Climate change adaptation	No positive or negative impacts have been identified in relation to the issues associated with these risks. These risks have been identified in view of the Group's reliance on 'climate change adaptation'		Risk arising from physical damage caused by extreme weather events that may impact the assets of the Group's suppliers and customers (material).	The increase in extreme weather events such as floods, hurricanes, forest fires and heatwaves could cause damage to the value chain, leading to delays or suspensions in supply and sales.	Medium-long
E1 - Climate Change - Energy	Potential reduction in the availability of energy resources due to their intensive use during the Group's direct operations (material).	Short	Operational risk of increased costs related to the purchase or production of energy (material).	The purchase of electricity generated from fossil fuels could be subject to cost fluctuations and price increases, which could have a negative impact on the Arvedi Group's production costs. A reduction in energy supply could even lead to supply disruptions, with adverse consequences for industrial processes and overall production.	Medium-long

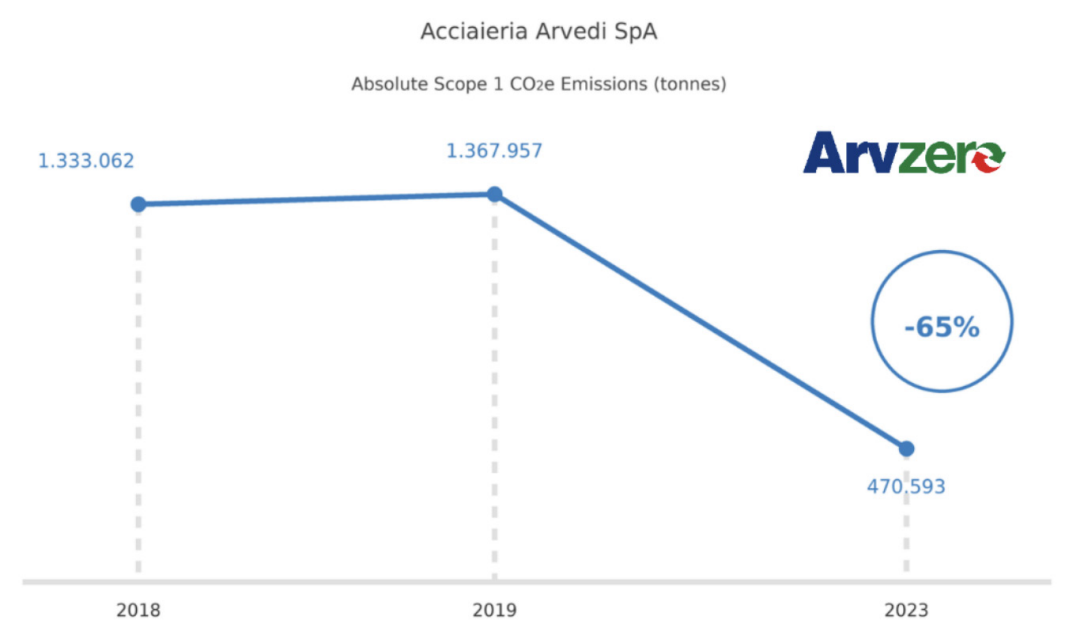
For further details on the process for identifying material impacts, risks and opportunities, please see the section entitled 'Description of processes for identifying and assessing material impacts, risks and opportunities' (IRO-1).

The Group is in the process of formalising its Group Remuneration Policy. The Group does not currently report on DR E1-9 Anticipated financial effects, as the requirement is subject to phase-in in accordance with Appendix C of ESRS 1. Any updates will be provided in future statements. The Group has not yet developed an analysis of the resilience of its strategy and business model to climate change. The Group plans to assess the inclusion of these elements in future statements.

II E1-1
Transition plan for climate change mitigation

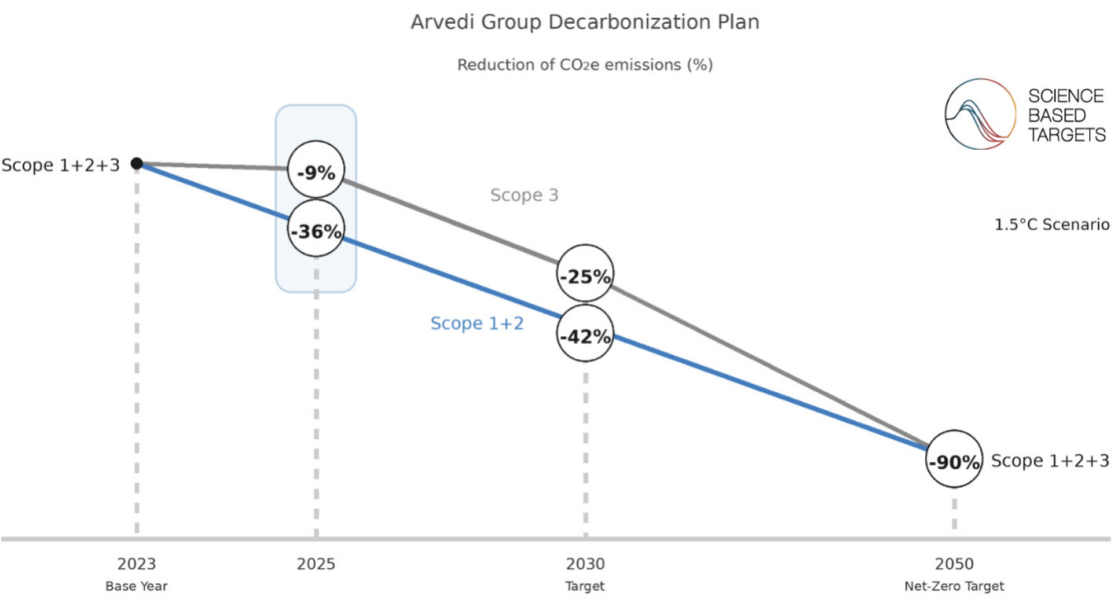
The Arvedi Group’s path towards decarbonisation began 30 years ago, in 1992, when it decided to focus on the production of flat-rolled steel using electric furnaces loaded with selected recycled scrap and employing innovative I.S.P. (Inline Strip Production) technology. In 2009, Acciaieria Arvedi developed and implemented a new technology called Arvedi ESP™ (Endless Strip Production), capable of reducing CO₂ emissions thanks in part to the use of certified electricity from renewable sources. In 2014, Acciaieria Arvedi acquired Ferriera di Servola in Trieste, which underwent a major environmental restoration process. Between 2020 and 2021, the blast furnace was shut down and Ferriera’s power plant was converted into a combined-cycle power station.

As summarised in the chart below, the investments described on the previous page reduced absolute Scope 1 CO₂e emissions by 65% between 2018 and 2023 at the Acciaieria Arvedi production site (see also section E1-7 for a description of Arvzero's carbon-neutral products).



In 2025, the first year of implementation of the strategic ESG approach, Arvedi decided to accelerate the process initiated by Acciaieria Arvedi and to draw up the first Decarbonisation Plan for the entire Group. The first step was to complete the mapping of Scope 1+2 emissions for the other sites and to calculate Scope 3 emissions according to the 15 categories of the GHG Protocol. This enabled the finalisation of the first Group-wide Decarbonisation Plan (steelworks and tube mills in Italy, Brazil and Poland).

The Arvedi Group’s Decarbonisation Plan (Scope 1, 2, 3) was approved by the Science Based Targets initiative (SBTi) in early 2026. Specifically, the Group has adopted three emission reduction targets, approved by SBTi and aligned with the 1.5°C global warming limitation scenario defined by the 2015 Paris Agreement, with 2023 as the base year: -42% for Scope 1+2 and -25% for Scope 3 by 2030; -90% Scope 1+2+3 by 2050. The Decarbonisation Plan will support the Group in achieving the set targets and is integrated with the Group’s Business Plan.



|| MDR-P || E1-2

Policies related to climate change mitigation and adaptation

- The Group Code of Conduct covers the following climate change issues: human rights and environmental and climate protection. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group QHSE Policy covers the following climate change-related issues: compliance with regulations; adoption of best practices; leadership and the precautionary approach; training; decarbonisation and the Paris Agreement and SBTi; traceability and environmental footprint; waste. The QHSE Policy applies to the Group's current sites and future acquisitions; it covers all activities carried out, extends to the supply chain, in line with the principles of the Group Code of Conduct, and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

|| MDR-A || E1-3

Actions and resources in relation to climate change policies

In early 2026, the SBTi approved the Group's Decarbonisation Plan, including its Scope 1+2+3 targets for 2030 and 2050 (base year 2023).

The Group expects to achieve its Scope 1+2 reduction target (-42% by 2030) primarily through one key measure: the purchase of electricity from renewable sources with guarantees of origin for all Group sites; this measure results in zero Scope 2 MB emissions. In 2025, the Group had already reduced its Scope 1+2 emissions by 36% compared to 2023, the base year.

The additional decarbonisation measures we will be pursuing are:

- Use of biomethane to replace natural gas;
- Reducing production waste;
- Increase in the share of scrap used;
- Reorganisation of logistics for incoming and outgoing products and increased rail transport;
- Collaboration with suppliers to source high-quality products with a lower carbon footprint;
- Implementation of ISO 50001 energy management systems.

In addition to this, the following significant activities have already been undertaken and completed: closure of the blast furnace in Trieste in 2020 and its conversion into a combined-cycle power station in Trieste in 2021.

Please see the chapter on taxonomy for information regarding eligible KPIs (Turnover, CapEx, OpEx) aligned with the taxonomy in relation to the objectives of the regulation. The Group is currently planning the financial levers (investments and financing) necessary to implement the actions identified in the transition plan. Updates will follow in future statements.

|| MDR-T || E1-4

Targets related to climate change mitigation and adaptation

The table on the following page shows the Group's carbon footprint and ESG Targets by 2030 (net zero target by 2050, base year 2023):

	Base year 2023	Target by 2030	Target by 2050
	Tonnes CO ₂ e		
CO ₂ Scope 1	899,219	- 42%	- 90%
CO ₂ Scope 2 Market-Based	556,340		
CO ₂ Scope 3	6,180,778	- 25%	

|| E1-5
Energy consumption and mix

	UM	2023	2024	2025
Production	Tonnes	6,686,649	6,963,363	7,511,482
	UM	2023	2024	2025
Total energy consumption related to own operations	MWh	5,954,235	6,286,889	6,366,316
Energy consumption from fossil fuels	MWh	3,398,616	3,378,716	2,796,886
Share of consumption from fossil fuels in total energy consumption	%	57	54	44
Energy consumption from nuclear sources	MWh	0	0	0
Share of consumption from nuclear sources in total energy consumption	%	0	0	0
Energy consumption from renewable sources	MWh	2,555,620	2,908,173	3,569,430
Consumption of fuels from renewable sources, including biomass, biofuels, biogas, hydrogen from renewable sources	MWh	0	0	0

	UM	2023	2024	2025
Consumption of electricity, heat, steam or cooling from renewable sources	MWh	2,518,772	2,872,784	3,537,506
Consumption of self-produced, non-fuel derived renewable energy	MWh	36,848	35,389	31,924
Share of consumption from renewable sources in total energy consumption (%)	%	43	46	56
Non-renewable energy production	MWh	97,741	67,269	65,749
Renewable energy production	MWh	36,848	35,389	32,089

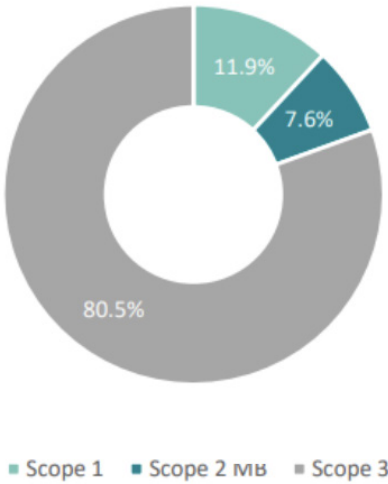
	UM	2023	2024	2025
Companies operating in high-impact sectors	Num.	11	11	11
Fuel consumption from coal and coal products	MWh	0	0	0
Fuel consumption from crude oil and petroleum products	MWh	0	0	0
Fuel consumption from natural gas	MWh	2,180,095	2,310,727	2,761,718
Fuel consumption from other fossil fuels	MWh	0	0	0
Consumption of electricity, heat, steam or cooling from purchased or acquired fossil fuels	MWh	1,218,521	1,067,989	35,168
Energy intensity of activities in high climate impact sectors.	MWh/€	0.0009	0.0009	0.0012

An ISO 50001 energy management system has been implemented at 81% of the Group’s sites; the energy audits required by these management systems help to reduce fossil fuel consumption and, consequently, CO₂ emissions.

||MDR-M || E1-6
Gross Scopes 1, 2, 3 GHG emissions and total GHG emissions

In 2024, the Group’s two steelworks worked on their Decarbonisation Plans. In particular, both had set medium- and long-term targets for reducing Scope 1, 2 and 3 CO₂ emissions. In 2025, the Group expanded this approach to include its tube mills and officially submitted its first Group Decarbonisation Plan by 2030 to the SBTi, committing to carbon neutrality by 2050, and received approval from the SBTi in early 2026.

The pie chart below shows the distribution of the three components of Scope 1, 2 and 3 CO₂ emissions within the Group for 2023, the base year for the reduction targets:



The following table shows absolute CO₂e emissions in tonnes compared to the base year 2023 and the year 2025 (in 2026, the Group also calculated the figure for 2024; from 2026 onwards, the GHG inventory is expected to be updated annually by a recognised third party):

	UM	2023	2024	2025
CO ₂ Scope 1	Tonnes	899,219	923,890	918,522
Percentage of Scope 1 emissions covered by the EU ETS	%	94.25	97.10	95.52
CO ₂ Scope 2 Location-Based	Tonnes	954,105	984,127	1,047,134
CO ₂ Scope 2 Market-Based	Tonnes	556,340	488,231	17,604
Total Scope 1 and 2 GHG emissions (location-based)	Tonnes	1,853,323	1,908,017	1,965,656
Total Scope 1 and 2 GHG emissions (market-based)	Tonnes	1,455,559	1,412,121	936,126
CO ₂ Scope 3	Tonnes	6,180,778	6,065,978	5,633,659
Total GHG emissions (location-based)	Tonnes	8,108,337	7,837,823	7,599,315
Total GHG emissions (market-based)	Tonnes	7,500,165	7,341,927	6,569,785
Total GHG emissions (location-based) by net revenue	tCO ₂ e/€	0.0012	0.0011	0.0014
Total GHG emissions (market-based) by net revenue	tCO ₂ e/€	0.0011	0.0011	0.0012

The table on the following page details the fifteen Scope 3 categories according to the SBTi with respect to the base year 2023:

Scope 3 categories, Tonnes of CO ₂ e		2023		2024		2025	
			%		%		%
1	Purchased goods and services	4,744,591	76.8	4,573,098	75.4	4,169,302	74.0
2	Capital goods	70,098	1.1	70,098	1.2	70,098	1.2
3	Fuel- and energy-related activities	162,379	2.6	178,450	2.9	162,379	2.9
4	Upstream transportation and distribution	683,092	11.1	640,200	10.6	683,091	12.1
5	Waste generated in operations	219,038	3.5	284,243	4.7	246,502	4.4
6	Business travel	66	0.0	66	0.0	66	0.0
7	Employee commuting	5,314	0.1	5,240	0.1	5,314	0.1
8	Acquisition of leased assets	38	0.0	38	0.0	38	0.0
9	Downstream transportation and distribution	23,870	0.4	42,250	0.7	23,870	0.4
10	Processing of sold products	246,142	4.0	246,142	4.1	246,142	4.4
11	Use of the service/product	0	0.0	0	0.0	0	0.0

Scope 3 categories, Tonnes of CO ₂ e		2023		2024		2025	
			%		%		%
12	End-of-life treatment of sold products	19,194	0.3	19,194	0.3	19,897	0.4
13	Granting of leased assets	133	0.0	133	0.0	133	0.0
14	Franchises	0	0.0	0	0.0	0	0.0
15	Investments	6,826	0.1	6,826	0.1	6,826	0.1

In recent years, it has on occasion been necessary to resort to using slabs sourced from outside Europe in order to ensure business continuity and maintain employment levels. This is a temporary measure, pending action by Europe and our country on two crucial issues: the cost of energy and the shortage of scrap (by limiting exports to third countries), which over the course of the year have undermined the competitiveness of the smelting phase and forced the use of steel slabs smelted and cast outside Europe.

|| E1-7
GHG removals and GHG emission mitigation projects financed through carbon credits

Acciaieria Arvedi is a forerunner of carbon neutral products in the Italian market. In 2023, it launched 'Arvzero', a carbon steel produced at its Cremona plant and processed at its facilities in Cremona and Trieste. Arvzero is produced in electric furnaces powered entirely by electricity from renewable sources, backed by guarantees of origin. This has enabled a reduction in Scope 1+2 CO₂ emissions of approximately 70% compared to the performance of blast furnaces.

The remaining 30%, which cannot yet be reduced, has, for the time being, been offset through the purchase of voluntary VCS carbon credits issued by the leading international VERRA Standard, allocated to reforestation or non-deforestation projects located in Brazil, China and Indonesia. Acciaieria Arvedi has obtained third-party certification under the 'PROCEDURA COIL NZE SCOPO 1-2' scheme, which enables the production of carbon steel with a Carbon Neutral certificate. The company has achieved this result thanks to the Decarbonisation Plan launched in 2018, with initiatives such as the industrial conversion of the hot section at the Trieste site, completed in just two years.

The table on the following page shows the quantities of carbon credits purchased and used by the Group. Over the years, the costs of available credits and the quantities of credit per product unit have decreased:

	UM	2023	2024	2025
Carbon credits	Tonnes CO ₂	322,866	449,756	466,648

|| E1-8
Internal carbon pricing

To date, the Group does not use carbon pricing to internally evaluate investments related to the Decarbonisation Plan, except for the average price of CO₂ allowances (EU ETS).

|| E1-9

Anticipated financial effects of material physical and transition risks and potential climate-related opportunities

EU Taxonomy

The Taxonomy is the European regulation that entered into force on 12 July 2020, with the aim of steering financial investments towards environmentally sustainable economic activities. The Taxonomy requires non-financial companies to provide information on six environmental objectives:

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

For the steel sector, the Taxonomy has defined eligibility criteria for the production of steel using electric furnaces. Finarvedi, considering Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486, identified the activities of Acciaieria Arvedi S.p.A. and Acciai Speciali Terni as eligible under the Taxonomy for the climate change mitigation (CCM) objective: CCM 3.9 Production of iron and steel.

For this activity, the Group decided to include within the perimeter of eligible activities both steel production and the subsequent processing phases carried out at the Group’s two steelworks, excluding steel processing performed by the other legal entities.

This choice is based on the specific patented production cycle in place at Acciaieria Arvedi S.p.A. in Cremona, where the rolling activity follows the melting activity in an endless casting process under the ESP and ISP processes, patented by Cav. Giovanni Arvedi and renowned worldwide. Indeed, the production process (both ESP and ISP) does not include the intermediate slab production phase; from melting, the process proceeds directly to rolling while the steel is still in molten form. Therefore, for the specific production process of Acciaieria Arvedi S.p.A., reporting cannot be limited to melting alone, as the intermediate product (slab) of melting alone does not exist and it is not possible to separately identify revenues attributable solely to melting, excluding those related to rolling.

The approach adopted is currently the only applicable one; however, the Group is monitoring any changes that may be adopted in light of the forthcoming revisions of the Climate Delegated Act, in order to revise and reconsider the approach if needed.

The steel production activities are aligned with the Taxonomy because:

- They meet the substantial contribution criteria (SCC) related to the identified economic activity. For activity CCM 3.9, Acciaieria Arvedi’s activity complies with both criterion a) (below 0.209 tCO₂/t of product) and criterion b) (ratio of steel scrap input to product output equal to 90%) of Annex I to Delegated Regulation (EU) 2021/2139, while Acciai Speciali Terni complies only with criterion b). Therefore, all the Group’s steelworks meet the taxonomy criteria for the production of iron and steel;
- They do no significant harm (Do No Significant Harm - DNSH), meaning that they do not have negative effects on the other environmental objectives to which the economic activity does not substantially contribute;
- The activity is carried out in compliance with the minimum safeguards (MS), recognising the importance of human rights and labour standards.

Taxonomy Indicators	2025
% of Taxonomy-eligible turnover	72%
% of Taxonomy-aligned turnover	72%
% of Taxonomy-eligible CapEx	87%
% of Taxonomy-aligned CapEx	87%

The remaining share of Turnover and CapEx is attributable to business activities that are non-eligible or considered non-material under the new EU Delegated Regulation 2026/73.

DNSH Criteria

Climate change adaptation

The Group carried out, in accordance with Appendix A to Annex 1 of COMMISSION DELEGATED REGULATION (EU) 2021/2139 of 4 June 2021, an assessment, for the activities subject to the Taxonomy, of all the points listed in that Appendix and of the climate risk and vulnerability of its assets based on the climate scenarios presented in the PNACC (Representative Concentration Pathways scenarios, RCP8.5, RCP2.6 and RCP4.5, Ministerial Decree No. 434 dated 21 December 2023). It was possible to confirm that the assets can withstand the climate changes expected during their life cycle; therefore, the Group considers its eligible activities to comply with the criteria established by Delegated Regulation 2021/2139.

Sustainable use and protection of water and marine resources

For activity CCM 3.9, the environmental analyses carried out for the purposes of the EMAS Environmental Statement (Acciaieria Arvedi S.p.A.) as well as the context analysis for ISO 14001 certification support the conclusion that the DNSH criterion is met, as provided for in Appendix B of the taxonomy regulation (EU) 2020/852. The water balance for Acciaieria Arvedi S.p.A. was assessed by a third-party certification body. Water quality is ensured under the Integrated Environmental Authorisation (AIA) monitoring plan of Acciaieria Arvedi S.p.A. and Acciai Speciali Terni.

DNSH Criteria

Pollution prevention and reduction

Acciaieria Arvedi S.p.A. and Acciai Speciali Terni comply with the applicable regulations and, in the AIA documents, were found to be aligned with the sector BAT. The technologies adopted in the production process are among the best-performing technologies included in the technical document BREF for the iron and steel production industry under Directive 2010/75/EU. The companies are ISO 14001 certified and have stringent environmental objectives, as provided for by Regulation (EC) No. 1221/2009.

The Group considers this criterion to be met as indicated in Appendix C, since the activity does not involve the manufacture, placing on the market or use of the substances listed in that Appendix.

DNSH Criteria

Protection and restoration of biodiversity and ecosystems

The Group conducted environmental analyses as part of its environmental certifications, which include analyses of the territorial context of the area in which it operates.

For Acciaieria Arvedi S.p.A. and Acciai Speciali Terni, an analysis of biodiversity and ecosystems was carried out, and a monitoring system is in place for soil fauna, lichens and bees in internal areas and/or at varying distances from the processing areas, in order to detect any changes in the ecosystem context of the areas concerned. Monitoring is performed by checking lichen biodiversity indices (IBL) at the stations surrounding the steelworks; these have provided specific assessments of levels of naturalness, demonstrating the absence of significant ongoing environmental alteration. In addition to the IBL, bioaccumulation data for heavy metals in the monitored lichens are assessed in order to evaluate changes over time at all monitored stations.

Furthermore, monitoring through the use of soil-fauna bioindicators and the population of forager bees (*Apis mellifera ligustica*) makes it possible to verify any change over time, so that all mitigation and compensation measures for environmental protection can be promptly activated, as indicated in Appendix D of the taxonomy regulation. The Group considers this criterion to be met.

DNSH Criteria

Minimum safeguards

The minimum safeguards with reference to Article 18 of the EU Taxonomy Regulation refer to:

international standards on responsible business conduct. In particular, the Group Code of Conduct extensively addresses criteria relating to human rights (including workers' rights), corruption, taxation and unfair competition. In this regard, reference is made to the various chapters of this disclosure, which describe the behavioural and ethical standards guiding Finarvedi's actions and the various practices implemented in terms of anti-corruption, taxation and unfair competition.

the principle of doing no significant harm, by subjecting the steelworks to specific third-party assessments by specialists in environmental impacts, for plants that have already undergone EIA procedures and EIA screening according to the various categories provided for by Legislative Decree 152/06.

DNSH Criteria

Turnover

In accordance with the Disclosure Delegated Act, the following criteria were used to calculate the Turnover share:

for the denominator, net revenues were used (the amount arising from the provision of services after deducting sales discounts and value-added taxes directly connected with turnover);

for the numerator, the portion of net revenues (used to calculate the denominator) associated with eligible and aligned activities was used. The approach used for the assessment involved identifying the legal entities generating turnover associated with the eligible taxonomy activity (Acciaieria Arvedi and Acciai Speciali Terni) under point 3.9 - Production of iron and steel (72%);

The largest share of turnover within the scope analysed (72%) can therefore be considered eligible and aligned with the EU Taxonomy, and mainly refers to revenues from steel production and subsequent processing carried out exclusively by the same legal entity.

DNSH Criteria

CapEx

For the calculation of the CapEx KPI denominator, Finarvedi considered the investments carried out during the financial year by all companies within the scope of analysis. In line with the Disclosure Delegated Act, to calculate the CapEx share, the Group considered, for the denominator, the tangible and intangible assets recognised in accordance with Annex I to Delegated Regulation (EU) 2021/2178, while the numerator included investments relating to assets associated with eligible and aligned activities (Acciaieria Arvedi and Acciai Speciali Terni), in line with the provisions of point A of Annex I to the Disclosure Delegated Act for point 3.9 - Production of iron and steel. A broader assessment is planned for next year, also covering the CapEx of Group companies and not only CapEx related to activity 3.9.

DNSH Criteria

OpEx

For 2025, a preliminary analysis was carried out of the operating cost items that contribute to the calculation of operating expenses, in order to assess their materiality. Updates will be provided in future statements.

Task Force on Climate-Related Financial Disclosure (TCFD)

The Group integrates the Task Force on Climate-Related Financial Disclosure (TCFD) framework into its ESG strategy:

Governance

Double Materiality	Double Materiality analysis to measure ESG and financial impacts, carried out with the assistance of experts and used as a basis for defining ESG Policies and Targets by 2030.
ESG policies	Group ESG policies approved by the CEO and valid for all Consolidated Companies.
ESG Target	Group ESG targets for 2030 approved by the CEO and valid for all Consolidated Companies.
ESG governance	- Monthly and quarterly meetings between the ESG team and ESG Data Owners to review ESG performance; - ESG Steering Committee meets four times a year to track progress against the ESG Targets; - The ESG team statements to the Board of Statutory Auditors once a year for an update on ESG matters.

Strategy

IRO identification (impacts, risks, opportunities)	Impacts, Risks and Opportunities (IRO) identified through the Double Materiality analysis.
SBTi	- Choice of the 1.5°C Scenario with the Science Based Target initiative (SBTi) aligned with the 2015 Paris Agreement, for the Scope 1+2 Decarbonisation Plan; - Selection of the WB2°C Scenario with the SBTi aligned with the 2015 Paris Agreements for the Scope 3 Decarbonisation Plan.
SDG	- Mapping to identify the Sustainable Development Goals (SDGs) where the Group can make a difference (namely SDG6, SDG8, SDG12 and SDG13); - Mapping to highlight the Sustainable Development Goals (SDGs) where the Foundation can make a difference (namely SDG4 and SDG11).

Risk management

IRO identification (impacts, risks, opportunities)	ESG Action Plan with Group Policies and Targets by 2030 based on the Double Materiality analysis
Decarbonisation Plan	Group Decarbonisation Plan approved by the SBTi.
IRO monitoring (impacts, risks, opportunities)	Steering Committee to oversee ESG risks, action plans and performance.

Metrics and Targets

Metrics	- Metrics aligned with the Paris Agreements (absolute CO₂ emissions); - Publication of absolute CO₂ emissions data (Scope 1+2+3).
Targets	- Absolute CO₂ emission reduction target by 2030 (Scope 1+2+3); - Absolute CO₂ emission reduction target by 2050 (net zero target).

POLLUTION

|| IRO-1 || E2-6
Description of processes to identify and assess material pollution-related impacts, risks and opportunities

With regard to pollution-related issues, the Impacts, Risks and Opportunities (IRO) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E2 - Pollution - Air	Potential damage to the environment and human health due to the emission of pollutants (e.g. dust and other atmospheric emissions) during the Group's direct operations (material).	Medium-long	Financial and reputational risk arising from potential penalties for failing to comply with plant emission limits (material).	The Group is involved in steel production and processing. These activities may result in the emission of pollutants which, if left unregulated, could lead to exceeding the limits set by the relevant authorisations, thereby incurring fines and damaging the Group's reputation.	Medium-long
E2 - Pollution - Soil	Potential soil pollution due to the release of pollutants from activities along the Group's value chain (not material).	Short	Operational and regulatory non-compliance risk resulting from suppliers' failure to comply with laws relating to emissions of pollutants into the environment (not material).	The Group operates with scrap, metals, cast iron and ferroalloys, whose supply chains are characterised by industrial processes with a high environmental impact. Any failure by suppliers to comply with legal limits, combined with their lack of environmental responsibility, could create a risk of non-compliance for the Group's suppliers.	Medium-long
E2 - Pollution - Water	Potential pollution of water bodies due to the discharge of water contaminated by activities along the Group's value chain (material).	Short			

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E2 - Pollution - Water	Potential pollution of water basins due to the discharge of contaminated water and the Group's improper management of wastewater (material).	Short	No risks or opportunities relating to water pollution have been identified in connection with the Group's activities.		

The Group does not currently report DR E2-6 Anticipated financial effects, as the requirement is subject to phase-in in accordance with Appendix C of ESRS 1. Any updates will be provided in future statements.

|| MDR-P || E2-1
Pollution-related policies

- The Group Code of Conduct covers the following issues relating to pollution: human rights; health and safety; minerals from conflict zones and high-risk raw materials (Conflict Minerals); environmental protection. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/file-admin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group QHSE Policy covers the following issues related to pollution: compliance with regulations; adoption of best practices; leadership and the precautionary approach; training; risk assessment; decarbonisation; traceability and environmental footprint; waste. The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain, in line with the principles of the Code of Conduct, and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

All Group representatives, employees, collaborators, consultants and business partners may report situations of which they become aware and where there is evidence of potential negative impacts from Group activities through our reporting channels (Whistleblowing Procedure).

|| MDR-A || E2-2
Actions and resources related to pollution

Each of the Group’s sites adopts specific measures to manage environmental impacts that may lead to pollution (such as water pollution, waste and atmospheric emissions), guided by compliance with ISO 14001 Environmental Management Systems (implemented at 81.25% of sites), which set local targets for reducing particulate matter, NO_x and SO₂.

|| MDR-T || E2-3
Pollution-related targets

The Group has set itself an ESG target for 2030: 100% of sites will have a Biodiversity Impact Assessment updated every five years, or sooner in the event of significant changes to the scope of production.

|| MDR-M || E2-4
Air, water and soil pollution

The Group uses continuous emission monitoring systems (CEMS) to measure particulate matter, nitrogen oxides (NO_x) and sulphur dioxide (SO₂). The use of CEMS gives operators a better understanding of emission levels, enabling them to view the data at any time and take prompt action to adjust the process. Furthermore, it provides a guarantee to regulatory bodies and other stakeholders that the data shall be reliable and traceable.

The following table shows the trend in absolute atmospheric emissions:

	UM	2023	2024	2025
Dust	Tonnes	69.69	77.13	87.46
Nitrogen oxides (NO _x)	Tonnes	733.68	759.33	1,565.26
Sulphur oxides (SO ₂)	Tonnes	1.81	3.16	2.20
Nickel (Ni)	Tonnes	0.14	0.17	0.09

In 2025, sampling was extended to all chimneys, including boilers in occasional use. Work is currently underway to capture fugitive emissions. Construction of the new slag ramp at the Terni steelworks is in progress, as set out in the Programme Agreement; this project will help reduce local dust emissions into the atmosphere.

The issue of direct microplastics is not present in steel production; therefore, we can state that there is neither generation nor direct use; there may be indirect contamination (for example, in water drawn and used for cooling machinery), but no statements were recorded in 2025. The same applies to PFAS: none detected.

The Group has not received any significant penalties for environmental issues relating to exceeding atmospheric emission limits.

Water and soil

The Group has not received any significant penalties for environmental issues relating to exceeding water or soil emission limits.

|| E2-5
Substances of concern and substances of very high concern

At the request of the European Commission, the European Chemicals Agency (ECHA) may propose a substance for identification as a Substance of Very High Concern (SVHC). If the substance is identified as such, it is added to the candidate list for possible inclusion in the authorisation list (Annex XIV of REACH). The inclusion of a substance in the candidate list creates legal obligations for companies that manufacture, import or use these substances as such, in preparations or in products. Article 33 of the REACH Regulation stipulates that manufacturers and importers of products are required to inform their customers of the presence of any Substances of Very High Concern (SVHCs) in products if their concentration exceeds 0.1% by weight and, in such cases, to provide instructions on the safe use of the product.

The SVHCs identified by ECHA and available for consultation at <https://echa.europa.eu/it/candidate-list-table> as of 04/02/26 (please note that only the candidate list published on this website is considered authentic; the latest update available is dated 04/02/2026) under the conditions set out in Article 33 of the REACH Regulation.

	UM	2023	2024	2025
Total quantity of substances, preparations and articles containing substances of concern used during production or procured	Tonnes	48,198	47,632	81,031
Total quantity of substances, preparations and articles containing substances of very high concern used during production or procured, according to the main hazard classes	Tonnes	12,777	11,283	9,220
Total quantity of substances, preparations and articles containing substances of concern leaving plants as emissions, as products or as part of products or services	Tonnes	212	170	97
Total quantity of substances of very high concern leaving plants as emissions, as products or as part of products or services, according to the main hazard classes	Tonnes	0	0	0

|| IRO-1 || E3-5

Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities

With regard to water-related issues, the Impacts, Risks and Opportunities (IRO) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E3 – Water and marine resources – Water consumption, water withdrawal, water discharge	Potential negative impact on ecosystems and local communities due to water scarcity caused by excessive use along the entire value chain and the Group’s direct operations (material).	Short	No risks or opportunities have been identified in relation to water consumption, withdrawal and discharge.		

The Group does not currently report DR E35 Anticipated financial effects, as the requirement is subject to phase-in in accordance with Appendix C of ESRS 1. Any updates will be provided in future statements.

|| MDR-P || E3-1

Policies related to water and marine resources

- The Group Code of Conduct covers the following issues related to water and marine resources: environmental and climate protection. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group QHSE Policy covers the following issues related to water and marine resources: compliance with regulations, adoption of best practices, leadership and the precautionary approach, training, risk assessment, decarbonisation, traceability and environmental footprint, waste. The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

All Group representatives, employees, collaborators, consultants and business partners may report situations of which they become aware and where there is evidence of potential negative impacts from Group activities through our reporting channels (Whistleblowing Procedure).

|| MDR-A || E3-2

Actions and resources related to water and marine resources

Water is a resource used for cooling and washing products during steel manufacturing processes. Each site implements specific measures for water management in line with the ISO 14001 environmental management systems (implemented at 81% of sites). In general, there are three levels of action: reducing water consumption, improving the quality of water discharges with parameters well below emission limits and increasing water recycling. Furthermore, thanks to the application of the Double Materiality approach, the Group has included water-related risks in its risk assessment: potential regulatory changes relating to water-related issues are assessed by the Data Owners and consolidated companies.

|| MDR-T || E3-3

Targets related to water and marine resources

The Group has set itself an ESG Target: 100% of its sites will have a Biodiversity Impact Assessment implemented by 2030 and updated every five years, or sooner in the event of significant changes to the scope of production. Future statements will include updates.

|| MDR-M || E3-4
Water consumption

	UM	2023	2024	2025
Total water consumption	m³	4,989,197	5,004,964	5,968,902
Total water consumption in areas suffering from water stress	m³	0	0	0
Total recycled and reused water	m³	2,748,295	2,753,741	3,441,670
Total volume of stored water	m³	1,600	1,800	1,750
Water intensity: total water consumption (m3 per € million of net revenue)	m³/M€	719	722	1,082

The water consumption data were collected from all the Group’s production sites using volumetric meters installed at supply points and discharge points, as required by the current environmental permits (AIA/AUA). The data is obtained from direct readings of the installed meters (not from estimates or models), validated by the plant’s environmental managers and consolidated at Group level. The Group has not received any significant penalties for environmental issues relating to water withdrawals and/or discharges.

Thanks to the requirements of the integrated environmental authorisations, the Group has mapped its steelworks and, to date, none are located within an area of water stress. Nevertheless, given the acceleration of climate change, the Group has set itself an ESG Target of implementation of a Biodiversity Impact Assessment at 100% of its sites by 2030; this will enable the Group to monitor developments across different geographical areas and make a tangible contribution to preserving ecosystems and facilitating the repopulation of existing biodiversity.

BIODIVERSITY AND ECOSYSTEMS

|| IRO-1 || SBM-3 || E4-6
Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with the strategy and business model

With regard to issues related to the ecosystem and biodiversity, the Impacts, Risks and Opportunities (IRO) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
E4 – Biodiversity – Impacts on the extent and condition of ecosystems; changes in land use, changes in freshwater use and changes in marine use	Potential loss of biodiversity and damage to ecosystems resulting from the extraction of raw materials used in the Group's production process and direct activities (material).	Medium-long	Operational risk associated with impacts on ecosystems and biodiversity along the value chain (not material).	The extraction and processing of raw materials such as cast iron, ferroalloys and metals used by the Group could have a material negative impact on the biodiversity and ecosystems surrounding the areas of operation. In the event of significant damage to these environments, the upstream value chain could pose a risk of potential harm to biodiversity during the preparation of raw materials.	Medium-long

As far as land occupation is concerned, the Arvedi Group has a high ratio of production to occupied area, an indication of efficient land use:

	UM	2025	%
Total area occupied by Group sites	m²	3,293,321	100
Total covered area	m²	1,119,385	34
Green surfaces	m²	637,503	19
Production density*	t/m²	2.83	-

* The Group's production density demonstrates efficient use of industrial land, with a high ratio of production to occupied land area, consistent with the BAT principles of optimising resource use and minimising operational footprint.

The Group does not currently report DR E4-6 Anticipated financial effects, as the requirement is subject to phase-in in accordance with Appendix C of ESRS 1. Any updates will be provided in future statements.

|| E4-1
Transition plan and focus on biodiversity and ecosystems in the strategy and business model

Biodiversity is one of the issues which emerged from the Double Materiality analysis. The Group has therefore incorporated this into its strategy by setting a specific ESG Target for 2030, which requires 100% of its sites to undergo a Biodiversity Impact Assessment.

|| MDR-P || E4-2
Policies related to biodiversity and ecosystems

- The Group Code of Conduct covers the following issues related to biodiversity and ecosystems: minerals from conflict zones and high-risk raw materials (Conflict Minerals); environmental and climate protection. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/file-admin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group’s QHSE Policy covers the following issues relating to biodiversity and ecosystems: electricity sourced exclusively from renewable sources with guarantees of origin, and a commitment to achieving near-zero emissions – a net-zero target – by 2050; traceability and environmental footprint (energy, water, materials, waste) of all products (LCA/EPD) manufactured by the Group; waste reduction and maximum use of scrap and ferroalloys as recycled content within products (circular economy) and a commitment to zero deforestation. The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain, in line with the principles of the Group Code of Conduct, and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>

|| MDR-A || E4-3
Actions and resources related to biodiversity and ecosystems

The Group recognises third-party certifications (ISO 9001, ISO 14001/EMAS, ISO 45001, ISO 50001) as a means of supporting the implementation of the Group’s QHSE Policy and the protection of biodiversity and local ecosystems. The table on the following page summarises the level of implementation across the Group's sites:

	% coverage of people		
	2023	2024	2025
Quality Management System (ISO 9001)	100%	100%	100%
Environmental Management System (ISO 14001)	50%	50%	81%
Health and Safety Management System (ISO 45001)	86%	84%	83%
Energy Management System (ISO 50001)	50%	50%	81%

|| MDR-T || E4-4
Targets related to biodiversity and ecosystems

The Group has set itself an ESG Target by 2030: 100% of its sites will have a Biodiversity Impact Assessment implemented by 2030 and repeated every five years, or sooner in the event of significant changes to the scope of production. Future statements will include updates.

|| MDR-M || E4-5
Impact metrics relating to changes in biodiversity and ecosystems

To date, the metric adopted is absolute CO₂ emissions, as detailed in section E1-6. Thanks to the ESG Target of implementing a Biodiversity Impact Assessment, the Group will soon have additional metrics with which to measure its contribution to the protection of ecosystems and existing biodiversity. The Group has not received any fines (threshold of €10k) for environmental issues related to the loss of biodiversity and/or endemic species.

|| E4-6
Anticipated financial effects of biodiversity and ecosystem-related risks and opportunities
Task Force on Nature-Related Financial Disclosure (TNFD)

As described on the following page, the Group integrates the Task Force on Nature Related Financial Disclosure (TNFD) framework into its ESG strategy:

Governance

Double Materiality	Double Materiality assessment to measure ESG and financial impacts, carried out by an internationally recognised third party and used as the basis for defining ESG Policies and Targets (raw materials, water, biodiversity, waste and noise identified as material topics).
ESG policies	Group ESG policies approved by the CEO and valid for all Consolidated Companies.
ESG Target	Group ESG targets for 2030 approved by the CEO and valid for all Consolidated Companies.
ESG governance	- Monthly and quarterly meetings between the ESG team and ESG Data Owners to review ESG performance; - ESG Steering Committee meets four times a year to track progress against the ESG Targets; - The ESG team statements to the Board of Statutory Auditors once a year for an update on ESG matters.

Strategy

IRO identification (impacts, risks, opportunities)	Impacts, Risks and Opportunities (IRO) identified through the Double Materiality analysis.
SBTi	- Choice of the 1.5°C Scenario with the Science Based Target initiative (SBTi) aligned with the 2015 Paris Agreement, for the Scope 1+2 Decarbonisation Plan; - Selection of the WB2°C Scenario with the SBTi aligned with the 2015 Paris Agreements for the Scope 3 Decarbonisation Plan.
SDG	- Mapping to identify the Sustainable Development Goals (SDGs) where the Group can make a difference (namely SDG6, SDG8, SDG12, SDG13), all of which are aimed at conserving existing biodiversity; - Mapping to highlight the Sustainable Development Goals (SDGs) where the Foundation can make a difference (namely SDG4 and SDG11).

Risk management

IRO identification (impacts, risks, opportunities)	ESG Action Plan with Group Policies and Targets by 2030 based on the Double Materiality analysis
Decarbonisation Plan	Group Decarbonisation Plan approved by the SBTi.
IRO monitoring (impacts, risks, opportunities)	Steering Committee to oversee ESG risks, action plans and performance.

Metrics and Targets

Metrics	- Metrics aligned with the Paris Agreements (absolute CO₂ emissions); - Publication of absolute CO₂ emissions data (Scope 1, 2, 3).
Targets	100% of the Group's sites with a Biodiversity Impact Assessment

RESOURCE USE AND CIRCULAR ECONOMY

|| IRO-1 || E5-6
Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Topic/ Sub-topic ESRS	Impact		Risk / Opportunity		
	Description	Time frame	Risk / Opportunity	Description	Time frame
E5 – Resource use – Resource inflows	Depletion of natural resources due to the intensive use of virgin raw materials along the value chain. (material)	Medium-long	No risk/opportunity associated with matters related to resource inflows has been identified.		
E5 – Resource use – Waste	Potential negative impacts on land occupation and water and air pollution due to incorrect treatment of waste generated by the Group’s direct operations. (material)	Medium-long	Operational and regulatory non-compliance risk due to failure to comply with laws relating to waste management. (material)	The Group could incur penalties for the incorrect management of waste generated during its activities. In addition, the Group may be required to invest in new infrastructure or implement internal practices to comply with regulatory requirements, with the risk of increased operating expenses.	Medium-long
E5 – Resource use – Waste	Potential negative impacts on land occupation and water and air pollution due to incorrect treatment of waste generated by value chain activities. (material)	Medium-long	Operational and regulatory non-compliance risk due to suppliers’ failure to comply with laws relating to waste management. (not material)	The introduction of stricter laws on waste management could cause an increase in costs for suppliers. Failure to comply with such laws may result in financial penalties imposed by the competent authorities, which may disrupt the company’s activities and have a negative impact on the Group.	Medium-long

The Double Materiality analysis identified CO₂ emissions as a top priority for the Group and its stakeholders. One of the key drivers of our decarbonisation plan lies in the use of selected recycled scrap, a key raw material for steel production in electric arc furnaces (EAFs). The scrap can be:

- Pre-consumer if generated during the steel production process (production waste), during the steel rolling and finishing stages and/or during downstream processes.
- Post-consumer if generated after the end of the product’s useful life.

The Group Code of Conduct also covers our commitment to responsible sourcing, avoiding conflict materials and preventing money laundering and corruption. The Group achieved an average of 81% scrap steel usage in 2025 and has set a target of 85% recycled content in its products by 2030.

|| MDR-P || E5-1
Resource use and circular economy policies

- The Group Code of Conduct covers the following issues related to resource use and circular economy: minerals from conflict zones and high-risk raw materials (Conflict Minerals); environmental and climate protection. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/file-admin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group’s QHSE Policy covers the following issues relating to resource use and circular economy: electricity sourced exclusively from renewable sources with guarantees of origin, and a commitment to achieving near-zero emissions – a net-zero target – by 2050; traceability and environmental footprint (energy, water, materials, waste) of all products (LCA/EPD) manufactured by the Group; waste reduction and maximum use of scrap and ferroalloys as recycled content within products (circular economy). The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities, extends to the supply chain and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

|| MDR-A || E5-2
Actions and resources related to resource use and circular economy

The Group has waste management programmes covering the following areas:

- Investments to increase recycled content without affecting product quality;
- Waste audits to identify opportunities for improving waste management;
- Third-party certifications (coverage in terms of personnel: 100% for ISO 9001 and 81% for ISO 14001/EMAS).

|| MDR-T || E5-3
Targets related to resource use and circular economy

The Group has set itself an ESG target of 85% recycled content (scrap) in our products by 2030 (base year 2023). Future statements will include updates.

|| MDR-M || E5-4
Resource inflows

In the Group’s production, incoming material flows include ferroalloys, lime and magnesite, as well as selected scrap, additives and fluxes, electrodes and refractories, oils and emulsions necessary for plant operation, and the main gases used in the process, namely oxygen and inert gases.
The table on the following page summarises the total incoming raw materials over the three-year period.

	UM	Total weight	Of which technical materials	Of which biological materials			Of which reused or recycled	
			Total weight	Total weight	Of which from certified sustainable sources	%	Total weight	%
Total materials used 2023	Ton.	8,554,441	608,743	0	0	0	3,507,524	41
Total materials used 2024	Ton.	8,171,685	615,232	0	0	0	4,096,118	50
Total materials used 2025*	Ton.	8,570,786	568,384	0	0	0	3,864,528	45

* The total weight of materials refers to the total of all plants: steelworks, tube mills and steel service centres. The weight of recycled materials instead refers exclusively to the two steelworks.

|| MDR-M || E5-5
Resource outflows

Dust

- Ducted emissions from melting furnaces and converters are continuously monitored, with dust levels ranging between 0.1 and 0.2 mg/Nmc, compared to a regulatory limit – and BAT (Best Available Techniques) value – of 5 mg/Nmc. The other emission points are monitored every six months. Ducted emissions are mitigated by chimney filters.
- The most significant fugitive emissions arise from the cooling and management of slag, as well as from the handling of scrap. Fugitive emissions are mitigated by localised wetting and suction.

Slag

- Approximately 1,300,000 tonnes of slag are produced annually as a result of the production process in the steelworks. Of this, only 820,000 tonnes are managed as waste, whilst the remainder is classified as a by-product and destined for the cement and bituminous aggregate market.
- Acciaieria Arvedi S.p.A. has succeeded in optimising and stabilising the production process for recycled materials, obtaining by-products with exceptional chemical and performance characteristics, which represent an alternative in a world of finite resources for the market of products used in construction, road works and public works. Examples of products manufactured (12% of total sales of our products).

- ◊ Inertex: a filler that provides resistance and durability against chemical and environmental aggression;
- ◊ Calcetek: a filler capable of initiating and controlling the setting times of cementitious composites;
- ◊ Greenker: a clinker-free hydraulic binder useful for decarbonising the cement industry.

The Group has not received any fines (threshold of €10k) for environmental issues relating to waste classification and management.

The tables below detail the quantities and types of waste:

Waste	UM	2023	2024	2025
Waste for recovery				
Total waste for recovery	Tonnes	417,838	443,728	442,099
of which hazardous waste	Tonnes	71,160	76,929	76,769
Preparation for re-use	Tonnes	0	0	0
Recycling	Tonnes	71,160	76,929	76,769
of which non-hazardous waste	Tonnes	349,954	366,799	365,330
Preparation for re-use	Tonnes	0	0	0
Recycling	Tonnes	349,954	366,799	365,330
Waste for disposal				
Total waste for disposal	Tonnes	225,827	241,926	249,721
of which hazardous waste	Tonnes	84,603	90,318	89,458
Incineration	Tonnes	0	0	0
Landfill	Tonnes	84,603	90,318	89,458
of which non-hazardous waste	Tonnes	141,224	151,404	160,263
Incineration	Tonnes	0	0	0
Landfill	Tonnes	141,224	151,404	160,263
Non-recycled waste	Tonnes	141,224	151,404	160,263
Percentage of non-recycled waste	%	22	22	23
Total Waste	Tonnes	643,665	685,653	691,820
Total radioactive waste	Tonnes	0	768	768
Total hazardous waste	Tonnes	152,487	167,247	166,227

OWN WORKFORCE

|| SBM-3
Description of processes to identify and assess material impacts, risks and opportunities related to own workforce

With regard to issues relating to our own workforce, the Impacts, Risks and Opportunities (IROs) associated with our manufacturing activities and our value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
S1 Own workforce - Health and safety	Negative impact on workers and their families due to the consequences of workplace injuries (material).	Short	Economic and operational risk linked to labour shortages and insurance costs resulting from a high rate of workplace injuries (material).	Impacts due to the lack of training on health and safety measures or non-compliance with safety management systems could lead to an increase in the rate of workplace injuries and, consequently, higher costs relating to insurance and staff replacement, as well as potential damage to the Group's reputation.	Medium - long
S1 Own workforce - Working conditions	Potential negative impacts on employee well-being due to the lack of specific plans and benefits for Group employees (not material).	Short	Operational and reputational risk of loss of workforce due to the lack of favourable working conditions (not material).	A lack of attention to the work-life balance of the Group's employees, such as the availability of a range of support services for family responsibilities, may lead to an increase in staff turnover rates.	Medium - long
	Potential negative impacts on workers caused by instances of human rights violations resulting from unfair labour practices (material).	Short	Economic and reputational risk of financial and legal penalties due to the failure to respect employees' human rights (not material).	Incidents of human rights violations (freedom of expression and association, gender equality) could generate an operational risk linked to potential financial losses and damage to reputation.	Short
S1 Own workforce – Equal treatment and opportunities for all	Potential harm to employees' well-being arising from a lack of respect for diversity and incidents of discrimination (material).	Short	Economic and reputational risk of sanctions for failure to respect diversity and inclusion among employees (not material).	Failure to protect diversity (e.g. gender equality) may lead to lower productivity and higher absenteeism, as well as risks to corporate reputation and difficulties with customers and talent within the company.	Short

Topic/ Sub-topic ESRS	Impact		Risk / Opportunity		
	Description	Time frame	Risk / Opportunity	Description	Time frame
S1 Own workforce - Working conditions	No positive or negative impacts have been identified in relation to the issues associated with these risks. Risks have emerged in view of the Group's dependence on 'human capital'.		Strategic and operational risk of production inefficiency due to the limited availability and/or loss of key resources (material).	The risk of relying on a talent attraction and employee retention system that lacks resilience (e.g. by failing to prioritise employee satisfaction) could lead to a loss of skills.	Medium - long
			Strategic and operational risk of inefficiency linked to a lack of technical and professional flexibility among employees (not material).	In the event of a high employee turnover rate, the Group would need to slow down its processes due to the lack of technical and professional flexibility among employees, who might find themselves unable to perform a variety of tasks.	Short

|| MDR-P || S1-1
Policies related to own workforce

- The Group Code of Conduct covers the following issues related to its workforce: equal treatment and non-discrimination; protection of rights; environmental protection; data privacy. In particular, with regard to the protection of rights, the Group guarantees: parental leave and the absence of any form of wage discrimination. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condot-ta_2025_ing.pdf.
- The Group's QHSE Policy covers the following areas relating to its workforce: leadership and a precautionary approach; risk assessment; training activities; Root Cause Analysis to be carried out following any incident (e.g. injury, near miss, environmental spill) to identify its root causes and define actions to mitigate risks and negative impacts in order to prevent it from happening again. The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain, in line with the principles of the Group Code of Conduct, and can be downloaded at the following link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

|| S1-2
Processes for engaging with own workforce and workers' representatives with regard to impacts

The Group pursues constructive dialogue with employees in all countries where it has production facilities, namely Italy, Poland and Brazil. In Italy, where 90% of the Group's total workforce is based, the company maintains a direct relationship with recognised trade union representatives, involving them in the process of identifying and assessing the material impacts that affect them.

In Brazil and Poland, where the remaining 10% of the workforce is based, the Group adopts social policies on health, safety, diversity and governance, drawing on the Group's Code of Conduct.

As stated in the Code of Conduct, the Group respects the freedoms and prerogatives of trade unions and employee representatives, and also incorporates the fundamental principles set out in the United Nations Global Compact on Human Rights, the OECD Guidelines for Multinational Enterprises, and the fundamental conventions of the International Labour Organisation (ILO). The Group's key functions must be aware of the relevant laws and regulations applicable to the specific economic sector or local territory under their jurisdiction, as well as the international standards governing the management of labour relations; they must also ensure compliance with the guidelines and best practices promoted under the United Nations Global Compact initiative, of which the Group has been a member since 2025.

Lastly, Arvedi Campus and AST Academy are the Group's two physical centres dedicated to dialogue, innovation and the development of the Group's people. The Specialised Training Centres focus on technical, managerial and business training programmes with the aim of disseminating and sharing skills, a sense of belonging and the entrepreneurialia

|| MDR-P || S1-3
Processes to remediate negative impacts and channels for own workforce to raise concerns

In its Code of Conduct, the Group has set out its commitment to managing its labour practices by ensuring dialogue with employee representatives, eliminating gender discrimination and ensuring fair payment for overtime work. With specific reference to issues of discrimination and harassment (sexual and otherwise), the Group is clear in its Code of Conduct: zero tolerance.

The Group has specific channels for employees to raise concerns. Employee-related matters are normally handled by the Human Resources Department. With regard to the handling of complaints and/or statements concerning unlawful conduct or breaches of the Code of Conduct, the Group provides anyone who becomes aware of such situations with appropriate reporting channels, designed to guarantee the confidentiality of the whistleblower (Whistleblowing Procedure). For further details, see G1-1 Policies on corporate culture and business conduct.

|| MDR-A || S1-4

Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce, along with the effectiveness of such actions

In June 2025, the Group signed a Programme Agreement that is crucial to the industrial re-structuring and environmental remediation of the Terni steelworks. This objective was achieved after more than two years of intensive work involving a multi-stakeholder roundtable comprising the company, the government, trade unions, the regional government and the local council. The agreement is based on the Group’s Business Plan, which envisages a total investment of €557 million to be completed by 2028, followed by a second phase of measures to be assessed in line with market conditions. The Arvedi Group gives an assurance that its activities will not have any material negative impact on its workforce.

|| MDR-T || S1-5

Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities

- The Group has set itself two ESG Targets by 2030 in the area of human resources:
- 100% of sites to undergo a Human Rights Impact Assessment, to be updated every five years or sooner in the event of significant changes to the scope of operations; we will thus also cover ESRS standards S1-10, S1-11, S1-12, S1-15 and S1-16; the Assessment will cover all Group sites, including the supply chain (human rights covered: forced labour, human trafficking, child labour, freedom of association, right to collective bargaining, discrimination).
 - 100% of Group sites featuring a survey on awareness of the Group’s ESG positioning.

The process for defining the 2030 ESG Targets is set out in the section on Strategy, Business Model and Value Chain. Future statements will include updates in this regard.

|| MDR-M || S1-6

Characteristics of the undertaking's employees

The number of employees of the Group at the end of 2025 was 6,439 (6,383 in 2024), up from 2024.
The following tables present data and metrics on the characteristics of our employees.

Personal data	UM	2023			2024			2025		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of people (HC)	Num	5,904	344	6,248	6,028	355	6,383	6,069	370	6,439
Blue-collar workers	Num	4,474	13	4,487	4,601	9	4,610	4,600	16	4,616
Intermediate staff	Num	74	15	89	68	16	84	75	14	89
White-collar workers	Num	1,118	279	1,357	1,116	291	1,407	1,148	302	1,450
Middle managers	Num	174	34	208	175	35	210	177	36	213
Executives	Num	64	3	67	68	4	72	68	3	71
Number of people (FTE)	Num	5,898.50	327.18	6,236.03	6,015.33	341.61	6,366.55	6,064.73	360.83	6,425.55
Blue-collar workers	Num	4,474	12	4,486	4,600	8	4,608	4,600	15.75	4,615.75
Intermediate staff	Num	74	15	89	68	16	84	75	14	89
White-collar workers	Num	1,116.50	270.53	1,387.03	1,107.83	284.73	1,392.55	1,145.33	292.08	1,437.40
Middle managers	Num	173	34	207	175	35	210	176.40	36	212.40
Executives	Num	65	2	67	68	4	72	68	3	71
Apprentices and trainees	Num	22	3	25	20	3	23	16	4	20
Terminations/Rotations	Num	374	32	406	374	31	405	356	35	391
Employee turnover rate	%	6.4	9.3	6.6	6.2	8.9	6.3	5.9	9.6	6.1
Average number of employees (HC)	Num	5,842.75	344	6,186.75	6,038.66	350.04	6,388.70	6,035.55	365.20	6,400.75
Number of permanent employees (HC)	Num	5,868	337	6,205	5,959	340	6,299	6,004	357	6,361
Number of fixed-term employees (HC)	Num	56	6	62	69	15	84	70	6	76
Number of full-time employees (HC)	Num	5,899	322	6,221	6,017	300	6,317	6,086	341	6,427
Number of part-time employees (HC)	Num	5	22	27	8	28	36	6	29	35
Turnover	Num	5.9	9.3	6.1	5.8	8.6	5.9	5.9	9.3	6.1

|| MDR-M || S1-7
Characteristics of non-employees in the undertaking's own workforce

Non-employees data	UM	2023	2024	2025
Number of people	Number	1,857	2,038	2,093

|| MDR-M || S1-8
Collective bargaining coverage and social dialogue

- Arvedi guarantees collective bargaining coverage:
- 100% – by the end of 2025 – of collective bargaining coverage in the European Economic Area countries where it operates, covering 96.5% of its workforce;
 - 100% collective bargaining coverage in Brazil (outside the EEA), where the remaining 3.5% of the workforce is employed and where approaches equivalent to those in Italy – the Group’s core hub – exist.
- In relation to workers' representation:
- Over 99% of the Group’s workforce in the European Economic Area (EEA) – where 96.5% of the total workforce is based – are represented by employee representatives in accordance with current legal and contractual provisions.

Employee data	UM	2023	2024	2025
People covered by collective agreements	%	100	100	100
Italy	%	100	100	100
Poland	%	100	100	100
Brazil	%	100	100	100

|| MDR-M || S1-9
Diversity metrics

Personal data	UM	2023	2024	2025
People by gender	%	100	100	100
Women	%	5.5	5.6	5.8
Men	%	94.5	94.4	94.2
People by age	Number	6,248	6,383	6,439

Personal data	UM	2023	2024	2025
< 30 years	Number	481	482	470
30 years < x < 50 years	Number	3,688	3,589	3,485
> 50 years	Number	2,079	2,319	2,484
People by age	%	100	100	100
< 30 years	%	7.7	7.6	7.3
30 years < x < 50 years	%	59.0	56.2	54.1
> 50 years	%	33.3	36.2	38.6

Top Management	UM	2023	2024	2025
People by gender	%	100	100	100
Men	%	96	94	96
Women	%	4	6	4
People by age	Number	67	72	71
< 30 years	Number	0	0	0
30 years < x < 50 years	Number	10	12	12
> 50 years	Number	57	60	59
People by age	%	100	100	100
< 30 years	%	0	0	0
30 years < x < 50 years	%	15	17	17
> 50 years	%	85	83	83

|| MDR-M || S1-10
Adequate wages

All employees of the Arvedi Group receive an adequate salary in line with the relevant national collective agreements.

|| MDR-M || S1-13
Training and skills development metrics

Personal data	UM	2023	2024	2025
Total hours of training	Hours	79,029	63,691	80,008
Training hours per capita	Hours	12.65	9.98	12.43
Employees who participated in periodic performance and career development reviews	UM	2023	2024	2025
Men	Number	669	601	546
Percentage of men	%	87	89	92
Women	Number	97	71	47
Percentage of women	%	13	11	8

|| MDR-M || S1-14
Health and safety metrics

The table shows data and indices of the safety performance of our people. Data on contractors are given in section S2-4.

Employees	UM	2023	2024	2025
Fatal injuries	Number	0	0	0
Injuries with absence from work (≥1 day)	Number	208	173	189
Injuries with absence from work (≥40 days)	Number	54	45	33
Medical treatment	Number	338	268	289
Restricted work duty	Number	9	21	30
Days lost	Days	6,224	6,562	5,130
Average duration	Days	30	35	28
LTI FR	Index	22.27	16.56	17.86
TRI FR	Index	58.46	42.22	45.16
SR	Index	0.67	0.63	0.48

Employees	um	2023	2024	2025
Recognised cases of occupational illness	Number	22	35	37
People covered by the ISO 45001 Management System	%	86	84	83
Missed injuries	Number	702	620	536
Safety training	Hours	40,345	32,239	44,861
Hours worked	Number	9,339,509	10,445,279	10,585,128
Number of injuries during home-work commuting	Number	23	29	39

The employees referred to in the table above include both those in an employment relationship with the company ("permanent employees") and fixed-term employees, such as individual contractors providing labour ("self-employed workers") or those provided by companies primarily engaged in the recruitment, selection and supply of staff. The Severity Rate (SR) is calculated as the number of days lost divided by the hours worked and multiplied by 1,000.

Non-employees	UM	2023	2024	2025
Average duration	Days	4	10	17
Injuries with absence from work (≥1 day)	Number	17	9	16
Injuries with absence from work (≥40 days)	Number	2	0	0

The Group participated in the celebration of World Safety Day on 28 April 2025 and will do so again in 2026.

|| S1-15
Work-life balance metrics

Personal data	UM	2023	2024	2025
Employees entitled to parental leave	%	100	100	100
Employees entitled to parental leave	Number	6,248	6,383	6,439
Employees who have taken parental leave	%	13.28	14.87	16.60
Employees who have taken parental leave	Number	830	949	1,069

|| S1-16
Remuneration metrics (pay gap and total remuneration)

Personal data	UM	2023	2024	2025
Ratio of highest remuneration to median remuneration	Number	5.66	5.20	5.67
Ratio of highest remuneration to median remuneration adjusted for purchasing power of countries in scope	Number	9.29	8.57	9.40
Gender Pay Gap	%	-7.50	-4.42	-3.33

|| MDR-M || S1-17
Incidents, complaints and severe human rights impacts

Any statements of incidents or serious breaches relating to human rights are handled through the Group’s whistleblowing procedure, as set out in the Code of Conduct.

To further strengthen its approach, the Group launched its first Human Rights Impact Assessment pilot in 2025.

Please see section G1-1 on corporate culture and business conduct policies, which statements absence of cases of discrimination.

WORKERS IN THE VALUE CHAIN

|| SBM-3
Material impacts, risks and opportunities and their interaction with the strategy and business model

With regard to issues concerning workers in the value chain, the Impacts, Risks and Opportunities (IRO) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
S2 - Workers in the value chain - health and safety	Potential negative impacts on suppliers’ workers and their families due to the consequences of workplace injuries (material).	Short	Operational risk of penalties for harming the health and safety of workers employed by our suppliers (not material).	Lack of attention to the health and safety of people when working with suppliers could increase the injury rate and the Group’s costs relating to insurance and staff replacement, as well as damaging the Group’s reputation.	Medium-long
S2 - Workers in the value chain – equal treatment and opportunities for all; child labour and forced labour	Potential negative impacts on workers in the Group’s value chain caused by instances of human rights violations due to unfair labour practices (material).	Short	Reputational risk of sanctions linked to failure to respect human rights and instances of discrimination by suppliers (not material).	Instances of environmental damage as well as failure to protect contracted staff (e.g. safety, freedom of expression and association) could result in fines and financial losses for suppliers, as well as reputational damage to the Group.	Medium-long
	Potential harm to the well-being of workers in the Group’s value chain linked to a lack of respect for and protection of diversity and to incidents of discrimination. (material).	Short	No risks or opportunities associated with discrimination along the value chain have been identified.		

|| MDR-P || S2-1
Policies related to value chain workers

- The Group Code of Conduct covers the following issues related to the value chain: equal treatment and non-discrimination; human rights; health and safety; anti-corruption; competition law; environmental protection; conflict minerals; data confidentiality. The Code of Conduct applies to employees, suppliers and other stakeholders and can be downloaded from the website at the following link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group QHSE Policy covers the following issues related to the value chain: leadership and the precautionary approach; risk assessment; training activities; Root Cause Analyses to be carried out following any incident (e.g. injury, near miss, environmental spill) to identify its root causes and define actions to mitigate risks and negative impacts; decarbonisation and amounts of recycled material (scrap and ferroalloys). The QHSE Policy applies to all current Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain, in line with the principles of the Group Code of Conduct, and can be downloaded at the following link <https://www.arvedi.it/en/compliance/group-qhse-policy>.

|| S2-2
Processes for engaging with value chain workers with regard to impacts

Anyone accessing the Group’s sites is made aware of potential hazards through videos and company procedures. Worker engagement is ensured through the implementation of ISO 45001 management systems.

|| S2-3
Processes to remediate negative impacts and channels for value chain workers to raise concerns

Although the Double Materiality analysis did not reveal any material negative impacts, the company has established specific channels enabling anyone who becomes aware of unlawful conduct or breaches of the Code of Conduct to raise concerns. In particular, the whistleblowing channel accessible via the company website guarantees the confidentiality of statements and the privacy of those raising such concerns. Further details on the whistleblowing system are provided in section G1-1.

|| MDR-A || MDR-M || S2-4
Taking action on material impacts for value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and the effectiveness of such actions

Suppliers and contractors are required to comply with Arvedi’s safety regulations when working at the Group’s sites. Furthermore, in June 2025, the Group signed a Programme Agreement that is crucial to the industrial conversion and environmental remediation of the Terni steelworks. The Group's Business Plan envisages a total investment of €557 million to be completed by 2028 and a subsequent second phase of measures to be assessed, depending on market conditions. The Arvedi Group ensures that its activities do not cause material negative impacts on non-employee workers present at the Group’s sites. With regard to its contractors, the Arvedi Group began a structured data collection process in 2025 (historical data has been reconstructed). The following table summarises their safety performance within the Group’s sites (50% estimated data and 50% measured data):

Contractors	UM	2023	2024	2025
Fatal injuries	Number	0	0	1
Average duration	Days	52	45	39
Days lost	Days	2,038	1,798	2,256
Injuries with absence from work	Number	40	44	49
LTI FR*	Index	13.10	14.03	14.94
Severity index	Index	0.67	0.57	0.69

* The Lost Time Injury Frequency Rate (LTI FR) represents the number of injuries resulting in one day or more of absence from work, divided by the number of hours worked and multiplied by one million.

|| MDR-T || S2-5
Targets related to managing material negative impacts, enhancing positive impacts and managing material risks and opportunities

The Group has set itself an ESG Target of ensuring that 100% of its suppliers are assessed on ESG criteria as well as technical and economic criteria by 2030 (base year 2023). The process for defining the 2030 ESG Targets is set out in the section on Strategy, Business Model and Value Chain.

AFFECTED COMMUNITIES

|| SBM-3
Material impacts, risks and opportunities and their interaction with the strategy and business model

With regard to issues related to affected communities, the Impacts, Risks and Opportunities (IRO) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
S3 - Affected communities - Economic, social and cultural rights of communities	Potential negative impacts on the health and well-being of local communities caused by noise pollution generated by the Group's direct activities (material).	Short	Economic and reputational risk of penalties linked to legal consequences arising from the negative effects of the Group's activities on local communities (not material).	The Group's direct activities may involve noise pollution as an environmental aspect that can cause disturbance to communities near production sites.	Short

The Finarvedi Holding and the Foundation are located in the city of Cremona, in the historic Palazzo Lodi-Zaccaria (built in the late 17th century). The Group's two steelworks are situated in the industrial areas of the cities of Cremona and Terni (Italy). The tube mills, service centres and precision machining facilities, which make up the rest of the Group's operations, are situated near medium-sized towns in Italy, Poland and Brazil. Given the location of the plants near or within urban areas, the Group will carry out a Biodiversity Impact Assessment (Group ESG Target by 2030) including the issue of noise. Future statements will include updates.

|| MDR-P || S3-1
Policies related to affected communities

- The Group Code of Conduct covers issues related to affected communities: equal treatment and non-discrimination; human rights; health and safety; anti-corruption; competition law; environmental protection; conflict minerals. The Code applies to employees, suppliers and other stakeholders and can be downloaded at the link: https://www.arvedi.it/fileadmin/user_upload/2025/Arvedi_Codice_Condotta_2025_ing.pdf.
- The Group QHSE Policy covers issues related to affected communities: recognition of third-party certification (e.g. ISO 9001, IATF 16949, ISO 14001, EMAS, ISO 45001, ISO 50001) and global initiatives (e.g. UNGC, SBTi) as a means for supporting the implementation of the Policy, with a view to customer satisfaction, continuous improvement and stakeholder engagement. The Policy applies to all Group sites and future acquisitions; it covers all activities carried out, extends to the supply chain and can be downloaded via the link: <https://www.arvedi.it/en/compliance/group-qhse-policy>.

|| S3-2
Processes for engaging with affected communities

Arvedi has a dedicated unit responsible for managing material negative impacts on local communities, ensuring that concerns can be reported via the whistleblowing system. For further details, see G1-1 Policies on corporate culture and business conduct. The Group has established a successful approach to Corporate Social Responsibility (CSR) in the Cremona area (the city where the Group was founded) thanks to the activities managed by the Foundation. Since 1988, the Foundation has promoted initiatives in education, training and support, as well as the enhancement of artistic and cultural heritage, actively contributing to two Sustainable Development Goals (SDGs): SDG 4 on quality education and SDG 11 on sustainable cities and communities (section SBM-1). In 2025, the Group finalised several major projects through the Foundation:

- Restoration of the Manfredini Barracks – As part of the 'Cremona, University City' project, the restoration of the former Manfredini barracks in Via Bissolati was completed, transforming it into a modern facility for the new Milan Polytechnic campus housing the Management Engineering, Computer Science and Acoustics faculties. The restoration work was completed in two years instead of the four originally planned.
- Also as part of the 'Cremona, University City' project, the redevelopment of the former Education Authority building in the Municipality of Cremona, near the Santa Monica Complex – home to the Università Cattolica – with the creation of university S.p.A.ces;
- Launch of an educational project to fund the establishment of a Polytechnic Institute in Delhi (India) in partnership with the Salesians of Don Bosco Association. Some of these new graduates will also join our company. Updates will be provided in future statements;
- 20 postgraduate scholarships for young engineers in partnership with the Toniolo Institute of the Università Cattolica;
- 42 scholarships to the children of employees for high school, university and college graduates abroad;
- Ongoing projects (e.g. the Ponchielli Theatre, the Violin Museum, the 'Journey into Memory' initiative and the library in Cremona).

Below is a list of the most important projects supported by the Foundation in previous years:

- (2009) Restoration of the Church of Saints Margherita and Pelagia, a masterpiece of Cremonese Mannerism;
- (2012) Restoration of the 'La Pace' retirement home;
- (2013) Creation of the Violin Museum in the historic Palazzo dell'Arte in Cremona. The project involved the restoration of the 'Palazzo dell'Arte' building to make it suitable for housing the precious violins previously kept at the Town Hall. Within the same complex, a state-of-the-art museum has been created for the conservation of the instruments and to create a multimedia and immersive experience for visitors. A brand-new auditorium with high-fidelity acoustics has been built to allow visitors to listen to the famous violins and to host events featuring high-profile musicians. The square in front of the Palazzo/Museum has also been redesigned, to incorporate an underground car park, and redeveloped with new materials and extensive green S.p.A.ces. 'Cremona is the city of Stradivari': as the capital of violin-making for five centuries, it now

boasts a facility capable of serving as an auditorium and museum, a research laboratory and study centre and a venue for temporary exhibitions;

- (2014) Thanks to the Foundation's initiative and collaboration with the University of Pavia and the Polytechnic Institute of Milan, the Arvedi Laboratory for Non-Invasive Diagnostics was established as a centre of high specialisation in scientific and diagnostic research for the conservation of antique musical instruments, along with the Laboratory for Research into Musical Acoustics, dedicated to scientific research into the development of advanced technologies to enhance the violin-making tradition;
- (2017) Santa Monica. As part of the 'Cremona University City' project, the former Monasteri site in Via Bissolati has been redeveloped, with the former Convent of St Monica restored and refurbished. The final result was the creation of a new university campus for the Università Cattolica del Sacro Cuore, housing the faculties of Economics and Finance, following on from the previous project described for the construction of the Politecnico di Milano headquarters for Management, Computer Science and Acoustic Engineering.
- Donation and gift of three violins to the prestigious collection of the Violin Museum:
 - ◊ In 2019, a violin made by Andrea Guarneri in 1659;
 - ◊ In 2022, a violin made by Francesco Ruggiero in 1680;
 - ◊ In 2024, a violin made by Carlo Bergonzi in 1739.
- (2021) Diocesan Museum. The renovation of part of the Bishop's Palace, owned by the Curia of Cremona, has enabled the creation of a Diocesan Museum in Cremona which houses, preserves, exhibits and promotes the diocese's sacred artistic and historical heritage, recounting the history of the local Church and its spiritual and cultural evolution through works of art such as paintings, sculptures, vestments and liturgical furnishings.

		2023	2024	2025
Economic contribution	Euro	18,759,258	18,517,994	10,067,875
Number of projects	Number	18	17	18

In addition to the Foundation, several Group companies contributed to the following activities in 2025:

- Arvedi for sport. The Circolo Lavoratori Terni (CLT) is the Arvedi Group's main sports and social welfare organisation in the Terni area, open not only to Arvedi AST employees but to the entire local community. In 2025, the CLT's membership had reached 11,382 members (Arvedi AST employees, pensioners, external members and their families). Through the CLT Sports Club, it promotes 13 different sports activities involving over 1,050 competitive athletes. In 2025, the 'SALUTE Arvedi AST' programme involved over 100 employees in structured physical activity programmes, whilst the Summer Sport Campus welcomed over 400 children and teens during the summer months.
- Arvedi for Culture. Arvedi AST supports the exhibition 'Giotto and Francesco. A Revolution in 14th-Century Umbria', scheduled to run at the National Gallery of Umbria in Perugia from March to June 2026 as part of the celebrations marking the 800th anniversary of the death of St Francis of Assisi. The initiative is of national and international significance, and features over 60 masterpieces from the world's leading public and private collections. This contribution forms part of a vision of social responsibility that regards the protection of cultural heritage as an integral part of the company's role in the region where it has been operating for over 140 years. The calendar of activities across the Terni area (walks, conferences, family workshops) was specifically requested by Arvedi AST to strengthen ties between the exhibition and the local community.
- Acciai Speciali Terni Employees' Mutual Benefit Fund (Cassa Mutua Aziendale). The Employees' Mutual Benefit Fund (Cassa Mutua Aziendale) offers Arvedi AST employees and their family members supplementary healthcare benefits in addition to those provided by the National Health Service, delivered either directly at the company's clinics or through reimbursement of external expenses. In 2025, there were a total of 3,309 members, including employees, pensioners and dependent family members, to whom 28,482 healthcare services were provided, comprising over 15,500 specialist consultations, more than 12,000 dental treatments and around 800 physiotherapy treatments, with direct care accounting for the majority (around 88%) compared to reimbursements for external services, reflecting the high level of use and the effectiveness of the model.

|| S3-3
Processes to remediate negative impacts and channels for affected communities to raise concerns

Although the Double Materiality analysis did not reveal any material negative impacts, the Group has set up a channel enabling anyone who becomes aware of unlawful conduct or breaches of the Code of Conduct to raise concerns. The whistleblowing channel is accessible via the company website and guarantees the confidentiality and privacy of those who raise such concerns. Further details on the whistleblowing system are provided in section G1-1.

|| MDR-A || S3-4
Taking action on material impacts on affected communities and approaches to managing material risks and pursuing material opportunities related to affected communities, along with the effectiveness of those actions

With reference to the Programme Agreement providing for the industrial redevelopment and environmental remediation of Terni (point S3-2), the Group’s Business Plan envisages a total investment of €557 million to be completed by 2028, followed by a second phase of measures to be assessed in line with market conditions. The affected communities are receiving the local benefits and will continue to do so.

|| MDR-T || S3-5
Targets related to affected communities, advancing positive impacts and managing material risks and opportunities

The Group has set itself the objective of extending the Corporate Social Responsibility (CSR) approach implemented by the Foundation in the Cremona area to the Terni area as well. Future statements will include updates.

CONSUMERS AND END-USERS

|| SBM-3
Material impacts, risks and opportunities and their interaction with the strategy and business model

With regard to issues relating to consumers and end-users, no material Impacts, Risks and Opportunities (IROs) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
S4 - Consumers and end-users - health and safety	Potential negative impacts on end-user safety due to inadequate quality controls on finished products (not material).	Short	Financial risk associated with an increase in claims for compensation and reduced customer satisfaction due to potential safety risks to customers resulting from poor quality controls or insufficient information (not material).	Inadequate quality control and safety procedures for finished products (e.g. finite element analysis, mechanical testing) could result in the delivery of defective products to the end customer. This could lead to damages and legal and reputational costs for the Group, as well as reduced customer satisfaction, thereby compromising future sales.	Short

|| MDR-P || S4-1
Policies related to consumers and end-users

The Group operates in the steel market, producing high-quality:

- Carbon steels: hot-rolled black coils, pickled coils, galvanised coils, pre-painted coils, cut-to-length strips and quality welded tubes;
- Stainless steel: hot-rolled and cold-rolled flat products in ferritic and austenitic stainless steel, welded tubes and precision re-rolled products.

The Group supplies various markets with its products, including the automotive and household appliance sectors, as well as basic industries (cement, steel, mechanical engineering and oil extraction).

Given that steel products do not release substances harmful to users and are infinitely recyclable, the Group does not have a specific policy for managing the material impacts of its products on consumers and users. Details on quality controls will be available in future statements.

|| MDR-P || S4-2

Processes for engaging with consumers and end-users with regard to impacts

Details on consumer and end-user engagement processes will be available in future statements.

|| MDR-P || S4-3

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The Arvedi Group has a dedicated unit responsible for managing material negative impacts on consumers and end-users, ensuring that statements can be made via the whistleblowing system.

|| MDR-P || S4-4

Taking action on material impacts on consumers and end-users, approaches to managing material risks and pursuing material opportunities related to consumers and end-users and the effectiveness of such actions

Details on the material impacts on consumers and end-users will be available in future statements.

BUSINESS CONDUCT

|| SBM-3 || IRO-1

With regard to issues relating to consumers and end-users, Impacts, Risks and Opportunities (IROs) associated with our manufacturing activities and value chain have been identified and assessed.

ESRS Topic/ Sub-topic	Impact		Risk/Opportunity		
	Description	Time frame	Risk/Opportunity	Description	Time frame
G1-1 Business conduct - Corruption and bribery - Incidents			Reputational and operational risk linked to incidents of corruption or improper business practices (material).	The occurrence of incidents of corruption linked, for example, to improper conduct with suppliers, exploiting contractual power or using procedures that do not comply with the Group's ethics and code of conduct (e.g. the 231 Model) could result in legal sanctions and, consequently, financial and reputational damage to the Group.	Medium-long
G1-1 Business conduct - Corporate culture	No positive or negative impacts have been identified in relation to the issues associated with these risks. Risks have emerged in light of the Group's reliance on corporate governance.		Operational and strategic risk due to the loss of the Group's strategic and sensitive data (not material).	The high degree of diversity within the Group's companies, characterised by a large number of subsidiaries with different origins and corporate cultures, may create a natural exposure to risks related to the protection of personal data, particularly in the light of increasingly stringent privacy regulations, the non-application of which may result in economic and financial losses as well as reputational damage.	Medium-long
G1-1 Business conduct - Management of relationships with suppliers	Potential negative impacts on suppliers' employees due to improper management of the collaboration between the Group and its suppliers (not material).		Short	No associated risks or opportunities have been identified in relation to the management of supplier relationships.	

|| GOV-1
Role of the administrative, management and supervisory bodies

In 2025, Finarvedi’s Board of Directors approved the update to the Code of Conduct and the associated ten Guidelines, regarded as the Group’s ESG Policy covering the material topic of Business Ethics. Please see the chapter ESRS 2 GOV-1 Role of the administrative, management and supervisory bodies, which sets out the Board’s responsibilities.

In addition to the issues included in the Code of Conduct, and applied within individual companies, the Group manages risks related to cybersecurity, which have also emerged from the application of the Double Materiality approach, on the Business Ethics side.

The Group has established a Centre of Excellence that governs the development of the Cyber Security Posture through the continuous evolution of technological protection tools, collaboration with the external SOC operating 24/7 in a reactive/proactive mode, and security awareness programmes covering the following aspects: a glossary of cybersecurity and artificial intelligence (knowing to understand), prudent management of personal credentials, monthly ethical phishing campaigns with educational snippets and a quarterly digital information leaflet. There is also an interdisciplinary committee that analyses incidents and manages internal and external reporting based on risk assessment. The Group Cybersecurity Policy has been signed by the Board of Directors and published on the website at [PL-IS-01_Politica_per_la_sicurezza_delle_informazioni.pdf](#).

In 2025, the Group recorded two cyber security breaches that were carried out by exploiting technical and organisational vulnerabilities. The first involved the hacking of a server publishing commercial content online relating to a specific subsidiary; the second involved a 'plain text' email sent from an illicit email domain to another subsidiary, with the aim of obtaining a bank transfer to an IBAN not recognised by the organisation. Both breaches were promptly identified, blocked and resolved, partly through the strengthening of management policies, ensuring that no data, whether sensitive or not, was exfiltrated, thereby safeguarding the security of the information processed. Two separate complaints were filed against persons unknown and the Postal Police closed the cases after appropriate investigations into how the incidents were correctly managed.

|| MDR-P || G1-1
Policies on corporate culture and business conduct

The Group believes that reporting concerns is always the right thing to do in order to help identify behaviour that could harm Group companies, their employees, business partners and/or the environment. The Group has implemented an internal reporting system available to employees, contractors and all stakeholders (Whistleblowing Procedure). Statements may concern all possible breaches of conduct and human rights, for example: labour law rules and regulations; health, safety and the environment; corruption or extortion; money laundering; competition law (antitrust); fraud; conflicts of interest; privacy; disclosure of confidential information; human rights; unethical or unprofessional business conduct; misuse of company resources; non-compliance with Group regulations and procedures. The reporting process can be initiated and monitored by the whistleblower without revealing their identity (guarantee of anonymity). The reporting mechanism is simple: once a report has been received through the whistleblowing channel, the Governance Department, together with the Group CEO and the ESG Team, inve-

stigates the alleged breach and implements corrective actions where necessary. In 2025, the Group recorded zero cases of verified incidents of discrimination.

The Arvedi Group promotes training and information initiatives for employees, aimed at ensuring the effective dissemination of the corporate culture. In particular, the main areas covered by the training include that on the 231 Model, the guidelines of the Code of Conduct and the Whistleblowing Procedure.

Tax Policy e Country by Country Reporting

The Group has made its Tax Policy public (<https://www.arvedi.it/en/compliance/group-tax-policy>).

The table below sets out the tax information required by the Group’s 2025 Country-by-Country Report (CbCR). In accordance with the above regulation and unlike the principles applied in the Financial Statement, please note that the Companies’ profit before tax and income taxes are adjusted to neutralize the dividends received. Regarding the companies included in the ESG perimeter, the figures are as follows:

	UM	2024	2025
Pre-tax profit	€	93,140,123	80,675,814
Taxes	€	8,470,637	21,253,177
Taxes paid	€	11,283,147	5,570,275

In addition to the information required in the CbCR, data for the entire ESG scope is also provided regarding the Effective Tax Rate (i.e. the value of taxes from the financial statements, net of increases or decreases resulting from fiscal policies established by the company's country of residence, relative to profit) and the Cash Tax Rate (the value of taxes actually paid on profit), as reported below:

	UM	2024	2025
Effective Tax rate	%	32.73	31.49
Cash Tax rate	%	12.11	6.90

|| G1-2
Management of relationships with suppliers

In 2025, the Group embarked on a new initiative (supported by an internationally recognised third party) to standardise the internal procedures of its various consolidated companies by incorporating ESG aspects, in addition to technical and economic criteria, into the supplier qualification phase across all stages of the procurement management process. In 2025, the Group implemented the following project phases for 'supplier assessment and development':

- Phase 1 involved the development of a new ESG supplier qualification questionnaire (to be added to the QHSE supply-related questions) in order to map suppliers' ESG maturity. The questionnaires take into account the relevance to the business and the specific risks arising from the country of supply, the sector and the supply itself.
- Phase 2 saw the adoption of an assessment tool to convert the questionnaire results into a supplier ESG score.
- Phase 3 generated the supplier classification matrix, which enabled the mapping of the ESG maturity level of the Group's strategic suppliers into 4 clusters: Starter, Intermediate, Advanced and Inspiring.

By 2025, we had thus assessed 100% of our strategic suppliers, including against ESG criteria. Strategic suppliers are classified as key partners for the company, whose activities contribute significantly to value creation and the continuity of production processes. These are entities that supply essential goods or services, which have a high impact on the business and are not easily replaceable, with which the Group develops structured collaborative relationships. The relationship with these suppliers is focused not only on quality and innovation but also on sharing sustainability principles, with the aim of generating mutual benefits and accelerating the achievement of the Group's 2030 ESG targets.

This process will continue with other suppliers in order to achieve our Group ESG Target of having 100% of suppliers qualified according to ESG criteria as well as technical and economic criteria by 2030 (base year 2023). This objective will also contribute to the achievement of the Scope 3 ESG Target (section E1-1).

Lastly, the Group is developing an audit plan for strategic suppliers. Future statements will include updates.

The table below summarises the profile of our suppliers:

The table below summarises the profile of our suppliers:

Suppliers	UM	2023	2024	2025
Active suppliers	Number	2,873	2,712	3,457
Italian	%	84	88	82
Aligned with our Code of Conduct	%	79	100	100
Also qualified according to ESG aspects	%	0	0.85	22
With an improvement plan	%	0	0.52	3.2

|| MDR-A || G1-3
Prevention and detection of corruption and bribery

As stated in the Group's Code of Conduct, corruption poses a threat to our success factors and is not tolerated (zero tolerance). The Group adopts measures to combat corruption, rejecting corrupt practices whether direct or indirect, including those carried out through contractual relationships with agents, intermediaries or consultants (a structured due diligence process is in place to verify their suitability). The Code of Conduct can be downloaded from the website. Furthermore, in 2025, Finarvedi joined the United Nations Global Compact (UNGC) and its 10 Principles (one principle on Labour Standards, four principles on Human Rights, three principles on the Environment and one on Anti-Corruption). The anti-corruption whistleblowing process is described in the section Policies on Corporate Culture and Business Conduct.

|| MDR-M || G1-4
Incidents of corruption or bribery

The Group recorded zero cases of corruption and/or bribery in 2025.

|| G1-5
Political influence and lobbying activities

As set out in the QHSE Policy, the Group actively supports the decarbonisation of its production processes in line with the targets set by the Paris Agreement of December 2015. The Group’s governance structure has defined clear responsibilities down to executive level, both within the company and in dealings with the associations of which we are members. In 2025, numerous corporate advocacy efforts were directed towards accelerating the energy transition, which is closely linked to the cost of electricity in Italy, through:

- Industrial Association of the Province of Cremona
- Italian Metallurgy Association
- Federacciai
- Eurofer
- World Steel Association
- Word Steel Dynamics

The Group's approach covers all consolidated Group companies.
In 2025, the Group incurred no expenses for political contributions or for lobbying and advocacy activities.

|| MDR-T || G1-6
Payment practices

Suppliers	UM	2023	2024	2025
Average number of days for payment of invoices*	Number	74.2	75.8	76.6
Number of payments aligned with payment deadlines	Number	45,503	49,851	34,771
Number of ongoing legal proceedings for late payments	Number	2	1	0

* The Arvedi Group has calculated the indicators for data point G1-6_03, 'Percentage of payments aligned with standard payment terms', taking into account the widely varying payment terms across the different companies within the Group. The standard term has therefore been set at 90 days and the calculation reflects the extent to which each individual company adheres to this standard term. For the purposes of measurement across the entire Group, a weighted average was technically calculated based on the 'weight' of the number of payments made by each company aligned with the standard term, relative to the total number of payments made to suppliers. Given the assumptions outlined above, this presentation of indices is not representative of compliance with the payment terms agreed in suppliers' commercial contracts.

2025 MATERIAL ESG INDICATORS FOR THE MAIN COMPANIES OF THE ARVEDI GROUP

The table below shows the details of the material ESG indicators broken down for the main Arvedi Group companies and referring to performance in the year 2025.

	CO ₂ Scope 1+2 ¹ (tonnes)	CO ₂ Scope 3 ² (tonnes)	Employee Safety ³ (index)	Employee Turnover ⁴ (index)	Training ⁵ (hours per capita)	Confirmed statements ⁶ (number)
Acciaieria Arvedi S.p.A.	488,318	1,215,628	23.60	5.29	15	0
Acciai Speciali Terni	365,001	2,962,006	5.03	2.27	7	0
Tubificio di Terni S.r.l.	695	3,451	0	1.95	4	0
Centro Siderurgico Industriale S.r.l.	7	453,368	15.22	7.34	1	0
Green Energy For Steel S.r.l.	36,702	8,558	20.07	6.15	18	0
Ata S.p.A.	9,760	829,796	29.47	9.08	16	0
Metalfer S.p.A.	10,209	38,383	31.18	7.50	6	0
Ilta Inox S.p.A.	6,451	47,998	29.76	4.72	10	0
Arinox S.p.A.	18,983	74,471	22.91	6.65	17	0

¹ Direct CO₂ emissions from thermal energy use from fossil fuels + Indirect CO₂ (Market-based) emissions from electrical energy use from fossil fuels. By internationally recognised convention, Scope 2 CO₂ (MB) is zero if the electricity comes from renewable sources.
² Indirect CO₂ emissions along the value chain (upstream and downstream)
³ Lost Time Injury Frequency Rate (LTI FR) = employee injury frequency index = number of injuries with absence from work divided by hours worked and multiplied by one million
⁴ Turnover = Number of employees who left the company during the reporting period divided by the average number of employees during the period * 100
⁵ Training hours per capita = Training hours divided by the number of employees
⁶ Number of confirmed statements (i.e. received, verified and confirmed) through the whistleblowing channel.

Cremona, Italy, 20 May 2026

For the Board of Directors
Mr Giovanni Amedeo Arvedi



Finarvedi SpA

2025
CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET - ASSETS:		Euro/000 31/12/2025	Euro/000 31/12/2024
A) SUBSCRIBED CAPITAL UNPAID		-	-
B) FIXED ASSETS:			
I	INTANGIBLE ASSETS:		
	1) Start-up and expansion costs	1	18
	2) Development costs	123	73
	3) Industrial patent rights and intellectual property rights	7,562	12,233
	4) Concessions, licences, trademarks and similar rights	1,837	595
	5) Goodwill	7,961	6,162
	6) Work in progress and payments on account	2,594	2,961
	7) Other	5,622	9,268
	Total intangible assets	25,700	31,310
II	TANGIBLE ASSETS:		
	1) Land and buildings	411,614	410,857
	2) Plants and machinery	1,008,580	1,026,818
	3) Industrial and commercial equipment	39,867	34,773
	4) Other assets	21,393	23,550
	5) Work in progress and payments on account	242,300	164,815
	Total tangible assets	1,723,754	1,660,813
III	LONG-TERM INVESTMENTS:		
	1) Equity investments in:		
	a) Subsidiaries	7,839	7,300
	b) Associates	26,072	27,493
	d-bis) Other companies	23,852	23,902
	Total equity investments	57,763	58,694
	2) Receivables:		
	d-bis) From others		
	Within 12 months	5,372	1,435
	After 12 months	54,760	48,661
	Total receivables from others	60,132	50,096
	4) Derivative financial assets	10,435	12,529
	Total receivables	70,567	62,624
	Total long-term investments	128,330	121,319
	Total fixed assets (B)	1,877,784	1,813,442

CONSOLIDATED BALANCE SHEET - ASSETS:		Euro/000 31/12/2025	Euro/000 31/12/2024
C) CURRENT ASSETS:			
I	INVENTORIES:		
	1) Raw materials, ancillaries and consumables	879,613	721,520
	2) Work in progress and semi-finished goods	290,543	170,253
	3) Long-term contracts	27,057	23,313
	4) Finished products and goods	663,915	661,779
	5) Payments on account	1,625	4,193
	Total inventories	1,862,753	1,581,058
II	RECEIVABLES:		
	1) From customers		
	a) Within 12 months	695,420	615,619
	c) Allowance for doubtful accounts	(32,445)	(35,189)
	Total receivables from customers	662,975	580,430
	2) From subsidiaries		
	a) Within 12 months	664	936
	Total receivables from subsidiaries	664	936
	3) From associates		
	a) Within 12 months	3,276	2,932
	Total receivables from associates	3,276	2,932
	5-bis) Tax receivables		
	a) Within 12 months	63,070	89,374
	b) After 12 months	6,464	11,778
	Total tax receivables	69,534	101,152
	5-ter) Deferred tax assets	59,460	55,804
	5-quater) From others		
	a) Within 12 months	213,764	42,945
	b) After 12 months	6,607	3
	Total receivables from others	220,371	42,948
	Total receivables	1,016,280	784,202
III	FINANCIAL ASSETS THAT DO NOT REPRESENT LONG-TERM INVESTMENTS:		
	5) Derivative financial assets	27,487	59,694
	Total derivative financial assets	27,487	59,694
IV	CASH AND CASH EQUIVALENTS:		
	1) Bank and post office deposits	1,042,366	810,565
	3) Cash on hand	30	35
	Total cash and cash equivalent	1,042,396	810,600
	Assets held for sale	208	208
	Total current assets (C)	3,949,124	3,235,762
D) ACCRUED INCOME AND PREPAID EXPENSES:			
	1) Accrued income	12	198
	2) Prepaid expenses	25,979	20,756
	Total accrued income and prepaid expenses (D)	25,991	20,954
	TOTAL ASSETS	5,852,899	5,070,158

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES:	Euro/000 31/12/2025	Euro/000 31/12/2024
A) EQUITY:		
I Share capital	67,769	67,769
II Share premium reserve	69,000	69,000
III Revaluation reserve	-	-
IV Legal reserve	13,554	12,255
V Statutory reserves	-	-
VI Other reserves		
Consolidation reserve	24,253	16,371
Reserve for exchange rate differences	(12,155)	(11,788)
VII Reserves for cash flow hedging	9,797	44,395
VIII Retained earnings/(losses)	2,141,282	2,054,199
IX Profit (Loss) for the year pertaining to the Group	57,873	88,382
X Negative reserve for own shares	-	-
Total Equity of the Group	2,371,373	2,340,583
Capital and reserves pertaining to minority interests	-	73,939
Profit (Loss) for the year pertaining to minority interests	-	4,018
Total Equity pertaining to minority interests	-	77,957
Total Equity (A)	2,371,373	2,418,540
B) PROVISIONS FOR RISKS AND CHARGES:		
1) For pension costs and similar obligations	1,322	1,252
2) For taxes, also deferred tax liabilities	34,209	45,619
3) Derivative financial instrument provision	20,319	6,353
4) Other provisions	46,955	48,797
Total provisions for risks and charges (B)	102,805	102,021
C) SEVERANCE INDEMNITY	23,584	28,320
D) PAYABLES:		
4) Due to banks:		
a) Within 12 months	603,580	579,695
b) After 12 months	730,804	615,761
Total payables due to banks	1,334,384	1,195,456
5) Due to other financing institutions:		
a) Within 12 months	29,074	24,963
b) After 12 months	23,046	20,980
Total payables due to other financing institutions	52,120	45,943
6) Payments on account:		
a) Within 12 months	2,867	5,621
b) After 12 months	-	75
Total payments on account	2,867	5,696
7) Trade payables:		
a) Within 12 months	1,701,488	1,105,364
b) After 12 months	195	-
Total trade payables	1,701,683	1,105,364

CONSOLIDATED BALANCE SHEET - LIABILITIES:	Euro/000 31/12/2025	Euro/000 31/12/2024
9) Payables due to subsidiaries		
a) Within 12 months	2,250	2,144
Total payables due to subsidiaries	2,250	2,144
10) Payables due to associates		
a) Within 12 months	10,136	8,897
Total payables due to associates	10,136	8,897
12) Tax liabilities		
a) Within 12 months	22,326	15,724
Total tax liabilities	22,326	15,724
13) Payables due to welfare and social security institutions		
a) Within 12 months	34,986	33,574
Total payables due to welfare and social security institutions	34,986	33,574
14) Other payables		
a) Within 12 months	142,057	57,789
b) After 12 months	-	5
Total other payables	142,057	57,794
Total payables (D)	3,302,809	2,470,592
E) ACCRUED EXPENSES AND DEFERRED INCOME:		
1) Accrued expenses	524	1,546
2) Deferred income	51,804	49,139
Total accrued expenses and deferred income (E)	52,328	50,685
TOTAL LIABILITIES	5,852,899	5,070,158

CONSOLIDATED INCOME STATEMENT	Euro/000 2025	Euro/000 2024
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services		
a) Third parties	5,510,071	5,734,609
b) Group companies	6,287	9,626
Total revenues from sales and services	5,516,358	5,744,235
2) Changes in inventories of work in progress, semi-finished and finished goods	122,635	81,010
3) Changes in inventories of long-term contracts	3,744	(1,469)
4) Increases in internally-generated fixed assets	4,104	4,699
5) Other revenue and income		
a) Operating grants	155,081	57,807
b) Other revenues and income from third parties	91,020	92,889
c) Other revenues and income from Group companies	931	993
Total other revenue and income	247,032	151,689
Total value of production (A)	5,893,873	5,980,164
B) COSTS OF PRODUCTION:		
6) For raw materials, ancillaries, consumables and goods		
a) From third parties	3,930,940	3,901,616
b) From Group companies	272	84
Total costs for raw materials, ancillaries, consumables and goods	3,931,212	3,901,700
7) For services		
a) From third parties	1,282,203	1,235,573
b) From Group companies	30,088	30,089
Totale costi per servizi	1,312,291	1,265,662
8) For use of third-party assets		
a) From third parties	13,494	14,102
b) From Group companies	183	183
Total costs for use of third-party assets	13,677	14,285
9) For personnel:		
a) Wages and salaries	296,304	284,474
b) Social security contributions	98,223	93,747
c) Severance indemnity	18,195	17,583
e) Other costs	5,997	5,358
Total costs for personnel	418,719	401,162
10) Amortisation, depreciation and write-downs:		
a) Amortisation of intangible assets	12,239	15,345
b) Depreciation of tangible assets	163,454	159,055
c) Other write-downs of fixed assets	191	622
d) write-downs of receivables recognised as current assets and as cash and cash equivalents	1,928	1,634
Total amortisation, depreciation and write-downs	177,812	176,656
11) Changes in inventories of raw materials, ancillaries, consumables and goods	(158,531)	(58,511)
12) Provisions for risks	65	1,451
13) Other provisions	6,672	8,820
14) Other operating charges		
a) Others	54,440	95,860
b) From Group companies	299	299
Total other operating charges	54,739	96,159
Total costs of production (B)	5,756,656	5,807,384
Difference between value and costs of production (A-B)	137,217	172,780

CONSOLIDATED INCOME STATEMENT	Euro/000 2025	Euro/000 2024
C) FINANCIAL INCOME AND CHARGES:		
15) Income from equity investments:		
c) Gain from equity investment disposal	289	-
Total income from equity investments	289	-
16) Other financial income:		
a) From receivables recognised as long-term investments		
Others	185	158
Total a)	185	158
c) From securities recognised as current assets other than equity investments	-	1,621
d) Other financial income		
From subsidiaries	-	9
Others	33,367	21,431
Total d)	33,367	21,440
Total other financial income	33,552	23,219
17) Interest and other financial charges:		
a) Interest expense and other financial charges;		
Others	86,060	100,596
Total interest and other financial charges	86,060	100,596
17 bis) exchange gains/(losses)	(3,237)	5,770
Total (15 + 16 – 17 +- 17 bis)	(55,456)	(71,607)
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES:		
18) Revaluations:		
a) Of equity investments	1,057	1,488
d) Of financial derivatives	6,597	6,013
Total revaluations	7,654	7,501
19) Write downs:		
a) Of equity investments	2,323	380
d) Of financial derivatives	9,997	5,877
Total write-downs	12,320	6,257
Total adjustments (18 - 19)	(4,666)	1,244
Profit/(loss) before taxes (A-B+-C+-D)	77,095	102,417
20) Income taxes for the year, current and deferred taxes:		
a) Current taxes	(22,109)	(20,413)
b) Taxes for previous years	595	11,195
c) Deferred tax liabilities	1,522	3,407
d) Deferred tax assets	770	(4,206)
Total taxes	(19,222)	(10,017)
21) Consolidated profit/(loss) for the year	57,873	92,400
Profit (Loss) for the year pertaining to the Group	57,873	88,382
Profit (Loss) for the year pertaining to minority interests	-	4,018

CONSOLIDATED STATEMENT OF CASH FLOWS Cash flow from operating activities determined using the indirect method	Euro/000 2025	Euro/000 2024
A. Cash flows from operating activities (indirect method)		
Net profit/(loss) for the year	57,873	92,400
Income taxes	19,222	10,017
Interest expenses/(interest income)	52,508	77,377
(Dividends)	-	-
(Gains)/losses on asset disposals	5,483	9,219
1. Profit (loss) before income taxes, interest, dividends and gains / losses on disposals	135,086	189,013
Adjustments for non-cash items that had no counterpart in net working capital		
Allocation to provisions	26,860	29,376
Amortisation and depreciation	175,693	174,400
Impairment losses/(write-backs)	1,339	(619)
Capitalisations	(4,104)	(4,699)
Other adjustments for non-monetary elements	(31)	-
2. Cash flow before changes in net working capital	334,843	387,471
Changes in net working capital		
Decrease/(increase) in inventories	(282,254)	(135,049)
Decrease/(increase) in receivables from customers	(79,801)	158,704
Increase/(decrease) in trade payables	562,028	(91,100)
Decrease/(increase) in prepaid expenses and accrued income	(5,037)	26,611
Increase/(decrease) in deferred income and accrued expenses	(169)	21,854
Other changes in net working capital	(142,045)	(9,626)
3. Cash flow after changes in net working capital	387,565	358,865
Other adjustments		
Interest received/(paid)	(60,911)	(82,235)
Income taxes reimbursed/(paid)	(5,840)	(12,331)
Dividends received	-	-
Utilisation of provisions	(32,373)	(45,119)
Total other adjustments	(99,124)	(139,685)
Cash flow from operating activities (A)	288,441	219,180
B. Cash flow from investing activities		
Tangible assets		
(Investments)	(233,072)	(203,073)
Change in payables to suppliers for tangible assets	33,783	11,733
Disinvestments	3,409	1,537
Intangible assets		
(Investments)	(4,445)	(1,503)
Change in trade payables for intangible assets	508	-
Disinvestments	-	-
Long-term investments		
(Investments)/Disinvestments	(12,602)	5,936
Financial assets that do not represent long-term investments		
(Investments)	3,748	(1,099)
Disinvestments	-	-
Acquisition or sale of subsidiaries or business units net of cash and cash equivalents	(3,235)	-
Cash flow from investing activities (B)	(211,906)	(186,469)

CONSOLIDATED STATEMENT OF CASH FLOWS Cash flow from operating activities determined using the indirect method	Euro/000 2025	Euro/000 2024
C. Cash flow from financing activities		
Third-party funding		
Increase/(decrease) in short-term borrowings from banks and other lenders	69,262	173,665
New long term borrowings	759,723	19,180
Loans repayment	(673,724)	(170,112)
Equity		
Capital increase	-	-
Change in scope of consolidation	-	-
(Dividends pertaining to minority interests)	-	(30,000)
Cash flow from financing activities (C)	155,261	(7,267)
Increase (decrease) in cash and cash equivalents (a ± b ± c)	231,796	25,443
Cash and cash equivalents as at 1 January	810,600	785,157
Cash and cash equivalents as at 31 December	1,042,396	810,600

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTENT OF THE FINANCIAL STATEMENTS AND PREPARATION CRITERIA

The Consolidated Financial Statements of Finarvedi S.p.A., the Parent Company of the Arvedi Group (hereinafter also “Group”), for the year ended 31 December 2025 were prepared in compliance with the Italian Civil Code, as amended by Italian Legislative Decree No. 139/2015 (the “Decree”), interpreted and integrated with the Italian Accounting Standards issued by the Italian Accounting Standard Board (OIC - Organismo Italiano Contabilità).

The Consolidated Financial Statements include the Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Cash Flows and these Explanatory Notes.

The Consolidated Financial Statements were prepared on the basis of the draft Financial Statements drawn up by the Directors as at 31 December 2025, which is the reporting date for all Group companies, or the Financial Statements approved by the shareholders' meetings of the consolidated companies, if available, duly adjusted, where necessary, to make them consistent with the accounting standards and measurement criteria applied by the Group.

BASIS OF PREPARATION

The Consolidated Balance Sheet is drafted pursuant to the schedule indicated under Articles 2424 and 2424-bis of the Italian Civil Code, the Consolidated Income Statement is prepared in compliance with the schedule indicated under Articles 2425 and 2425-bis of the Italian Civil Code, the Consolidated Statement of Cash Flow is in compliance with Article 2425-ter of the Italian Civil Code and is presented according to the provisions set forth in accounting standard OIC 10. These Explanatory Notes are drafted pursuant to Articles 2427 and 2427-bis of the Italian Civil Code.

Based on provisions set out in the second and third paragraphs of Article 2423-ter of the Italian Civil Code, the layouts of the Consolidated Balance Sheet and the Consolidated Income Statement has been amended, where necessary, in order to provide a clear representation of the figures disclosed.

The Consolidated Financial Statements have also been adjusted as follows:

- Inclusion of the item “*Consolidation reserve*” in equity items, and of the item “*Reserve for exchange rate differences*” under item VI “*Other reserves*”;
- Indication of minority interest through indication of “*Capital and reserves pertaining to minority interests*” and “*Profit (Loss) for the year pertaining to minority interests*”;
- Inclusion of the items “*Profit (Loss) for the year pertaining to the Group*” and “*Profit (Loss) for the year pertaining to minority interests*” in the income statement.

The items not expressly included in the Consolidated Balance Sheet, in the Consolidated Income Statement and in the Consolidated Statement of Cash Flows have a zero balance, both in the year under review and in the year presented for comparative purposes.

The Consolidated Financial Statement items can be compared with those of the previous year, reclassified where appropriate to make them consistent.

The Explanatory Notes that follow analyse and supplement the Balance Sheet and Income Statement information with complementary information considered to be necessary for a truthful and correct representation of the data that are illustrated, with account taken of the fact that no departures from accounting standards were made pursuant to Articles 2423 and 2423-bis of the Italian Civil Code.

Unless otherwise specified, the items disclosed in the Consolidated Balance Sheet and Consolidated Income Statement are expressed in thousands of Euro.

The principle of relevance was observed in the recognition, valuation, presentation and reporting of items for the purpose of a true and correct representation of the economic and financial position of the Group and of the profit (loss). With regard to this, information is considered to be relevant, on the basis of qualitative and/or quantitative aspects, when its omission or incorrect indication could reasonably influence the decisions taken by users on the basis of the company's Financial Statements.

Concerning the additional information on the performance and results of operations of the Group, as a whole and in the various sectors in which it operates, particularly with reference to costs, revenues and investments, as well as for a description of the main risks and uncertainties to which the Group is exposed, please refer to the information provided in the Directors' Report.

Related party transactions were carried out at market conditions; where relevant, these transactions are reported and commented on in these Explanatory Notes.

SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include the Financial Statements as at 31 December 2025 of Finarvedi S.p.A., the Parent company, and the Financial Statements of the direct or indirect controlled companies.

As at 31 December 2025, the consolidation scope includes the newly acquired investee company, Unomedia S.r.l., which was wholly acquired by CR1 Communications S.r.l.. The initial consolidation date was determined as 1 November 2025, following the acquisition of the shareholding on 23 October 2025.

Following the exercise of the put option by the minority shareholder of Acciai Speciali Terni S.p.A., the Group has an irrevocable obligation to acquire the remaining 15% interest currently held by ThyssenKrupp Nederland B.V. As a result, there were no non-controlling interests as at 31 December 2025.

The following extraordinary transactions also took place during the 2025 financial year:

- The merger by incorporation of Metalfer Automotive S.r.l. into Metalfer S.p.A., both directly controlled by Arvedi Tubi Acciaio S.p.A., with the aim of improving business operations through the exploitation of the synergies existing between the two companies. The transaction became effective for accounting purposes on 1 January 2025.
- Subscription for the share capital of VEDRA AST Pensions GmbH by AST Deutschland GmbH, followed by the disposal of the related interest during the 2025 financial year;
- Dissolution of Metalfer Automotive Morocco in preparation for its subsequent liquidation.

The structure of the Group at the balance sheet date is as follows:

CONSOLIDATING COMPANY

FINARVEDI S.P.A. (PARENT COMPANY)

Registered office: Milan – Viale E. Forlanini, 23
Share capital: Euro 67,769,000
Equity as at 31/12/2025 (including profit/loss for the year): Euro/000 294,628
Profit for the year as at 31/12/2025: Euro/000 3,228

Name	Registered offices	Share capital (in Euro)	Equity 31 December 2025 (Euro/000)	Profit/(Loss) for the year 2025 (Euro/000)	Shareholding
Acciaieria Arvedi S.p.A.	Milan, V.le E. Forlanini, 23	112,900,000	1,563,340	36,002	100%
Acciai Speciali Terni S.p.A.	Terni, Viale B. Brin, 218	159,682,400	599,221	981	85%*
Arinox S.p.A.	Robecco d'Oglio (CR), Strada Statale 45 bis	7,900,000	249,063	8,503	100%
Arvedi Tubi Acciaio S.p.A.	Cremona, Via Acquaviva, 3	24,000,000	248,497	13,591	100%
AST Deutschland GmbH	Düsseldorf (Germany), Münsterstrasse 246	100,000	23,428	110	85%*
AST Turkey Metal Sanayi ve Ticaret A.S.	Istanbul (Turkey), Hamidiye Mah. Selçuklu Cad. A Blok No: 10G İç Kapı No: 2 Kağıthane	49,162,352 EUR 94,531,305 TRY	1,467	147	85%*
Centro Siderurgico Industriale S.r.l.	Cremona, Via Acquaviva, 18	4,500,000	49,263	81	100%
Green Energy For Steel S.r.l.	Cremona, Via Acquaviva, 18	10,000,000	48,161	(476)	100%
Euro-Trade S.p.A.	Milan, V.le E. Forlanini, 23	1,538,100	6,845	1,241	99%
Ilta Inox S.p.A.	Robecco d'Oglio (CR), Strada Statale 45 bis	34,850,400	199,389	11,600	100%
Metalfer S.p.A.	Cremona, Via Acquaviva, 3	20,000,000	60,139	(1,284)	100%
Metalfer Automotive Morocco S.a.r.l.	Tanger (Morocco) Zone Franche Automotive City, lot n° 92 Jouamaa	575,175 EUR 6,417,807 MAD	(998)	(926)	100%
Metalfer Polonia Sp. z.o.o.	Bielsko-Biala (Poland), Ul. Konwojowa, 65	1.068.193 EUR 5.000.000 PLN	8,984	277	100%
Tubificio di Terni S.r.l.	Terni, Viale B. Brin, 218	40,010,000	44,142	(214)	85%*
Siderurgica Triestina S.r.l.	Trieste, Via di Servola, 1	550,000	2,874	(1,004)	100%

* As a result of the exercise of the put option, the company is consolidated at 100%.

Pursuant to Article 28, par. 2a) of Italian Legislative Decree No. 127/91, the following equity investments in subsidiaries have not been consolidated line-by-line as they are deemed irrelevant, individually and collectively, for the purposes of describing the Group’s equity, financial and economic position:

- Arvedi Deutschland GmbH, Arvedi East Europe Sp. Z.o.o., Arvedi France S.a.r.l. and Arvedi U.S.A. Inc. wholly owned by Finarvedi S.p.A., as well as Arinox Deutschland GmbH, wholly owned by Arinox S.p.A., which carry out captive activities with respect to Group companies;
- Investimenti Industriali Italiani S.r.l., which is wholly owned by Finarvedi S.p.A. and was inactive as at 31 December 2025;
- Società Servizi Editoriali S.r.l., Studio TV 1 News S.r.l. and its subsidiaries CR1 Communications S.r.l., Studio1 Network S.r.l., wholly owned by Finarvedi S.p.A., as well as Unomedia S.r.l.;
- Protec S.r.l., 100% held through Arvedi Tubi Acciaio S.p.A., in addition to AHW Rohrhandel GmbH, 67.33% owned by Arvedi Tubi Acciaio S.p.A.;
- So.g.ra.f. S.r.l., held by Arvedi Tubi Acciaio S.p.A. and by Acciaieria Arvedi S.p.A. with equal shares (49.20%) of the shareholding.

The data of the subsidiaries not consolidated on a line-by-line basis are provided below:

Name	Registered offices	Share capital (in Euro)	Equity 31 December 2025 (Euro/000)	Profit/(Loss) for the year 2025 (Euro/000)	Shareholding
Arvedi Deutschland GmbH	Düsseldorf (Germany), Münsterstasse 246	30,000	1,301	78	100%
Arvedi East Europe Sp. Z.o.o.	Bielsko-Biala (Poland), Ul. Konwojowa, 65	10,681 EUR 50,000 PLN	660	29	100%
Arvedi France S.a.r.l.	Lyon (France), 65, Rue Hénon	40,000	482	14	100%
Arvedi USA Inc.	Lincolnshire (USA), 100 Tri State International Drive Suite 115	49,077 EUR 50,000 USD	62	7	100%
AHW Rohrhandel GmbH	Bad Friedrichshall (Germany) Hagenbacher Strasse 2	25,000	312	(125)	67%
Arinox Deutschland GmbH	Neukirchen-Vluyn (Germany) Raiffeisenstrasse 17	25,000	662	28	100%
Investimenti Industriali Italiani S.r.l.	Cremona, Piazza Lodi, 7	10,000	12	(3)	100%
Protec S.r.l.	Cremona, Via Acquaviva, 3	50,000	698	12	100%
So.g.ra.f S.r.l.	Spinadesco (CR), Viale Marconi, 41	16.640	761	34	98%
SOCIETÀ SERVIZI EDITORIALI S.r.l.	Cremona, Via Bastida, 16	43.758	91	38	100%

Name	Registered offices	Share capital (in Euro)	Equity 31 December 2025 (Euro/000)	Profit/(Loss) for the year 2025 (Euro/000)	Shareholding
STUDIO TV 1 NEWS S.r.l.	Cremona, Via Bastida, 16	2,500,000	3,572	(28)	100%
CR1 COMMUNICATIONS S.r.l.	Cremona, Via Bastida, 16	100,000	594	(65)	100%
STUDIO1 NETWORK S.r.l.	Cremona, Via Bastida, 16	100,000	118	(45)	95%
UNOMEDIA S.r.l.	Cremona, Via Rosario, 19	70,000	349	22*	100%

* the result for the year refers to the entire year 2025

Details of the associates accounted for in the Consolidated Financial Statements using the equity method are provided below:

Name	Registered offices	Share capital (in Euro)	Equity 31 December 2025 (Euro/000)	Profit/(Loss) for the year 2025 (Euro/000)	Shareholding
Arvedi Metalfer do Brasil S.A.	Salto – Sao Paulo (Brazil)	53,117,375 EUR 341,295,071 BRL	25,131	(2,789)	73%
Euronord S.p.A.	Milan, Via Cosimo del Fante, 10	1,857,143	13,461	804	30%
Ilserv S.r.l.	Terni, Viale B. Brin, 218	1,924,000	12,725	953	35%
Terni Frantumati S.p.A.	Terni, Viale B. Brin, 10	929,628	4,993	230	21%

The investee company Arvedi Metalfer do Brasil SA (“AMB”), 73.49% owned, is considered an associate since the minority shareholders have significant governance powers which make the influence exercised by Finarvedi considerable although not dominant.

CONSOLIDATION CRITERIA

Consolidation method

In preparing the Consolidated Financial Statements, assets and liabilities, as well as the revenue and costs, of the companies included in the scope of consolidation, are fully presented using the line-by-line method.

All the Financial Statements of the companies included in the scope of consolidation are adjusted, where necessary, to make them consistent with the accounting standards applied by the Parent Company.

The Financial Statements of equity investments denominated in non-Euro currencies, which is the Group's functional currency, are converted to Euros. The change in the exchange rates used in the conversion of equity of foreign companies is reported in a special item of equity named “Reserve for exchange rate differences”.

The exchange rates used are as follows:

	2025 Average exchange rate	2024 Average exchange rate	31/12/2025 Spot exchange rate	31/12/2024 Spot exchange rate
Brazilian Real	6,3072	5,8283	6,4364	6,4253
Polish Zloty	4,2397	4,2750	4,2210	4,3058
US Dollar	1,1300	1,0824	1,1750	1,0389
Moroccan Dirham	10,5476	10,7556	10,7140	10,5140

Consolidation adjustments

The book value of equity investments in subsidiaries is offset against the corresponding equity on the assumption of their assets and liabilities, in accordance with the full consolidation method.

In the event of acquisition of additional shares in the subsidiary, the related difference is determined by the difference between the purchase cost of the incremental share of the investment and the proportional amount of the subsidiary's book equity at the date of the new acquisition. Where the elimination gives rise to a positive difference, that difference is allocated, where possible, to each identifiable acquired asset (up to the amount determined on the basis of specific valuation reports) and, residually, to goodwill. Any remaining amount that cannot be allocated is recognised in the income statement under “Other operating expenses”.

In the presence of a negative difference, this is allocated, where possible, as a reduction of the assets or liabilities recorded for different values compared to their recoverable value or extinction value, net of prepaid taxes. The difference attributable to the completion of a bargain purchase is recorded in a specific equity reserve called the "Consolidation reserve". Finally, if the investee company's economic results are expected to be unfavourable, the cancellation difference is recognised into the consolidation provision for future risks and charges.

Profits and losses resulting from transactions between companies included in the consolidation area, which were not realised through subsequent transactions with third parties, are eliminated, as are receivables, payables, income and expenses, as well as Commitments, guarantees and risks.

Investments in subsidiaries that meet the criteria for exclusion from the consolidation scope, as well as investments in associates, are accounted for using the equity method, whereby the initial cost of the investment is adjusted in subsequent periods to reflect the investor's share of the investee's profit or loss and other changes in equity.

The portions of equity and profit attributable to minority interests are recorded under specific items of the equity and income statement.

Any interests in subsidiaries held through financial investors are measured at fair value and are therefore fully consolidated, with the entire interest held by the financial investors attributed to the Group’s interest and the corresponding financial liability recognised as a balancing entry.

ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

Intangible assets

Intangible assets are recorded at their purchase cost, with the consent of the Board of Statutory Auditors where necessary, and they are amortised by taking into account their residual useful life.
The annual amortisation rates used for the year in question are shown below, presented by homogeneous categories with evidence of the relative range of application:

	Annual rate
Industrial patent rights and intellectual property rights	3-6 years
Concessions, licences, trademarks and similar rights	20% or based on the duration of the contract
Other intangible assets	depending on the duration of the contract and agreements

Goodwill is recognised under assets with the consent of the Board of Statutory Auditors of the specific company, if acquired against payment. The book value of goodwill is determined as the difference between the transfer or acquisition value and the fair value assigned to the other assets and liabilities items transferred. Goodwill is amortised based on its useful life, which is estimated upon initial recognition, considering the period of time within which the financial benefits connected with the goodwill will emerge.
Goodwill arising from the consolidation process is amortised over five years.

Tangible assets

Tangible assets are recorded at the purchase and/or construction cost, inclusive of ancillary charges of direct imputation, increased by restructuring and extraordinary maintenance costs that led to an actual increase in the economic value and/or value in the use of the assets. The cost includes any costs for the dismantling and removal of the asset and/or restoration of the site, when these obligations are assumed.
The acquisition cost has increased both on revaluations carried out pursuant to law and following the allocation in the consolidation process, when the equity investment was purchased, of the difference arising between the purchase cost and relevant portion of equity, depending on the outcome of specific appraisals.
Work in progress is reported based on costs incurred as directly attributable.

Maintenance and repair costs are recognised as assets only if they generate an effective increase in economic value and/or value in use of the assets. Conversely, they are charged directly in the income statement for the period in which they were incurred.
In derogation of the provisions of Article 2426 of the Italian Civil Code, on 31 December 2020 and, for non-significant amounts also on 31 December 2021, various Group companies carried out a voluntary revaluation of some assets pursuant to and in accordance with Article 110 of Decree Law No. 104/2020, converted to Law No. 126/2020 and Decree Law No. 41/2021 (Sostegni Decree).

Assets acquired under finance leases are recognised in the Consolidated Balance Sheet at cost, with a corresponding liability recognised for the related financing obtained, which is classified under “Payables to other financing institutions”.

Fixed assets are recorded net of related depreciation, calculated systematically throughout the economic/technical rates determined according to the residual useful life of each asset. It should be noted that:

- Newly acquired assets are depreciated starting from the year in which they are included in the production process;
- For assets introduced during the year, depreciation rates are halved on the conventional assumption that their use starts in the middle of the financial year except in cases where half of the ordinary rate deviates significantly from the time the asset is available and ready for use.

The depreciation rates in use are shown below.

	Range %
Land and buildings	
Industrial land and buildings	2%-10%
Lightweight constructions	10%-15%
Land of the slag area	5%
Plant and machinery	
ISP-ESP plant	4,00%
Melt Shop furnaces (including ladle furnace)	4,00% - 11,00%
Tube welding lines (or tube forming profiling machines)	
_12" welding line	4,00%
_medium-heavy	6,70%
_medium-light	12,00%
Stretch-reducing line	6,70%
Slitters	8,75% - 12,00%
Finishing lines, finishing machines	10,00% - 12,00%
Integrated cold-drawing lines	8,40%
Hot-dip galvanising line/Galvanising plants	5,00% - 12,50%
Painting plants	5,00%
Pickling plants	7,70%-15,00%
Cold rolling systems	6,70%
Scrap treatment plants	5,00%
Annealing furnaces	5,00%-12,00%
Medium/light overhead cranes	10,00% - 12,00%
Heavy overhead cranes (steelworks)	6,70%
Heavy machine tools (cilinder grinding)	8,30% - 12,00%
Flexible production systems equipment	30,00%
Distribution plants (electricity, water, gas, compressed air, etc.)	7,70% - 10,00% -12,00%
Electrical substation with connection voltage ≥ than 130 kW	6,70% -12,00%
Energy production plants, energy transport systems	4% - 6,70% - 10,00%
Automated machinery	9,00%
Ecological systems	10,00% - 12,00%
Other generic and specific plants	9,00% - 15,00%
Industrial and commercial equipment and other assets	
Various equipment and laboratory equipment	20,00% - 25,00%
Steel equipment	11%-12,5%
Standard office furniture and machines	12,00%
Electronic and electric machinery, EDP processor	20,00%
Internal transportation vehicles	20,00%
Cars	25,00%
Flexible production systems equipment	25,00% - 30,00%
Air transportation vehicles	6,00%

Impairment of tangible and intangible assets

At each reporting date, the Group assesses whether there are any indications that tangible and intangible assets may have undergone impairment.

If such evidence exists, the carrying amount of the assets is reduced to their recoverable value, the latter determined as the higher amount between fair value net of selling costs and value in use. When the recoverable value of an individual asset cannot be estimated, the Group estimates the recoverable value of the Cash Generating Unit (CGU) to which the asset belongs. The value in use of an asset is calculated by determining the current value of the expected future cash flows applying a discount rate that reflects the current market valuations of the time value of money and of the specific risks of the asset. An impairment is recognised if the recoverable value is lower than the net book value.

The impairment loss is derecognised when the reasons that justified it no longer apply. The reversal of the impairment loss may not exceed the value that would have been determined if no impairment had been recognised. No reversal is applied to goodwill and to multi-year costs.

Long-term investments

Long-term investments, which represent investments in subsidiaries not consolidated with the line-by-line method as well as in associates, are measured by using the equity method. Long-term investments in other companies are recognised with the cost method, adjusted if necessary, for any impairments.

Receivables included under long-term investments are recorded at their nominal value, based on the reasonable assumption that this value is consistent with the estimated realisable value.

Derivative Financial Instruments

Derivative financial instruments are recognised on the date the contract is signed, starting from when the Group undertakes the relevant rights and obligations ensuring therefrom.

Pursuant to Article 2426, paragraph 1, number 11-bis of the Italian Civil Code and OIC 32, even if they are embedded in other financial instruments, derivative financial instruments are measured at fair value on the date of initial recognition as well as at the end of every subsequent reporting closing date.

The derivative financial instruments are subscribed by the Group in order to limit exposure to the risk of changes in fair value or fluctuations in cash flows attributable to an asset or liability recognised in the financial statements, irrevocable commitments, or highly probable planned transactions.

The instruments hedging changes in fair value are recognised in the Consolidated Balance Sheet as an asset or a liability, while fair value changes are recognised in section D) of the income statement.

The Group recognises the cash flow hedging instrument linked to an asset or liability entered in the financial statements, an irrevocable commitment or a highly probable scheduled transaction in the Consolidated Balance Sheet, at fair value and classifies as offsetting entry the amount into item A) VII "Reserve for cash flow hedging" for the hedging component considered to be effective, while for the ineffective component, calculated for hedging relations that are not eligible as simple or for transactions that are eligible in accounting terms as non-hedging transactions, the amount is entered into section D) of the income statement.

Derivative financial instruments with a positive fair value at the valuation date are classified as follows:

- In fixed assets, if the hedged asset is a fixed asset or if the liability is classified beyond the next year;
- In current assets, if the hedged asset is classified under current assets or if the liability is classified within the next financial year, or if it is a derivative instrument hedging an irrevocable commitment or a highly probable planned transaction.

Derivative financial instruments with negative fair value are classified under "Provisions for risks and charges" under item B3) - derivative financial liabilities.

Debt securities

Debt securities are recognised at purchase or subscription cost, including ancillary costs.

Securities intended to remain in the Group's equity on a long-term basis are recorded under fixed assets and are recognised using the amortised cost criterion, where applicable.

The write-down of non-current securities due to an impairment with respect to the purchase cost is recorded under item D19b) "*write-downs of long-term investments that do not represent equity investments*".

The reversal of any write-downs, in the event that the reason that had previously led to a write-down of a long-term investment no longer exists, is recorded under item D18b) "revaluations of long-term investments other than equity investments" within the limits of the amortised cost determined in the absence of the write-down previously made.

Securities under current assets are measured on the basis of the lower amount between the amortised cost and the realisable value inferred from the market performance. The Group assumes that the effects deriving from the application of the amortised cost are not significant when the due date of the receivables is within 12 months and when the value at due date of the security does not differ substantially from the opening value.

The write-down of debt securities under current assets, carried out individually for each type of security in the portfolio, is charged to item D19c) "*write-downs of securities other than long-term investments*". The reversal of any write-downs is charged to the income statement under item D18c) "*revaluations of securities included under current assets other than equity investments*".

Inventories

Goods included in inventories are initially recognised on the date on which the essential transfer of risks and benefits associated with the acquired good occurs.

Inventories are recognised at the lower of purchase or production cost and the estimated realisable value based on market performance. The purchase cost includes ancillary charges and other costs directly attributable to the assets purchased and is adjusted by discounts and rebates. The production cost includes the direct and indirect costs incurred in the various phases of industrial transformation.

The cost of inventories adopted by the Company is determined by applying the average cost of production of the year.

Receivables

Receivables originating from revenues for sales of goods and services are recognised according to the indications contained in the paragraph "Revenues, income and costs and charges" of this document.

Receivables are recorded in the balance sheet at amortised cost, with account taken of the time factor, appropriately adjusted to consider their estimated realisable value.

If the interest rate applicable to the transaction is not significantly different from the market one, the receivable is immediately recognised at a value equal to the nominal value net of all premiums, discounts, rebates and including any costs directly attributable to the transaction that generated the receivable.

When, on the other hand, the interest rate for the transaction pursuant to the contractual terms and conditions is significantly different from the market rate, the receivable (and the corresponding revenue in the event of commercial transactions) is initially recognised at a value equal to the current value of future cash flows plus any transaction costs. The rate used for discounting future flows is the market one.

For trade receivables, the difference between the initial recognition value of the receivable as determined in this manner and the final value is recognised in the income statement as financial income throughout the duration of the receivable using the effective interest rate method. For financial receivables, the difference between the liquidity disbursed and the current value of future cash flows, determined by applying the market interest rate, is recognised under financial income and charges in the income statement upon initial recognition, except if the substance of the transaction or contract indicate that a different nature should be attributed to this component. Subsequently, interest income accrued on the transaction is calculated using the effective interest rate and allocated to the income statement with the value of the receivable as a contra-entry.

The Group considers the effects of applying the amortised cost and discounting to be insignificant when the receivables are due within 12 months, also considering all the contractual and essential terms applicable at the time the receivable is recognised, and the transaction costs and any differences between the initial value versus the nominal one upon maturity are of an insignificant amount.

In the event of early collection, in whole or in part, of a receivable (compared to the original contractual due dates), any difference between the residual carrying amount of the receivable and the amount collected is recognised in the income statement as a financial item.

In cases of transfer of receivables through factoring, receivables continue to be recognised as assets in the Financial Statements if their risks have not been substantially transferred.

Cash and cash equivalents

Bank deposits, post deposits and cheques (from a current account, bank orders or similar items) are measured according to the general principle of the estimated realisable value which coincides with the nominal value in the absence of highly doubtful positions. Cash and stamps in hand are measured at their nominal value. Cash and cash equivalents in foreign currency are valued at the exchange rate at the end of the year.

In the absence of specific indications, the cash and cash equivalents shown in the Consolidated Balance Sheet are presumed to be immediately usable for any purpose by the Group.

Accruals and deferrals

These items comprise portions of income and costs, pertaining to two or more financial years, to comply with the accrual basis of accounting. At the end of each year, the Group verifies whether the conditions that determined the recognition of the accrual or deferral are still met and, if necessary, the necessary adjustments are made.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover liabilities, of a determined nature, whose existence is certain or probable, but of uncertain amount or timing at the reporting date. The provisions reflect the best estimate of the expenditure on the basis of available information and they are recognised in the income statement "by nature" of the reference costs. If this correlation is not possible, the provisions for risks and charges are recognised under items B12 and B13 of the Consolidated Income Statement.

The assessment of the appropriateness of the provisions is included among the normal operations to be carried out at the end of each year, so the provisions recognised in a previous period are reviewed to verify their correct measurement at the reporting date.

Severance indemnity

The severance indemnity is allocated to cover the entire liability accrued with respect to employees in accordance with current laws, collective labour agreements and supplementary corporate ones. The liability related to the severance indemnity is appropriate when it matches the individual indemnities accrued in favour of the employees at the closing date of the Financial Statements, net of the advance payments made, i.e. it is equal to what should have been paid if employment had been terminated on that date.

Starting from 1 January 2007, the Italian Budget Law and the related implementing decrees introduced significant changes in the regulations pertaining to the severance indemnity, including the worker's choice with regard to the destination of their own indemnity to be accrued to complementary pension funds or to the "Treasury Fund" managed by INPS (the Italian Social Security Agency).

Payables

Payables originating from acquisitions of assets are recognised in the Consolidated Balance Sheet when the significant risks, charges and benefits connected to ownership are transferred to a substantial degree. Payables originating from services are recognised on the basis of the progress of the services received if both of the following conditions are met:

- a) the contract between the parties provides that the obligation to pay the consideration for the purchaser accrues as the service is rendered overtime;
- b) the amount of the accrued cost can be reliably measured.

If these conditions are not met, the payable and the related cost are recognised upon completion of the service.

Financial payables ensuing from loan transactions and payables originating for reasons other than the acquisition of goods and services are recognised when the company has an obligation toward the counterparty, pursuant to legal and contractual regulations.

Payables are measured at amortised cost, based on their time factor.

If the interest rate of the transaction does not significantly differ from the market rate, the payable is initially recognised at a value equal to the nominal amount net of all transaction costs and all bonuses, discounts and rebates directly emerging from the transaction that generated the payable. These transaction costs, such as ancillary expenses incurred in order to obtain loans, any commissions payable and receivable and any difference between the initial value and the nominal value on maturity are distributed throughout the duration of the payable based on the effective interest rate method.

When, on the other hand, the interest rate for the transaction as it is indicated in the contractual terms and conditions is significantly different from the market rate, the payable (and the corresponding cost in the event of commercial transactions) is initially recognised at a value equal to the current value of future cash flows plus any transaction costs. The rate used for discounting future flows is the market one.

The Group considers the effects of applying the amortised cost and discounting to be insignificant when the payables are due within 12 months, also considering all the contractual and essential terms existing at the time the payable is recognised, and that the transaction costs and any difference between the initial value and the nominal value upon maturity are of an insignificant amount.

Accounting for the put option

The Group considers the shares subject to the exercise of put options to have been acquired, even if, at the reporting date, ownership of the shares has not yet been transferred. The Group recognises a liability arising from the irrevocable purchase obligation, with a balancing entry in equity.

Income taxes

On the basis of realistic estimates, tax payables show the tax charges pertaining to the period net of any advance payments made and withholding taxes incurred.

Tax receivables include certain and determined amounts the Company has a right to recover through reimbursement or offsetting.

Current taxes and any deferred tax assets and liabilities are calculated according to current rates and regulations in force, based on a realistic forecast of the taxable income.

In particular, deferred tax assets are recognised only when their recovery through future taxable income is reasonably certain.

Where present, liabilities for probable taxes, the timing or extent of which cannot be determined, deriving, for example, from non-definitive assessments or pending disputes and other similar cases are recorded under provisions.

Any tax deriving from the application of the Global Minimum Tax regulations is accounted for under item e) Current Pillar 2 taxes.

Translation of items in foreign currency

Receivables and payables in foreign currency, translated into Euro at the rates prevailing at the date of the respective transactions, are adjusted to the exchange rate at year-end. Translation gains and losses are recognised in the income statement under item C17-bis) "*Exchange gains/(losses)*".

Revenues, income, costs and expenses

Revenues from the sale of goods are recognised, for each basic accounting unit, when the following conditions are met:

- a) there has been a substantial transfer of the risks and benefits associated with the sale;
- b) the amount of revenues can be reliably determined.

Revenues relating to the provision of services are recognised in the income statement on the basis of the stage of completion if both of the following conditions are met:

- a) the agreement between the parties provides that the right to payment accrues as the service is performed;
- b) the amount of attributable revenue can be reliably measured.

If it is not possible to recognise revenue based on the stage of completion, revenue from services is recognised in the income statement when the service has been definitively completed.

Costs are recorded on an accrual basis, net of returns, discounts, rebates and bonuses.

Financial components are recognised on an accrual basis.

Environmental certificates

The European Emission Trading System, established for the management and trading of emission quotas, sets a maximum limit for greenhouse gas emissions to be produced over the course of a year, which corresponds to the free release by the competent national authorities of a certain number of emission allowances. During the year, depending on the actual greenhouse gas emissions produced, each company has the right to sell or the obligation to acquire emission allowances on the market against payment.

The allowances purchased for consideration to cover the emissions released into the atmosphere during the year are recognised in the income statement under the item "Other operating charges"; any allowances purchased in excess of the requirements in the reference year are recognised under prepaid expenses.

Grants related to production plants

Grants related to production plants are recognised in the Financial Statements when there is reasonable certainty that the conditions envisaged for the recognition of the grant are met and the grant will be disbursed. Grants related to production plants are charged to the income statement of the year by recording the contribution to item A5 "Other revenue and income" (applying the indirect method) and recording a deferred income to postpone benefits not pertaining to the following years according to the economic-technical useful life of the plant (or asset) subsidised.

Commitments, guarantees and risks

Commitments, guarantees and risks are recorded in a special table in the Explanatory Notes. Commitments are indicated at their contractual value and they are described in these Explanatory Notes. Guarantees issued directly or indirectly are indicated on the basis of the risk existing at the end of the year.

The risks whose occurrence is probable are described in these Explanatory Notes and allocated in the provisions for risks. Risks for which the emergence of a liability is only possible are described in the Explanatory Notes without allocating risk provisions.

ASSETS

B) FIXED ASSETS
I) Intangible assets

	Gross value as at 31/12/2024	Amortisation/ Write-downs up to 31/12/2024	Net value as at 31/12/2024	Investments/ disposals	Amortisation	Reclassifications/ Exchange rate differences	Net value as at 31/12/2025
Start-up and expansion costs	13,685	(13,667)	18	(2)	(15)	-	1
Development costs	4,002	(3,929)	72	97	(46)	-	123
Industrial patent rights and intellectual property rights	34,648	(22,416)	12,233	1,038	(5,783)	74	7,562
Concessions, licences, trademarks and similar rights	9,635	(9,041)	594	282	(777)	1,737	1,837
Goodwill	32,414	(26,252)	6,162	1,400	(1,715)	2,114	7,961
Work in progress and payments on account	2,961	-	2,961	1,499	-	(1,866)	2,594
Other	87,565	(78,297)	9,268	132	(3,904)	125	5,622
Total	184,911	(153,601)	31,310	4,445	(12,239)	2,185	25,700

Intangible assets amounted to Euro 25,700 thousand as at 31 December 2025, compared to the balance of Euro 31,310 thousand as at 31 December 2024. The decrease was attributable to amortisation for the year of Euro 12,239 thousand, partially offset by net increases of Euro 6,630 thousand.

The main investments relate to new software and information systems development and implementation projects for use by the various subsidiaries, which were still in progress as at 31 December 2025. In particular:

- The design of the new ERP management system as part of the Arvedi Group’s digital transformation programme, amounting to approximately Euro 350 thousand;
- The development and implementation of the IT tool required for CSRD and other ESG regulatory monitoring and reporting, amounting to approximately Euro 163 thousand, which became operational in January 2026;
- The enhancement of the HR management system currently in use, the treasury and cash management support platform, and the digital payment solution for the governance of authorisation workflows and the transmission of payment instructions in accordance with appropriate security standards, for a total amount of approximately Euro 96 thousand.

The item Work in progress also increased by approximately Euro 430 thousand in relation to costs incurred for the preparation of the Grumello landfill site, which is expected to become operational by the end of 2026.

Industrial patent rights and intellectual property rights, amounting to Euro 7,562 thousand as at 31 December 2025, mainly relate to the rights to exploit Arvedi technology patents and patent applications held by Acciaieria Arvedi S.p.A. Additions during the year amounted to Euro 1,038 thousand and relate to the commissioning of corporate software and the acquisition of new licences. These costs are amortised from the date the software enters service and over the term of the licence, which is considered to be shorter than the expected useful life of the software.

Concessions, licences, trademarks and similar rights, amounting to Euro 1,837 thousand as at 31 December 2025, relate to costs incurred for information systems and software applications supporting operating activities. Additions of Euro 282 thousand mainly relate to business intelligence reporting software.

Goodwill, amounting to Euro 7,961 thousand, increased by Euro 1,400 thousand following the acquisition of the business unit formerly owned by Arcelor CLN Distribuzione Italia S.r.l. on 27 March 2025 by the subsidiary Centro Siderurgico Industriale S.r.l., and by Euro 2,114 thousand as a result of the transfer of the business unit known as “CR Legno” by the subsidiary Acciaieria Arvedi S.p.A. As at 31 December 2025, the balance also includes residual goodwill of Euro 5,010 thousand recognised in 2022 following the completion by Centro Siderurgico Industriale S.r.l. of the acquisition of the business assets of Fi.ra.sid. S.r.l. in liquidation.

There are no indicators of impairment relating to the goodwill recorded.

There are no accessory financial charges capitalised as at 31 December 2025.

II) Tangible assets

Tangible assets show a balance as at 31 December 2025 of Euro 1,723,754 thousand (Euro 1,660,813 thousand as at 31 December 2024) and are analysed as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and payments on account	Total
Opening historical value	750,875	3,994,100	188,623	88,478	164,815	5,186,892
Investments	15,589	64,168	18,858	1,212	133,245	233,072
Internal increases	19	3,032	698	4	352	4,105
Reclassification	6,444	45,414	2,533	96	(56,113)	(1,626)
Other changes (exchange rate effect)	88	32	1	6	3	129
Disposals/Divestments/Sales	-	(14,871)	(10,049)	(630)	(2)	(25,552)
Write-backs (value adjustments)	-	-	-	-	-	-
Historical cost 31/12/2025	773,015	4,091,875	200,664	89,166	242,300	5,397,020

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and payments on account	Total
Opening accumulated depreciation and write-downs	(340,018)	(2,967,282)	(153,850)	(64,928)	-	(3,526,078)
Depreciation	(21,376)	(127,169)	(11,451)	(3,458)	-	(163,454)
Reclassification	-	8	(8)	-	-	-
Other changes (exchange rate effect)	(7)	(22)	-	(2)	-	(31)
Disposals/Divestments/Sales	-	11,248	4,508	615	-	16,371
Net write-downs	-	(78)	4	-	-	(74)
Accumulated depreciation and write-downs 31/12/2025	(361,401)	(3,083,295)	(160,797)	(67,773)	-	(3,673,266)

Net balance 31/12/2025	411,614	1,008,580	39,867	21,393	242,300	1,723,754
------------------------	---------	-----------	--------	--------	---------	-----------

In 2025, the Arvedi Group made investments totalling Euro 237 million, including increases for internal work of Euro 4.1 million. These investments mainly relate to projects that were still in progress as at 31 December 2025 and are expected to be completed by the end of the 2027 financial year.

Investments made by the companies operating in the carbon steel segment amounted to a total of Euro 123 million, while total investments in the stainless steel segment amounted to Euro 113 million. The investments of the other Group companies amounted to Euro 1,2 million. The main expansion projects in the carbon steel segment relate to:

- The construction and installation of the scrap shredder (Mill 2) (Arves project) at the Cremona site of Acciaieria Arvedi S.p.A., amounting to a total of Euro 24.4 million, together with the construction of buildings and site infrastructure amounting to Euro 5.5 million. As part of this project, plant and machinery totalling approximately Euro 10.5 million and buildings amounting to Euro 1.4 million, which were reported under Work in progress as at 31 December 2024, entered into operation during 2025;
- The revamping of the magnetic steel production plant through vacuum oxygen decarburisation (VOD) treatment and of the metal separation facilities, amounting to Euro 21 million, at the site of Acciaieria Arvedi S.p.A. These works, which also form part of the Arves project, were still in progress as at 31 December 2025;
- Upgrading of the steelworks fume extraction system, amounting to Euro 8.7 million; this project was reported under work in progress for a total amount of Euro 13.8 million;
- Revamping of Galvanising Line 2 at Acciaieria Arvedi S.p.A. (Arvzam Project), amounting to approximately Euro 5 million, which was still in progress as at 31 December 2025;
- Acquisition by the subsidiary Centro Siderurgico Industriale S.r.l. of the business unit formerly known as Arcelor CLN Distribuzione Italia S.r.l. for a total consideration of approximately Euro 5.2 million, comprising buildings and land, together with production lines including levelling lines, slitters and overhead cranes. In addition, investments amounting to Euro 381 thousand were made at the Vasto plant;
- Purchases of rolling and back-up cylinders for hot rolling mills for Euro 10.3 million.

In the stainless steel segment, investments mainly relate to refurbishment projects launched in previous financial years and still in progress at the end of 2025:

- Construction of the new Cold Rolling Line 8 by Acciai Speciali Terni S.p.A., amounting to Euro 29 million. As part of this project, work was also carried out on the existing warehouse that houses this new plant;
- Installation, in the LAC department, of a new plant for heating rolled slabs (walking beam furnace) for Euro 24.7 million by Acciai Speciali Terni S.p.A.;
- Investments in the extraction system for the new slag ramp by Acciai Speciali Terni S.p.A., amounting to Euro 10.5 million;
- New tail-end cropping line at Acciai Speciali Terni S.p.A., amounting to Euro 9.7 million, which entered into operation during 2025;
- Construction of laser welding and cutting facilities by Ilta Inox S.p.A., amounting to Euro 1.7 million;
- Revamping works carried out by Arinox S.p.A. on a cutting line and a levelling line, amounting to Euro 300 thousand and Euro 400 thousand, respectively.

The Group also continued to invest in the rationalisation, improvement and efficiency of existing plants, both from a technological and safety point of view, through revamping, extraordinary maintenance and purchases of equipment and systems ancillary to the production lines.

In the Consolidated Financial Statements, the finance lease method was applied to assets acquired under finance leases by companies preparing their financial statements in accordance with Italian accounting standards. As a result, fixed assets with a net carrying amount of Euro 66,845 thousand (Euro 68,715 thousand as at 31 December 2024) were recognised.

Net disposals and derecognitions related to fixed assets with a net carrying amount of Euro 9,181 thousand and mainly concerned, for approximately Euro 6 million, the work rolls and back-up rolls used in hot rolling mills. Losses on disposal, net of gains on disposal, amounted to Euro 5.8 million.

- The residual amount of the monetary revaluations relating to tangible assets is set out below:
- Land and buildings – Revaluation 1991 Law No. 413: Euro 1,950 thousand
 - Land and buildings – Revaluation 2008 Law No. 2/2009: Euro 36,495 thousand
 - Land and buildings – Revaluation 2020 Law No. 126: Euro 655 thousand
 - Plant and machinery – Revaluation 2021 Decree Law No. 41: Euro 2,285 thousand.

The residual value of financial charges included under “Land and buildings” amounted to Euro 142 thousand (Euro 248 thousand as at 31 December 2024), while in the “plant” item financial charges were recognised for a total of Euro 2,246 thousand (Euro 2,595 thousand as at 31 December 2024).

It should also be noted that, as at 31 December 2025, certain properties are subject to security interests, details of which are provided in the section relating to bank borrowings.

III) Long-term investments

1) Equity investments
a) Subsidiaries

Equity investments in subsidiaries amounted to Euro 7,839 thousand as at 31 December 2025, compared with Euro 7,300 thousand as at 31 December 2024.

The table below provides details of investments in subsidiaries that are not consolidated line-by line, together with the changes that occurred during the financial year:

Subsidiaries	%	31/12/2024	Changes in scope of consolidation	Increases/ Decreases	Revaluations/ Write-downs	Exchange rate differences / roundings	31/12/2025
AHW Rohrhandel GmbH	67%	294	-	-	(84)	-	210
Arinox Deutschland GmbH	100%	635	-	-	28	-	663
Arvedi Deutschland GmbH	100%	1.223	-	-	79	1	1.301
Arvedi East Europe SpZoo	100%	623	-	-	29	8	660
Arvedi France S.a.r.l.	100%	469	-	-	14	(1)	482
Arvedi USA Inc.	100%	64	-	-	7	(7)	64
Investimenti Industriali Italiani S.r.l.	100%	20	-	-	-	-	20
Protec S.r.l.	100%	685	-	-	12	-	697
So.g.ra.f S.r.l.	98%	847	-	-	227	-	1,074
Società Servizi Editoriali S.r.l.	100%	53	-	-	38	-	91
Studio TV 1 News S.r.l.	100%	2,387	288	40	(138)	-	2,577
Total subsidiaries		7,300	288	40	211	1	7,839

The measurement of investments using the equity method resulted in the recognition in the income statement of net income of Euro 211 thousand, representing the Group’s share of the net result generated by each investee. More specifically, the investees reported profits of Euro 434 thousand and losses of Euro 223 thousand.

With specific reference to Studio TV 1 News S.r.l., it should be noted that the valuation also takes into account the results of its subsidiaries, namely CR1 Communications S.r.l., Studio 1 Network S.r.l. and Unomedia S.r.l. The increase in the carrying amount of the investment in Studio TV 1 News S.r.l. is attributable to capital contributions totalling Euro 40 thousand, made in order to provide financial and equity support to the investee. In October 2025, CR1 Communications S.r.l. acquired 100% of the share capital of Unomedia S.r.l. At the acquisition date, the comparison between the share of equity acquired and the purchase price gave rise to a consolidation reserve of Euro 288 thousand.

The effect of exchange rate differences relating to subsidiaries whose functional currency is other than the euro, amounting in aggregate to Euro 1 thousand, was recognised in the Reserve for exchange rate differences.

b) Associates

Investments in associates amounted to Euro 26,072 thousand as at 31 December 2025, compared with Euro 27,493 thousand as at 31 December 2024.

The changes in the associates measured using the equity method are shown below:

Associates	%	31/12/2024	Change in scope of consolidation	Increases/Decreases	Revaluations/Write-downs	Exchange rate differences / roundings	31/12/2025
Arvedi Metalfer do Brasil SA	73%	20,513	-	-	(2,050)	6	18,469
Euronord S.p.A.	30%	1,860	-	-	241	-	2,100
Ilserv S.r.l.	35%	4,120	-	-	334	-	4,454
Terni Frantumati S.p.A.	21%	1,000	-	-	48	-	1,048
Total associates		27,493	-	-	(1,427)	6	26,072

The measurement of investments using the equity method resulted in the recognition in the income statement of write-downs of Euro 1,427 thousand, representing the Group’s share of the net results of the investee companies.

The effect of the exchange rate variation of Euro 6 thousand was recognised in the reserve for exchange rate differences. This change reflects the depreciation of the Brazilian real, which moved from 6.4253 BRL/EUR as at 31 December 2024 to 6.4364 BRL/EUR as at 31 December 2025.

c) Other companies

Equity investments in “other companies”, amounting to Euro 23,852 thousand, are detailed below:

Other companies	31/12/2024	Change in scope of consolidation	Increases/Decreases	Revaluations/Write-downs	31/12/2025
Metal Interconnector SCPA	23,750	-	-	-	23,750
Nomisma S.p.A.	6	-	-	-	6
Consorzio Tera Energia	35	-	-	-	35
Consorzio Elettrosiderurgico Italiani Preridotto	50	-	-	-	50
Consorzio Umbria wireless	50	-	-	(50)	-
Other	10	-	-	-	10
Total Other companies	23,902	-	-	(50)	23,852

The Group, through its subsidiaries Acciaieria Arvedi S.p.A. and Acciai Speciali Terni S.p.A., holds an interest in Metal Interconnector Scpa, a consortium composed of a number of Italian energy-intensive companies for the purpose of managing the possibility of accessing the European electrical supply markets (Law No. 99 of 23 July 2009 Article 32). The Group was awarded capacity rights on several cross-border interconnections, enabling it to procure energy directly from international markets.

2) Receivables

	31/12/2025	31/12/2024	Change
Guarantee deposits	3,818	859	2,959
MLT financial receivables from other companies	1,533	554	979
Financial receivables from others	21	22	(1)
Total receivables from others within 12 months others within 12 months	5,372	1,435	3,937
Guarantee deposits	28,448	26,084	2,364
MLT financial receivables from other companies	26,291	22,560	3,731
Financial receivables from others	18	15	3
Other receivables	3	2	1
Total receivables from others after 12 months	54,760	48,661	6,099
Total financial receivables	60,132	50,096	10,036

Financial receivables amounted to Euro 60,132 thousand as at 31 December 2025, an increase of Euro 10,036 thousand compared with 31 December 2024, as a result of higher guarantee deposits paid and higher medium/long-term financial receivables due from third parties.

Guarantee deposits, amounting to a total of Euro 32,266 thousand, increased by Euro 5,323 thousand and mainly relate to contributions made to the fund established to cover commitments associated with the implementation of electricity interconnection projects with neighbouring countries by the Metal Interconnector consortium, as well as deposits paid in support of the Group companies’ operating activities for the supply of plant and equipment.

Receivables relating to medium- to long-term loans granted to third-party companies amounted to Euro 27,824 thousand, of which Euro 26,291 thousand falls due after more than 12 months. The increase of Euro 4,710 thousand is attributable to a new repayment schedule for the financial receivable due from a specific customer, which amounted to Euro 7,660 thousand as at 31 December 2025.

The balance as at 31 December 2025 also comprises:

- Loans disbursed to Metal Interconnector Scpa for Euro 18,655 thousand;
- The advance paid to the Finnish company Tapojarvi Oy, winner of the tender for the recovery of slag deriving from the production of stainless steel, for Euro 1,500 thousand. This amount is due to be received in 2029 and 2030.

2) Derivative financial assets

	31/12/2025	31/12/2024	Change
Derivative financial assets	10,435	12,529	(2,094)

The fair value recognised as at 31 December 2025 shows a net decrease of Euro 2,094 thousand compared with 31 December 2024.

This change is mainly due to the reduction in the notional amounts hedged following the repayment of significant principal instalments on medium- to long-term borrowings. The change is also explained by the classification within current assets of derivatives hedging borrowings that, as at 31 December 2025, fall due within 12 months, whereas they were classified as fixed assets as at 31 December 2024.

The decrease also reflects differing interest rate expectations at the two reporting dates.

C) CURRENT ASSETS

I) Inventories

	31/12/2025	31/12/2024	Change
Raw materials, ancillaries and consumables	953,843	804,493	149,350
Work in progress and semi-finished goods	292,236	174,571	117,665
Long-term contracts	28,683	24,619	4,064
Finished products and goods	673,837	671,555	2,282
Payments on account	1,625	4,193	(2,568)
Total inventories gross of the provision for write-downs	1,950,224	1,679,431	270,793
Provision for write-downs	(87,471)	(98,373)	10,902
Total inventories	1,862,753	1,581,058	281,695

Inventories amounted to Euro 1,862,753 thousand as at 31 December 2025, representing an overall increase of Euro 281,695 thousand compared with 31 December 2024.

Raw materials essentially include scrap and other raw materials in stock at Acciaieria Arvedi S.p.A and Acciai Speciali Terni S.p.A. as well as consumables for production.

Work in progress mainly comprises stainless steel strip, plate, tubes and slabs at intermediate stages of their respective production processes within the Group’s other companies.

Long-term contracts refer to the forgings division of Acciai Speciali Terni S.p.A.

Finished products mainly consist of coils and sheet metal held by Acciaieria Arvedi S.p.A., of coils of Acciai Speciali Terni S.p.A., and of strips and tubes held by other companies of the Group.

Changes occurred during the year, before the write-down allowance, amounted to Euro 270,793 thousand and are analysed below by Group business segment.

Inventories in the carbon steel segment amounted to Euro 1,079,296 thousand, an increase of Euro 170,286 thousand compared with the balance of Euro 909,010 thousand as at 31 December 2024, as follows by inventory category:

- Raw materials, ancillary materials and consumables increased by Euro 143,525 thousand, mainly as a result of higher inventory volumes, despite a decrease in unit values in line with market price trends;
- Work in progress, semi-finished products and finished goods increased by Euro 28,235 thousand as a result of higher inventory volumes as at 31 December 2025, despite a slight decrease in unit values;
- Advances paid decreased by Euro 1,474 thousand.

Inventories in the stainless steel segment amounted to Euro 870,600 thousand, compared with Euro 770,083 thousand as at 31 December 2024, as follows by inventory category:

- Raw materials, ancillary materials and consumables increased by Euro 5,834 thousand, mainly due to higher inventories of ancillary materials and consumables, while raw materials, despite higher volumes on hand, recorded a decrease as a result of lower unit values;
- Work in progress and semi-finished products increased by Euro 117,105 thousand as a result of purchases of slabs from external suppliers, with the material being received towards the end of the year and subsequently processed in the following months;
- Contract work in progress relating to the forgings division increased by Euro 4,064 thousand as a result of higher inventory volumes;
- Finished goods inventories decreased by Euro 25,391 thousand owing to lower inventory volumes combined with lower unit values;
- Advances paid decreased by Euro 1,095 thousand.

Inventories in the energy segment amounted to Euro 329 thousand, a slight decrease compared with Euro 337 thousand as at 31 December 2024, and mainly comprise materials used for maintenance activities.

Inventory write-down provision mainly relates to spare parts inventories for slow-moving items and decreased by Euro 10,902 thousand following a reduction in the risk of obsolescence.

II) Receivables

1) From Customers

	31/12/2025	31/12/2024	Change
Italy	497,587	401,243	96,344
Abroad	197,833	214,376	(16,543)
Total receivables from customers within 12 months	695,420	615,619	79,801
Allowance for doubtful accounts	(32,445)	(35,189)	2,744
Total receivables from customers, net of allowance	662,975	580,430	82,545

Receivables from customers, gross of the allowance for doubtful accounts, increased overall by Euro 79,801 thousand, reflecting the higher sales volumes recorded in the final months of the financial year compared with the corresponding period of the previous financial year, despite a slight decline in average selling prices.

The allowance for doubtful accounts amounted to Euro 32,445 thousand as at 31 December 2025 and changed during the year as follows:

	Opening balance	Allocations	Uses	Releases	Exchange rate differences	Closing balance
Allowance for doubtful accounts	35,189	1,928	(4,638)	(31)	(3)	32,445

The utilisations shown in the table above relate to the settlement of debt recovery proceedings. The allowance is considered adequate in relation to the estimated recoverable amount of the receivables recognised in the financial statements.

2) From subsidiaries

	31/12/2025	31/12/2024	Change
Trade receivables from subsidiaries	664	936	(272)
Total receivables from subsidiaries	664	936	(272)

Receivables due from subsidiaries amounted to Euro 664 thousand and relate to trade receivables due from the following Group companies not consolidated on a line-by-line basis:

	31/12/2025	31/12/2024	Change
AHW ROHRHANDEL GMBH	511	673	(162)
ARVEDI U.S.A. INC.	1	18	(17)
CR1 COMMUNICATIONS S.R.L.	14	3	11
INVESTIMENTI INDUSTRIALI ITALIANI S.R.L.	1	1	-
PROTEC S.R.L.	125	240	(115)
SOCIETA' SERVIZI EDITORIALI S.R.L.	2	-	2
SOGRAF S.R.L.	10	1	9
Total receivables from subsidiaries	664	936	(272)

3) From associates

	31/12/2025	31/12/2024	Change
Trade receivables due associates	3,276	2,932	344
Total receivables from associates	3,276	2,932	344

Receivables due from associates amounted to Euro 3,276 thousand and relate to trade receivables due from the following companies:

	31/12/2025	31/12/2024	Change
ARVEDI METALFER DO BRASIL S.A.	3,192	2,844	348
ILSERV S.R.L.	84	88	(4)
Total receivables from associates	3,276	2,932	344

5-bis) Tax receivables

	31/12/2025	31/12/2024	Change
Receivables from tax authorities for IRES	47,092	56,999	(9,907)
Receivables from tax authorities for IRAP	4,225	9,048	(4,823)
Tax receivables for foreign companies	-	59	(59)
Receivables from tax authorities for VAT (including foreign VAT)	868	10,319	(9,451)
Other receivables from tax authorities	10,885	12,949	(2,064)
Total Tax receivables - Within 12 months	63,070	89,374	(26,304)
Receivables from tax authorities for IRAP	-	655	(655)
Other receivables from tax authorities	6,464	11,123	(4,659)
Total Tax receivables - After 12 months	6,464	11,778	(5,314)
Total Tax receivables	69,534	101,152	(31,618)

Tax receivables amounted to Euro 69,534 thousand as at 31 December 2025, representing a decrease of Euro 31,618 thousand compared with 31 December 2024.

The IRES receivable due from the tax authorities mainly comprises the receivable due from the Italian tax authorities recognised by Finarvedi S.p.A. under the national tax consolidation scheme, amounting to Euro 36,298 thousand, in which eleven companies participate. This balance is presented net of current income tax payable amounting to Euro 14,646 thousand. The IRES receivable due from the tax authorities also includes receivables relating to substitute tax paid on certain reserves distributed to shareholders and subsequently reinstated, amounting to Euro 10,740 thousand, by Acciai Speciali Terni S.p.A.

Receivables from tax authorities for IRAP decreased by Euro 5,478 thousand as a result of the offsetting of the tax liability recognised during the 2025 financial year.

Receivables from tax authorities for VAT, amounting to Euro 868 thousand, relates to VAT receivables due from the tax authorities recognised by companies that do not participate in the Group VAT regime headed by Finarvedi S.p.A. The change compared with 31 December 2024 is due to the fact that the Group VAT position as at 31 December 2025 is presented under tax liabilities, to which reference should be made for further details.

Other receivables from tax authorities amounted to Euro 17,349 thousand as at 31 December 2025, representing a decrease of Euro 6,723 thousand compared with 31 December 2024. They mainly comprise:

- Tax credits relating to investments in fixed assets amounting to Euro 6,977 thousand (Euro 10,468 thousand as at 31 December 2024);
- Tax credits arising from qualifying charitable donations under the Art Bonus scheme amounting to Euro 9,915 thousand (Euro 12,551 thousand as at 31 December 2024);
- Tax credits for Research and development amounting to Euro 336 thousand (Euro 993 thousand as at 31 December 2024).

5-ter) Deferred tax assets

	31/12/2025	31/12/2024	Change
Deferred tax assets	59,460	55,804	3,656
Total deferred tax assets	59,460	55,804	3,656

Deferred tax assets amounted to Euro 59,460 thousand as at 31 December 2025 and are presented net of a write-down provision of Euro 105,586 thousand, recognised in respect of the portion of tax losses of Acciai Speciali Terni S.p.A. considered not reasonably recoverable. The deferred tax asset was recognised as the conditions for recognition were met, there being reasonable certainty as to its recoverability on the basis of future taxable profits.

The main temporary differences giving rise to the recognition of deferred tax assets are set out below:

	31/12/2024		Provisions and utilisations 2025 financial year				31/12/2025	
	Taxable Amount	Tax	Taxable Amount	Effect on Income Statement	Effect on Balance Sheet	Change in exchange rates	Taxable Amount	Tax
Provisions for risks, Allowance for doubtful accounts and Others	181,687	48,611	(4,918)	(792)	-	8	176,777	47,821
Amortisation and Depreciation	23,816	6,633	(28)	5	-	-	23,789	6,638
Derivative financial instruments	1,245	347	7,188	-	2,885	-	8,433	3,232
Tax losses	447,045	107,291	-	-	-	-	447,045	107,291
Provision for Deferred tax assets	-	(107,291)	-	1,705	-	-	-	(105,586)
Revaluation reserves	753	212	(532)	(148)	-	-	221	64
Total deferred tax assets	654,545	55,804	1,711	770	2,885	8	656,264	59,460

Deferred tax assets mainly relate to the non-deductible portion of provisions for risks and charges and allowances for doubtful accounts and inventory write-downs. The main change compared with the previous year is attributable to the tax effects recognised in respect of derivative financial instruments.

5-quater) From others

	31/12/2025	31/12/2024	Change
Payments on account to suppliers	6,830	5,884	946
Receivables from factoring companies	8,062	18	8,044
Receivables from banks	3,729	6,085	(2,356)
Other receivables	195,432	31,637	163,795
Total within 12 months (before the write-down provision)	214,053	43,624	170,429
Payments on account to suppliers	3,135	2	3,133
Other receivables	3,472	1	3,471
Total after 12 months (before the write-down provision)	6,607	3	6,604
Total Other Receivables (before the write-down provision)	220,660	43,627	177,033
Write-down provision on other receivables	(289)	(679)	390
Total Receivables from others net of the Allowance for doubtful accounts	220,371	42,948	177,423

Receivables from others amounted to Euro 220,371 thousand, an increase of Euro 177,423 thousand compared with 31 December 2024. Details of the items comprising the balance are provided below.

Advances to suppliers amounted to Euro 9,965 thousand, representing an increase of Euro 4,079 thousand compared with 31 December 2024, attributable to ordinary business operations.

Receivables from factoring companies, amounting to Euro 8,062 thousand, relate to receivables assigned towards the end of the year that had not yet been settled as at the reporting date. Receivables due from banks, amounting to Euro 3,729 thousand, mainly comprise receivables relating to current account interest accrued but not yet credited at the end of the financial year.

The item Other receivables, amounting to Euro 198,904 thousand, increased by Euro 167,266 thousand compared with 31 December 2024. This increase is mainly attributable to:

- The recognition of the benefit arising from the Energy Release 2.0 mechanism introduced by Article 1, paragraph 2, of Decree Law No. 181 of 9 December 2023 and governed by Decree No. 268 of 23 July 2024 of the Ministry of the Environment and Energy Security, as subsequently amended;
- The higher contribution relating to indirect CO2 costs, including amounts attributable to the 2024 financial year.

Pursuant to Article 2427, paragraph 1(6), of the Italian Civil Code, the following table provides a breakdown of receivables by geographical area.

	Italy	Other EU countries	Rest of the world	Total
Receivables from customers (gross of allowance for doubtful accounts)	497,587	161,199	36,634	695,420
Receivables from subsidiaries	152	511	1	664
Receivables from associates	84	-	3,192	3,276
Tax receivables	69,121	413	-	69,534
Deferred tax assets	57,467	1,993	-	59,460
Receivables from others	217,638	1,603	1,130	220,371
Total	842,049	165,719	40,957	1,048,725

III) Financial assets that do not represent long-term investment

5) Derivative financial assets

	31/12/2025	31/12/2024	Change
Derivative financial assets	27,487	59,694	(32,207)

Financial instruments with a positive fair value as at 31 December 2025 amounted to Euro 27,487 thousand and relate to contracts entered into to hedge electricity and gas costs, purchases denominated in US dollars, and interest rate risk on borrowings maturing by 2026. The overall decrease is attributable to two concurrent factors. On the one hand, it reflects the effects of the hedging strategy adopted, which is aimed at progressively aligning the average hedging exchange rate and the average fixed price of gas and electricity with the corresponding market forward levels, resulting in a reduction in fair value as market conditions change. On the other hand, it reflects the presence of interest rate swaps (IRS) with a positive fair value amounting to Euro 1,523 thousand as at 31 December 2025. Details of the main characteristics of these derivative instruments are provided in the disclosures set out at the end of these to the Explanatory Notes to the Financial Statements.

IV) Cash and cash equivalents

	31/12/2025	31/12/2024	Change
Cash and cash equivalents	1,042,396	810,600	231,796

Cash and cash equivalents amounted to Euro 1,042,396 thousand (Euro 810,600 thousand as at 31 December 2024) and comprise current accounts and bank deposits held by Finarvedi S.p.A. and the Group companies. Cash and cash equivalents are not subject to restrictions on their use. For an overall analysis of the financial situation and the nature of the change compared to the previous year, reference should be made to the Statement of Cash Flow.

V) Assets held for sale

	31/12/2025	31/12/2024	Change
Assets held for sale	208	208	-

Assets held for sale, amounting to Euro 208 thousand, relate to assets that remain classified as held for sale by Acciai Speciali Terni S.p.A.

D) ACCRUED INCOME AND PREPAID EXPENSES

	31/12/2025	31/12/2024	Change
Accrued income - within 12 months	12	198	(186)
Total Accrued Income	12	198	(186)
Prepaid expenses - within 12 months	15,601	20,422	(4,821)
Prepaid expenses - after 12 months (within 5 years)	10,323	266	10,057
Prepaid expenses - after 5 years	55	68	(13)
Total Prepaid Expenses	25,979	20,756	5,223
Total Accrued Income and Prepaid Expenses	25,991	20,954	5,037

Accrued income and prepaid expenses amounted to Euro 25,991 thousand, representing an increase of Euro 5,037 thousand compared with 31 December 2024. Prepaid expenses amounted to Euro 25,979 thousand, of which Euro 18,980 thousand relates to costs incurred for the purchase of CO2 allowances and carbon credits required to cover atmospheric emissions in future financial years, representing an increase compared with the previous financial year.

EQUITY AND LIABILITIES

A) EQUITY

Consolidated equity amounted to Euro 2,371,373 thousand as at 31 December 2025, representing a decrease of Euro 47,167 thousand compared with 31 December 2024.

The table below shows the changes in consolidated equity items compared with the figures reported for the previous two financial years:

	Share capital	Share premium reserves	Legal reserve	Consolidation reserve	Reserve for exchange rate differences	Reserve for Cash flow hedging	Retained earnings/(losses)	Net profit/(loss) for the year	Total Equity of the Group	Total Equity pertaining to minority interests	Total Equity
Balance as at 31/12/2023	67,769	69,000	9,255	16,360	(10,005)	36,691	1,864,463	233,922	2,287,455	73,564	2,361,019
Allocation of the prior year's result			3,000				230,922	(233,922)	-	-	-
Changes in scope of consolidation				11					11	-	11
Dividends							(30,000)		(30,000)	-	(30,000)
Adjustment of currency translation reserve					(11,783)				(1,783)	375	(1,408)
Hedging effect of financial instruments						7,704	(11,185)		(3,481)	-	(3,481)
Profit/(Loss) for the year								88,382	88,382	4,018	92,400
Balance as at 31/12/2024	67,769	69,000	12,255	16,371	(11,788)	44,395	2,054,199	88,382	2,340,583	77,957	2,418,540
Allocation of the prior year's result			1,299				87,083	(88,382)	-	-	-
Changes in scope of consolidation				7,882					7,882	(77,957)	(70,075)
Dividends									-	-	-
Adjustment of currency translation reserve					(367)				(367)	-	(367)
Hedging effect of financial instruments						(34,598)			(34,598)	-	(34,598)
Profit/(Loss) for the year								57,873	57,873	-	57,873
Balance as at 31/12/2025	67,769	69,000	13,554	24,253	(12,155)	9,797	2,141,282	57,873	2,371,373	-	2,371,373

Profit for the year had a positive impact of Euro 57,873 thousand, which was offset by a decrease of Euro 70,075 thousand resulting from changes in the consolidation scope, negative adjustments to the Reserve for exchange rate differences amounting to Euro 367 thousand, and a reduction of Euro 34,598 thousand in the Reserve for cash flow hedging.

The share capital as at 31 December 2025 was made up of 130,325,000 shares with a nominal value of Euro 0.52 each (likewise as at 31 December 2024). No bonus shares are in issue.

The share premium reserve amounted to Euro 69,000 thousand, unchanged compared to 31 December 2024.

The legal reserve increased by Euro 1,299 thousand following the allocation of the 2024 profit for the year, reaching the statutory limit of one-fifth of the share capital. As at 31 December 2025, it amounted to Euro 13,554 thousand.

The consolidation reserve amounted to Euro 24,253 thousand as at 31 December 2025 and increased by Euro 7,882 thousand following the exercise of the irrevocable put option by the minority shareholder, ThyssenKrupp Nederland B.V. The exercise of this put option gave rise to an obligation on the part of Acciaieria Arvedi S.p.A. to acquire the 15% interest in Acciai Speciali Terni S.p.A. for a total consideration of Euro 70,362 thousand. The impact on Group equity resulting from the reclassification of non-controlling interests amounted to Euro 7,595 thousand. The consolidation reserve also changed as a result of the initial consolidation of the investment in Unomedia S.r.l., which gave rise to a consolidation reserve of Euro 288 thousand.

The reserve for exchange rate differences, which showed a negative balance of Euro 12,155 thousand, reflects the effect of translating into Euro the equity of subsidiaries and associates accounted for using the equity method. More specifically, it relates to Arvedi Metalfer Do Brasil S.A. for Euro -14,931 thousand (Euro -14,937 thousand as at 31 December 2024), Arvedi U.S.A. Inc. for Euro -5 thousand (Euro -2 thousand as at 31 December 2024) and Arvedi East Europe Sp. z o.o. for Euro 6 thousand (Euro 2 thousand as at 31 December 2024). It also includes the positive effects arising from the translation of the financial statements of Metalfer Polonia Sp. z o.o. amounting to Euro 80 thousand, Arvedi Turkey Sanayi amounting to Euro 2,669 thousand, and Metalfer Automotive Morocco S.a.r.l. amounting to Euro 27 thousand.

The reserve for cash flow hedging, presented net of the related tax effects, amounted to Euro 9,797 thousand (Euro 44,395 thousand as at 31 December 2024) and relates to the fair value measurement of hedging derivative financial instruments, which gave rise to a negative effect of Euro 34,598 thousand during the 2025 financial year.

Retained earnings amounted to Euro 2,141,282 thousand and increased by Euro 87,083 thousand as a result of the allocation of profits relating to the previous financial year.

The table below provides a reconciliation between the Parent Company’s separate financial statements and the Consolidated Financial Statements as at 31 December 2025:

Reconciliation between the Equity and Profit for the Year of Finarvedi S.p.A. and the Group's Equity and Profit for the Year	Equity	Profit/(Loss) for the year
Financial statements of the Parent Company Finarvedi S.p.A.	294,628	3,228
Effect of eliminating the value of equity investments from shareholders' equity and consolidated operating results	2,065,098	72,693
Adjustment to comply with the Group criteria	1,647	156
Accounting effect of lease transactions with the financial method, net of the related tax effect	25,365	(756)
Equity evaluation of equity investments	6,300	(1,215)
Elimination of intercompany transactions, net of the related tax effect	(21,665)	(6,103)
Dividends	-	(10,130)
Minority interests	-	-
Consolidated Financial Statements	2,371,373	57,873

B) PROVISIONS FOR RISKS AND CHARGES

	31/12/2025	31/12/2024	Change
Pension costs and similar obligations	1,322	1,252	70
Deferred taxes liabilities	34,209	45,589	(11,380)
Provision for taxes	-	30	(30)
Derivative financial instruments provision	20,319	6,353	13,966
Other provisions	46,955	48,797	(1,842)
Total Provisions for risks and charges	102,805	102,021	784

Provisions for risks and charges amounted to Euro 102,805 thousand as at 31 December 2025, representing an overall increase of Euro 784 thousand compared with the previous financial year.

The provision for pensions and similar obligations, amounting to Euro 1,322 thousand, mainly relates to supplementary client indemnities and termination indemnities payable in connection with agency agreements.

The provision for deferred taxes as at 31 December 2025 amounted to Euro 34,209 thousand (Euro 45,589 thousand as at 31 December 2024) and is mainly calculated on accelerated depreciation previously recognised by Group companies for tax purposes, the fair value measurement of derivative financial instruments and lease transactions accounted for using the finance

lease method. The decrease in the provision for deferred taxes is mainly attributable to the tax effects recognised in respect of derivative financial instruments.

The main temporary differences giving rise to the recognition of the provision for deferred taxes are set out below:

	31/12/2024		Provisions and utilisations 2025 financial year				31/12/2025	
	Taxable Amount	Tax	Taxable Amount	Effect on Income Statements	Effect on Balance Sheet	Change in exchange rates	Taxable Amount	Tax
Amortisation and Depreciation	61,601	17,124	(4,108)	(1,137)	-	-	57,493	15,988
Dividends not yet collected	75	18	(75)	(18)	-	-	-	-
Leases	36,231	10,109	(1,050)	(293)	-	-	35,181	9,816
Derivative financial instruments	62,085	16,775	(35,890)	-	(9,859)	3	26,198	6,917
Other	6,226	1,562	(387)	(75)	-	8	5,847	1,489
Total deferred tax liabilities	166,218	45,589	(41,511)	(1,522)	(9,859)	11	124,719	34,209

As at 31 December 2025, the provision for tax disputes had been fully utilised following the settlement of the tax authorities’ claim.

Derivative financial instruments provision, amounting to Euro 20,319 thousand, relate to the fair value measurement of derivatives designated as hedges of foreign exchange risk on purchases denominated in foreign currencies and commodity price risk (electricity and gas). The increase of Euro 13,966 thousand is attributable to two concurrent factors: the adverse movement in the euro/US dollar exchange rate at year end compared with the previous financial year and the decline in market electricity prices.

Please refer to the report required pursuant to Article 2427 bis of the Italian Civil Code at the end of these Explanatory Notes.

The other provisions, totalling Euro 46,955 thousand, are detailed as follows:

	31/12/2024	Provisions	Releases/Uses and Reclassifications	Currency translation	31/12/2025
Provisions for disputes	1,011	95	(48)	-	1,058
Provisions for disputes and complaints	12,028	5,110	(5,389)	-	11,749
Environmental provisions	8,448	308	(1,903)	-	6,853
Landfill provisions	15,985	1,031	(318)	-	16,698
Restructuring provisions	681	-	(681)	-	-
Other	10,644	205	(5)	(247)	10,597
Total Other Provisions	48,797	6,749	(8,344)	(247)	46,955

Provisions for disputes amounted to Euro 1,058 thousand as at 31 December 2025 and relate to provisions recognised in respect of liabilities that may arise from ongoing disputes, primarily involving employees. These provisions were utilised in respect of disputes that were settled during the year and increased as a result of new disputes arising.

Provisions for disputes and complaints, amounting to Euro 11,749 thousand, mainly relate to potential liabilities arising from customer quality claims in respect of products sold.

Environmental provisions, amounting to Euro 6,853 thousand, relate to estimated liabilities recognised to meet commitments undertaken in connection with environmental remediation activities and defined in the Programme Agreement of Siderurgica Triestina S.r.l. During 2025, the provision was utilised for approximately Euro 482 thousand in respect of costs incurred for land remediation works, water analysis and other environmental activities. These provisions also include accruals for remediation costs relating to the former production site in Turin of Acciai Speciali Terni S.p.A., which were utilised for Euro 1,057 thousand during the 2025 financial year, as well as various measures implemented in connection with regulations governing Integrated Environmental Authorisations (IEAs) and Sites of National Interest.

Landfill provisions, amounting to Euro 16,698 thousand, comprise estimated liabilities relating to the post-closure maintenance of the landfills operated by Acciaieria Arvedi S.p.A. and Acciai Speciali Terni S.p.A. During the 2025 financial year, provisions of Euro 1,031 thousand were recognised, calculated proportionately based on the landfill capacity utilised during the year relative to the total disposal capacity of the landfills. Utilisations amounting to Euro 318 thousand relate to the recognition of costs for certified works carried out under contracts for which provisions had previously been recognised.

The other provisions totalling Euro 10,597 thousand refer mainly to the estimate, still considered probable, of the potential exposure that the Group is required to bear in relation to transactions involving an associated company for Euro 7,107 thousand and a subsidiary for Euro 1,400 thousand.

C) SEVERANCE INDEMNITY

The severance indemnity reflects the amounts due to employees for indemnities accrued in compliance with the law and the collective labour agreements in force. It also includes the pension funds of foreign companies.

The summary of changes during the year is as follows:

	SEVERANCE INDEMNITY
Employee severance indemnity as at 31/12/2024	28,320
Payments and advances	(4,560)
Payments to pension funds	(14,846)
Provisions	18,195
Transfers	125
Other changes	(3,650)
Employee severance indemnity as at 31/12/2025	23,584

Other changes refer to the transfer of the liability associated with the pension funds of AST Deutschland GmbH.

D) PAYABLES

4) Payables due to banks

	31/12/2025	31/12/2024	Change
Ordinary current accounts and short-term loans	366,192	151,357	214,835
Advance accounts	70,704	215,606	(144,902)
Medium/long-term bank loans	166,684	212,732	(46,048)
Total payables within 12 months	603,580	579,695	23,885
Medium/long-term bank loans	730,804	615,761	115,043
Total payables after 12 months	730,804	615,761	115,043
Total payables due to banks	1,334,384	1,195,456	138,928
of which payable after 5 years	42,846	6,715	36,131

Payables due to banks amounted to Euro 1,334,384 thousand as at 31 December 2025. The increase of Euro 138,928 thousand is attributable both to ordinary short-term financing activities and to the higher net exposure relating to medium- to long-term borrowings.

Short-term financial exposure consists of ordinary debt current accounts, short-term loans and advance accounts, amounting in aggregate to Euro 436,896 thousand.

Medium/long-term loans, consisting of both the current and non-current portions of loan agreements entered into with banks and measured at amortised cost, amounted to Euro 897,488 thousand as at 31 December 2025 (Euro 828,493 thousand as at 31 December 2024). The change compared with the previous financial year is attributable, on the one hand, to repayments of principal amounting to Euro 663,623 thousand (nominal value) and, on the other hand, to the drawdown of a new syndicated loan with a nominal value of Euro 750,000 thousand. This transaction was carried out with the aim of extending the maturity of a portion of the medium- to long-term debt, with the new maturity date set at 20 June 2031. The revision of the estimated expected cash flows resulted in the recognition of net financial income of Euro 16,609 thousand in the income statement.

The table below provides details of the Group’s medium- to long-term borrowings:

Amounts at nominal value	Balance as at 31 December 2025	Portion within 12 months	Portion 1-5 years	Portion after 5 years	Balance as at 31 December 2024
BNL 2022 pool loan SACE – Finarvedi	-	-	-	-	374,000
BNL/BNP 2025 pool loan – Finarvedi	350,000	37,500	312,500	-	-
BNL 2022 pool loan MINERVA – Acciaieria Arvedi	-	-	-	-	219,000
Intesa Sanpaolo 2020 pool loan – Green Tranche – Acciaieria	66,000	66,000	-	-	99,000
European Investment Bank 2021 loan – Acciaieria	64,017	15,714	48,303	-	79,732
Intesa Sanpaolo 2020 Pool Loan – Capex Tranche – Acciaieria	12,000	12,000	-	-	18,000
BNL/BNP 2025 pool loan – Acciaieria Arvedi	200,000	21,429	178,571	-	-
Raiffeisen Bank International buyer's credit - Acciaieria Arvedi	-	-	-	-	1,720
Intesa Sanpaolo 2020 Pool Loan – Capex Tranche – Centro Siderurgico Industriale	10,000	10,000	-	-	15,000
Intesa Sanpaolo 2020 Pool Loan – Capex Tranche – Arvedi Tubi Acciaio	8,000	8,000	-	-	12,000
BPER (formerly UBI) loan - Arvedi Tubi Acciaio	1,266	1,266	-	-	2,521
BNP Paribas mortgage loan - Metalfer Poland	3,816	414	1,635	1,766	4,218
Cassa Centrale loan - Metalfer	-	-	-	-	754
Cassa Centrale loan - Ilta Inox	-	-	-	-	1,269
MPS mortgage loan - Centro Siderurgico Adriatico	2,434	247	1,044	1,144	2,675
Mediocredito Trentino loan - Arinox	-	-	-	-	766
Credito Emiliano loan - Arinox	-	-	-	-	336
DLL Loan 2022 – Arinox	-	-	-	-	112
BNL/BNP 2025 pool loan – Acciai Speciali Terni	200,000	-	200,000	-	-
Total Loans at nominal value	917,533	172,570	742,053	2,910	831,103
Amortised cost effect	(20,045)				(2,610)
Total Loans at amortised cost	897,488				828,493

The following borrowings are subject to compliance with contractual covenants, calculated on the basis of the figures reported in these Consolidated Financial Statements:

- Loan granted by the European Investment Bank (EIB) to Acciaieria Arvedi S.p.A. originally for Euro 110 million maturing in June 2028;
- Pool loan of an original Euro 165 million: first “Green Loan” transaction in Italy against investments within the scope of the European Taxonomy with the support of specific guarantees issued by SACE signed in December 2020 by Acciaieria Arvedi S.p.A.;
- Pool loan of Euro 75 million, taken out at the same time as the previous “Green Loan” against investment programmes of Acciaieria Arvedi S.p.A., Arvedi Tubi Acciaio S.p.A. and Centro Siderurgico Industriale S.r.l. maturing in December 2026;
- Pool loan with an original principal amount of Euro 750 million, entered into as part of the extension of the maturity of existing borrowings originally taken out by Finarvedi S.p.A. and Acciaieria Arvedi S.p.A., together with the portion allocated to Acciai Speciali Terni S.p.A. The loan is intended to finance investment plans.

Based on the results of the Consolidated Financial Statements for the year ended on 31 December 2025, these contractual parameters have been met.

It should be noted that the debt arising from using the RCF line (revolving credit facility) is reported under current asset, in compliance with the accounting standards, even though the contract duration of the credit line is longer than 12 months.

Finally, an indication is provided below of the financing transactions as at 31 December 2025 that are secured by collaterals:

- The loans granted by Banca Monte dei Paschi di Siena to the former Centro Siderurgico Adriatico S.r.l., now Centro Siderurgico Industriale S.r.l. (following the merger completed in 2024), are secured by a mortgage on the Osimo plants;
- The loan signed by Metalfer Polonia Sp z.o.o. is guaranteed by a mortgage on the warehouse.

The above-mentioned secured financing transactions only involve certain subsidiaries and consist of residual amounts representing 0.7% of the medium/long-term debt at nominal value outstanding at the end of the year under review.

5) Payables due to other financing institutions

	31/12/2025	31/12/2024	Change
MISE	1,262	1,252	10
Leasing companies	6,050	8,497	(2,447)
Factoring and securitisation companies	21,762	15,214	6,548
Total payables within 12 months	29,074	24,963	4,111
MISE	-	1,263	(1,263)
Leasing companies	23,046	19,717	3,329
Total payables after 12 months	23,046	20,980	2,066
Total payables due to other financing institutions	52,120	45,943	6,177
Of which payable after 5 years	3,826	4,348	(522)

Amounts due to the Ministry of Economic Development (MISE) relate to the financing granted to Arinox S.p.A. under the Sustainable Growth Fund – Sustainable Industry Call for Proposals (Ministerial Decree of 15 October 2014), in connection with a research and development project that has already been completed and reported on.

Amounts due to leasing companies, recognised in the financial statements as a result of the application of the finance lease method, amounted to Euro 29,096 thousand (Euro 28,214 thousand as at 31 December 2024) and represent the principal portion of the lease instalments contractually due. The portions maturing after five years amount to Euro 3,826 thousand.

Amounts due to factoring companies and other lenders amounted to Euro 21,762 thousand and relate to recourse factoring transactions and securitisation transactions.

6) Payments on account

	31/12/2025	31/12/2024	Change
Payments on account	2,867	5,696	(2,829)

Advances for early payments from customers for supplies to be made amounted to Euro 2,867 thousand as at 31 December 2025.

7) Trade payables

	31/12/2025	31/12/2024	Change
Trade payables	1,622,414	1,060,581	561,833
For fixed assets	79,074	44,783	34,291
Total payables due to suppliers - within 12 months	1,701,488	1,105,364	596,124
Trade payables	195	-	195
Total Payables due to Suppliers beyond 12 months	195	-	195
Total Trade Payables	1,701,683	1,105,364	596,319

Trade payables amounted to Euro 1,701,683 thousand (Euro 1,105,364 thousand as at 31 December 2024), of which Euro 79,074 thousand relates to purchases of fixed assets. The increase in trade payables, amounting to Euro 562,028 thousand, is mainly attributable to the higher level of purchases made during the final part of the 2025 financial year compared with the corresponding period of the previous financial year.

9) Payables due to subsidiaries

	31/12/2025	31/12/2024	Change
Trade payables due to subsidiaries	2,250	2,144	106
Total payables due to subsidiaries	2,250	2,144	106

Trade payables due to subsidiaries amounted to Euro 2,250 thousand and arise from commercial transactions. These payables are due to the following Group companies that are not consolidated using the line-by-line method, as detailed in the table below:

	31/12/2025	31/12/2024	Change
ARINOX DEUTSCHLAND GMBH	616	593	23
ARVEDI DEUTSCHLAND GMBH	576	583	(7)
ARVEDI EAST EUROPE SP. Z.O.O.	96	113	(17)
ARVEDI FRANCE S.A.R.L.	308	223	85
ARVEDI U.S.A. INC.	3	-	3
PROTEC S.R.L.	283	327	(44)
SOCIETA' SERVIZI EDITORIALI S.R.L.	32	39	(7)
SOGRAF S.R.L.	336	266	70
Total payables due to subsidiaries	2,250	2,144	106

10) Payables due to associates

	31/12/2025	31/12/2024	Change
Trade payables due to associates	10,136	8,897	1,239
Total payables due to associates	10,136	8,897	1,239

Payables due to associates amounted to Euro 10,136 thousand and arise from commercial transactions. The table below provides a breakdown of Payables due to associates by company:

	31/12/2025	31/12/2024	Change
ARVEDI METALFER DO BRASIL S.A.	135	135	-
EURONORD S.P.A.	897	891	6
ILSERV S.R.L.	8,649	7,491	1,158
TERNI FRANTUMATI S.P.A.	455	380	75
Total payables due to associates	10,136	8,897	1,239

12) Tax liabilities

	31/12/2025	31/12/2024	Change
IRES payables	-	137	(137)
IRAP payables	617	190	427
Tax payables due to foreign companies	59	-	59
VAT payables (including foreign VAT)	8,140	1,397	6,743
Payables for substitute tax	15	10	5
Payables for withholdings	13,466	13,938	(472)
Other payables	29	52	(23)
Total tax liabilities - Within 12 months	22,326	15,724	6,602
Total tax liabilities	22,326	15,724	6,602

Tax liabilities amounted to Euro 22,326 thousand as at 31 December 2025, representing an overall increase of Euro 6,602 thousand compared with the previous financial year-end, mainly attributable to the change in the VAT liability.

The IRAP payables, amounting to Euro 617 thousand as at 31 December 2025, represents amounts due to the tax authorities, net of advance payments made during the financial year.

Tax payables due to foreign companies, amounting to Euro 59 thousand, represent liabilities arising from the recognition of current income taxes of the Group’s foreign companies.

VAT payables amounted to Euro 8,140 thousand as at 31 December 2025. They relate to liabilities amounting to Euro 5,606 thousand arising from companies that do not participate in the Group VAT regime and to liabilities amounting to Euro 2,133 thousand arising from companies participating in the Group VAT regime headed by Finarvedi S.p.A. as Parent Company. As at 31 December 2024, the Group VAT settlement showed a receivable balance of Euro 8,136 thousand.

Payable for withholding tax amounted to Euro 13,466 thousand and relate to deductions made from salaries, wages and other remuneration.

13) Payables due to welfare and social security institutions

	31/12/2025	31/12/2024	Change
Payables due to welfare and social security institutions	34,986	33,574	1,412

Payables due to welfare and social security institutions amounted to Euro 34,986 thousand, an increase of Euro 1,412 thousand compared with 31 December 2024. These liabilities relate to the Group’s obligations towards social security and welfare institutions.

14) Other payables

	31/12/2025	31/12/2024	Change
Payables due to employees for wages and salaries	23,031	18,796	4,235
Payables due to employees for unused leave	35,109	32,807	2,302
Other payables	83,917	6,186	77,731
Total within 12 months	142,057	57,789	84,268
Other payables	-	5	(5)
Total after 12 months	-	5	(5)
Total Other payables	142,057	57,794	84,263

Other payables amounted to Euro 142,057 thousand, an increase of Euro 84,263 thousand compared with 31 December 2024, and mainly comprise:

- Payables due to employees of Euro 58,140 thousand (Euro 51,603 thousand as at 31 December 2024), relating both to remuneration and to leave accrued but not yet used;
- Other payables amounting to Euro 83,917 thousand, an increase of Euro 77,731 thousand. This increase is attributable to the obligation arising as at 31 December 2025 following the exercise of the aforementioned put option by the minority shareholder of Acciai Speciali Terni S.p.A., amounting to Euro 70,362 thousand.

Pursuant to Article 2427, paragraph 1(6), of the Italian Civil Code, the table below provides a breakdown of payables by geographical area.

	Italy	Other EU countries	Rest of the world	Total
Payables due to banks	1,247,070	85,140	2,174	1,334,384
Payables due to other financing institutions	51,839	281	-	52,120
Payments on account	915	1,259	693	2,867
Trade payables	818,064	224,526	580,019	1,622,609
Payables due to suppliers for fixed assets	75,122	3,710	242	79,074
Payables due to subsidiaries	651	1,596	3	2,250
Payables due to associates	10,001	-	135	10,136
Tax payables	21,848	477	1	22,326
Payables due to welfare and social security institutions	34,860	94	32	34,986
Other payables	61,770	79,605	682	142,057
Total	2,322,140	396,688	583,981	3,302,809

E) ACCRUED EXPENSES AND DEFERRED INCOME

	31/12/2025	31/12/2024	Change
Accrued Expenses - within 12 months	524	1,546	(1,022)
Total Accrued Expenses	524	1,546	(1,022)
Deferred Income - within 12 months	4,768	3,872	895
Deferred Income - After 12 months (within 5 years)	14,572	14,051	521
Deferred Income - after 5 years	32,465	31,216	1,249
Total Deferred Income	51,804	49,139	2,665
Total Accrued Expenses and Deferred Income	52,328	50,685	1,643

Accrued expenses and deferred income amounted to Euro 52,328 thousand as at 31 December 2025, representing an increase of Euro 1,643 thousand compared with 31 December 2024. Deferred income, amounting to Euro 51,804 thousand as at 31 December 2025, mainly relates to:

- Tax credits amounting to Euro 12,199 thousand, relating to new investments attributable to future financial years and therefore deferred to subsequent periods in proportion to the duration of depreciation periods of the assets to which the tax credits relate;
- Grants relating to assets amounting to Euro 38,767 thousand, earned by the Group and recognised in the income statement on a systematic basis over the useful life of the subsidised asset.

EXPLANATORY NOTES TO THE INCOME STATEMENT ITEMS

A) VALUE OF PRODUCTION

A1) Revenues from sales and services

Revenues from sales and services recorded in the 2025 financial year amounted to Euro 5,516,358 thousand, a decrease of Euro 227,877 thousand compared with the previous financial year.

	2025	2024	Change
Revenues from sales and services	5,516,358	5,744,235	(227,877)

The performance of revenue across the various business segments is discussed below:

Revenues from the carbon steel segment

	2025	2024	Change
Sales - Italy	2,085,763	2,130,562	(44,799)
Sales - EU 27	965,393	925,066	40,327
Sales - Rest of the world	111,927	112,376	(449)
Sales to companies consolidated using the equity method	5,931	9,234	(3,303)
Total Carbon Steel Segment	3,169,014	3,177,238	(8,224)

The decrease in revenue recorded by the companies operating in the carbon steel segment is mainly attributable to a decline in prices during the 2025 financial year, particularly in the second half of the year. This effect was partially offset by an increase in sales volumes.

Revenues from the stainless steel segment

	2025	2024	Change
Sales - Italy	1,055,848	1,146,106	(90,258)
Sales - EU 27	1,080,998	1,148,460	(67,462)
Sales - Rest of the world	183,758	248,779	(65,021)
Sales to companies consolidated using the equity method	335	392	(57)
Total Stainless steel segment	2,320,939	2,543,737	(222,798)

The companies operating in the stainless steel segment recorded a decrease in revenue as a result of both a decline in prices, caused by generally weak demand, and a reduction in sales volumes.

Other revenue

Total revenues from Group companies operating in various sectors (primarily energy) amounted to Euro 26 million (Euro 23 million in 2024). This revenue mainly relates to electricity sales generated by Green Energy For Steel S.r.l., which operates a power plant. Revenue increased by approximately Euro 3 million as a result of changes in the market zones in which the company operates. Reference should be made to the Directors’ Report for a discussion of the Group’s overall performance.

A2) Changes in inventories of work in progress, semi-finished goods and finished products

	2025	2024	Change
Changes in inventories of work in progress, semi-finished and finished goods	122,635	81,010	41,625

Changes in inventories of work in progress, semi-finished products and finished goods recorded during the 2025 financial year resulted in income of Euro 122,635 thousand. In the 2024 financial year, changes in inventories increased the value of production by Euro 81,010 thousand. For an analysis of this movement, reference should be made to the commentary on the “Inventories” item.

A3) Changes in inventories of long-term contracts

	2025	2024	Variazione
Change in inventories of long-term contract	3,744	(1,469)	5,213

The changes in inventories of long-term contracts concern the products of the Forgings division of Acciai Speciali Terni S.p.A. For an analysis of this movement, reference should be made to the commentary on the “Inventories” item.

A4) Increases in internally-generated fixed assets

	2025	2024	Variazione
Increases in internally-generated fixed assets	4,104	4,699	(595)

Capitalised internal work, amounting to Euro 4,104 thousand, relates to industrial costs and personnel costs incurred in connection with work carried out on tangible assets.

A5) Other revenue and income

Other revenue and income amounted to Euro 247,032 thousand, representing an increase of Euro 95,343 thousand compared with the previous financial year. Details of the main components of operating grants and other revenue and income are provided below:

	2025	2024	Change
Art Bonus Contribution	2,408	7,555	(5,147)
Grants related to training courses	764	513	251
Tax contributions	7	7	-
Income from R&D	70	1,423	(1,353)
Other grants	151,832	48,309	103,523
Operating grants	155,081	57,807	97,274
Income from ancillary activities	3,497	3,291	206
Gains on disposal assets	815	441	374
Contingent assets and income, release of provision	1,118	6,755	(5,637)
Insurance reimbursements	16,517	2,558	13,959
Compensation for damages	2,107	1,075	1,032
Recovery of expenses	37,185	29,548	7,637
Grants	4,111	3,313	798
Other income	25,670	45,023	(19,353)
Non-recurring income	-	886	(886)
Other revenues and income from third parties	91,020	92,889	(1,869)
Income from the Group	931	993	(62)
Total other revenues and income	247,032	151,689	95,343

Operating grants recorded in 2025 amounted to Euro 155,081 thousand, an increase of Euro 97,274 thousand compared with the previous financial year, primarily as a result of the recognition of grants awarded under the Energy Transition Fund to compensate for indirect emission costs incurred during the 2024 financial year, together with grants related to the Energy Release 2.0 mechanism.

Other revenue and income from third parties amounted to Euro 91,020 thousand, a decrease of Euro 1,869 thousand compared with the previous financial year, and mainly relates to:

- Other income amounting to Euro 25,670 thousand (Euro 45,023 thousand in the 2024 financial year), which decreased as a result of lower sales of CO₂ allowances compared with the previous financial year;
- Recovery of expenses amounting to Euro 37,185 thousand (Euro 29,548 thousand in the 2024 financial year), mainly relating to income arising from interruptibility arrangements;
- Insurance reimbursements amounting to Euro 16,517 thousand (Euro 2,558 thousand in the 2024 financial year), mainly relating to an insurance reimbursement received in connection with damage to a high-power transformer;
- Grants relating to investments in fixed assets amounting to Euro 4,111 thousand (Euro 3,313 thousand in the 2024 financial year);
- Income from ancillary activities amounting to Euro 3,497 thousand (Euro 3,291 thousand in the 2024 financial year), relating to royalties on patent exploitation rights.

B) COSTS OF PRODUCTION

B6) Purchases of raw materials, ancillary, consumables and goods

	2025	2024	Change
Purchases of raw materials, ancillary , consumables and goods - Third parties	3,930,940	3,901,616	29,324
Purchases of raw materials, ancillary , consumables and goods - Group Companies	272	84	188
Purchases of raw materials, ancillary materials, consumables and goods for resale	3,931,212	3,901,700	29,512

Costs incurred for the purchase of raw materials, ancillary, consumables and goods amounted to Euro 3,931,212 thousand, representing a net increase of Euro 29,512 thousand compared with the previous financial year. The change reflects the increase in purchase volumes recorded by the companies operating in the carbon steel segment, partly offset by the decrease reported by the stainless steel segment as a result of lower purchasing volumes.

B7) Services

Costs for services amounted to Euro 1,312,291 thousand and refer mainly to the following costs:

	2025	2024	Change
Utilities and consumption	641,637	617,797	23,840
Costs for commercial services	268,029	248,250	19,779
Industrial services	290,536	290,506	30
Advisory services	12,365	12,603	(238)
Remuneration for corporate officers	3,576	3,053	523
Audit fees	1,078	1,226	(148)
Other costs for services	64,982	62,138	2,844
Services rendered by associates/companies not consolidated on a line-by-line basis	30,088	30,089	(1)
Costs for services	1,312,291	1,265,662	46,629

The increase of Euro 46,629 thousand compared with the previous financial year is mainly attributable to utility and energy consumption costs, which were affected by trends in prices on the domestic energy market, resulting in an increase of Euro 23,840 thousand.

Commercial service costs increased by Euro 19,779 thousand, reflecting higher shipment volumes and the freight rates applicable in the various destination countries.

The item “Others costs for services”, amounting to Euro 64,982 thousand, mainly comprises insurance costs (Euro 18,635 thousand), fees relating to factoring and securitisation transactions and the issuance of guarantees, as well as bank charges (Euro 6,789 thousand) and other services, primarily relating to software licensing and support costs, canteen services, staff training and recruitment activities.

Remuneration payable to Directors, Statutory Auditors and members of the Supervisory Body, including social security contributions and any reimbursable expenses, is as follows:

	2025
Directors	2,874
Statutory Auditors	523
Supervisory body	179
Total remuneration for corporate officers	3,576

B8) Use of third-party assets

	2025	2024	Change
Use of third-party assets	13,677	14,285	(608)

Costs for the use of third-party assets amounted to Euro 13,677 thousand and mainly relate to rental and operating lease expenses, as well as the concession fee payable by Siderurgica Triestina S.r.l. in respect of the sub-concession of the back-port area of the Port of Trieste.

The decrease of Euro 608 thousand compared with the previous financial year is attributable to the higher concession fees incurred in 2024 following notification of adjustments relating to prior years.

B9) Personnel

	2025	2024	Change
Wages and salaries	296,304	284,474	11,830
Social security expenses	98,223	93,747	4,476
Severance indemnity	18,195	17,583	612
Other costs	5,997	5,358	639
Personnel	418,719	401,162	17,557

Personnel costs amounted to Euro 418,719 thousand, representing an increase of Euro 17,557 thousand compared with the previous financial year, as a result of the combined effect of salary increases arising from collective bargaining agreement renewals and bonus payments affecting certain Group companies, together with an increase in the average number of employees.

As at 31 December 2025, the Group employed 6,208 people (6,217 as at 31 December 2024). The average number of employees of the companies included in the scope of consolidation, broken down by professional qualification, is shown in the following table:

	Executives as at 31/12/2025	White-collar workers as at 31/12/2025	Blue-collar workers as at 31/12/2025	Total as at 31/12/2025	Current year average workforce	Prior year average workforce
ACCIAI SPECIALI TERNI S.P.A.	20	621	1,638	2,279	2,291	2,257
ACCIAIERIA ARVEDI S.P.A.	20	576	1,494	2,090	2,066	2,018
ARINOX S.P.A.	4	74	161	239	241	249
ARVEDI TUBI ACCIAIO S.P.A.	3	121	295	419	436	445
AST DEUTSCHLAND GMBH	-	-	-	-	-	3
AST TURKEY A.S.	-	-	-	-	-	-
CENTRO SIDERURGICO INDUSTRIALE S.R.L.	1	79	265	345	335	306
EURO-TRADE S.P.A.	-	9	-	9	9	8
FINARVEDI S.P.A.	10	37	1	48	48	42
GREEN ENERGY FOR STEEL S.R.L.	1	13	19	33	33	35
ILTA INOX S.P.A.	4	33	299	336	336	329
METALFER AUTOMOTIVE MOROCCO SARL	-	-	-	-	-	40
METALFER AUTOMOTIVE S.R.L. – <i>società oggetto di fusione</i>	-	-	-	-	-	30
METALFER POLONIA SP. Z.O.O.	1	11	44	56	61	57
METALFER S.P.A.	2	34	204	240	262	251
SIDERURGICA TRIESTINA S.R.L.	-	4	8	12	13	13
TUBIFICIO DI TERNI S.R.L.	3	22	77	102	103	120
Total	69	1,634	4,505	6,208	6,234	6,203

B10) Amortisation, depreciation and write-downs

Depreciation, amortisation and write-downs, amounting to Euro 177,812 thousand, comprise the following:

	2025	2024	Change
Amortisation of intangible assets	12,239	15,345	(3,106)
Depreciation of tangible assets	163,454	159,055	4,399
Write-downs of fixed assets	191	622	(431)
Allowance for doubtful accounts	1,928	1,634	294
Amortisation, depreciation and write-downs	177,812	176,656	1,156

Amortisation of intangible assets decreased by Euro 3,106 thousand, mainly as a result of the completion of the amortisation of consolidation differences, which amounted to Euro 2,986 thousand in the 2024 financial year.

Depreciation of tangible assets increased by Euro 4,399 thousand as a result of the following factors:

- Higher depreciation on plant and machinery amounting to Euro 2,830 thousand;
- Higher depreciation on land and buildings amounting to Euro 940 thousand;
- Higher depreciation on industrial and commercial equipment amounting to Euro 708 thousand;
- Lower depreciation on other assets amounting to Euro 80 thousand.

Write-downs of receivables amounted to Euro 1,928 thousand in the 2025 financial year.

For a detailed analysis of depreciation, amortisation and write-downs, reference should be made to the relevant sections of these Explanatory Notes commenting on the related balance sheet items.

B11) Changes in inventories of raw materials, ancillaries, consumables and goods

	2025	2024	Change
Change in inventories of raw materials, ancillaries, consumables and goods	(158,531)	(58,511)	(100,020)

The closing balance of raw materials, ancillary materials, consumables and goods as at 31 December 2025 were higher than opening inventories, resulting in a positive change of Euro 158,531 thousand. For an analysis of this movement, reference should be made to the commentary on the “Inventories” item.

B12) Provisions for risks

	2025	2024	Change
Provisions for risks	65	1,451	(1,386)

Provisions for risks, amounting to Euro 65 thousand, decreased by Euro 1,386 thousand compared with the previous financial year, which included the best estimate of costs to be incurred by a subsidiary.

B13) Other provisions

	2025	2024	Change
Other provisions	6,672	8,820	(2,148)

Other provisions amounted to Euro 6,672 thousand and mainly relate to adjustments to provisions for landfill management, customer claims and disputes, and environmental remediation activities.

Provisions recognised during the financial year were determined on the basis of the best available information and the most up-to-date circumstances, assessed in order to determine the best estimate of the potential liability.

For more details on the nature of the provisions, please refer to the indications regarding the item “Provisions for risks and charges”.

B14) Other operating charges

Other operating charges amounted to Euro 54,739 thousand and comprise the following:

	2025	2024	Change
Indirect taxes, duties and other fees	7,678	9,180	(1,502)
Losses from disposals of fixed assets	6,709	9,659	(2,950)
Contingent liabilities	764	1,146	(382)
Sundry operating expenses	27,058	52,573	(25,515)
Donations	12,231	23,302	(11,071)
Costs and charges incurred for the Group	299	299	-
Other operating charges	54,739	96,159	(41,420)

The decrease of Euro 41,420 thousand compared with the previous financial year is mainly attributable to:

- Sundry operating expenses, which decreased by Euro 25,515 thousand as a result of lower purchases of CO₂ allowances and carbon credits;
- Charitable donations, which decreased by Euro 11,071 thousand;
- Losses on disposals of fixed assets, which decreased by Euro 2,950 thousand.

C) FINANCIAL INCOME AND CHARGES

C15) Income from equity investments

	2025	2024	Change
Gains from disposal of equity investments	289	-	289
Income from equity investments	289	-	289

The gain from disposal recognised in the 2025 financial year, amounting to Euro 289 thousand, relates to an investment that was established and subsequently disposed of by AST Deutschland GmbH.

C16) Other financial income

	2025	2024	Change
Financial income from receivables recognised as long-term investments	185	158	27
Interest on securities recognised as current assets	-	1,621	(1,621)
Other financial income from the Group	-	9	(9)
Other financial income from third parties	33,367	21,431	11,936
Other financial income	33,552	23,219	10,333

Other financial income, amounting to Euro 33,552 thousand, increased by Euro 10,333 thousand compared with the previous financial year and is analysed as follows:

- Financial income from receivables recognised as long-term investments, amounting to Euro 185 thousand, relates to interest accrued on financial receivables due from third parties;
- Other financial income from third parties comprises interest income accrued on various items. The increase of Euro 11,936 thousand is attributable, for Euro 16,609 thousand, to the recognition of accounting income arising from the revision of the estimated expected cash flows of certain medium- to long-term borrowings following the extension of their maturity. This increase was partially offset by lower interest income on cash held in current accounts as a result of the decline in Euribor market rates.

No short-term cash investments were made during the 2025 financial year and, accordingly, no interest income was earned.

C17) Interest and other financial charges

	2025	2024	Change
Interest expense on credit lines and short-term bank borrowings	17,234	14,013	3,221
Interest expense on medium/long-term loans	31,570	34,409	(2,839)
Interest expense to other financing institutions	30,024	42,190	(12,166)
Commissions payable	900	1,969	(1,069)
Other interest and financial charges	6,332	8,015	(1,683)
Interest and other financial charges	86,060	100,596	(14,536)

Interest and other financial charges amounted to Euro 86,060 thousand, representing a decrease of Euro 14,536 thousand compared with the previous financial year, as detailed below:

- Interest expense on short-term credit facilities and bank borrowings increased as a result of greater utilisation of short-term facilities;
- Interest expense on medium- to long-term loans decreased overall compared with the previous financial year, reflecting the scheduled repayment of borrowings. Interest expense did not benefit from the decline in interest rates, as the Group's principal borrowings are hedged against interest rate risk.
- Interest expense also includes a charge of Euro 2,186 thousand, representing the portion attributable to the financial year of the reversal of the financial income previously recognised following the revision of the estimated future cash flows of the financial liability;
- Interest expense payable to other financing institutions relates to amounts due to factoring companies, leasing companies and securitisation vehicles, and decreased during the financial year as a result of lower interest rates (Euribor) and more favourable financing terms;
- Other interest and financial charges mainly relate to interest charges arising from deferred payment arrangements.

C17-bis) Exchange gains and losses

	2025	2024	Change
Foreign exchange gains	23,724	24,874	(1,150)
Foreign exchange losses	(27,939)	(18,948)	(8,991)
Foreign exchange gains (losses) not yet realised	978	(156)	1,134
Exchange gains/(losses)	(3,237)	5,770	(9,007)

Foreign exchange gains and losses resulted in a net expense of Euro 3,237 thousand and arise from differences between the exchange rates used for accounting purposes and those applied to foreign currency payments, principally in US dollars, taking into account the effect of forward hedging contracts.

Unrealised exchange gains and losses arise from the translation of foreign-currency-denominated assets and liabilities at the exchange rate prevailing on 31 December 2025.

D) VALUTATION ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

D18) Revaluations

	2025	2024	Change
Revaluations of equity investments	1,057	1,488	(431)
Revaluations of derivative financial instruments	6,597	6,013	584
Revaluations	7,654	7,501	153

Revaluations amounted to Euro 7,654 thousand, of which Euro 1,057 thousand relates to the measurement accordingly to the equity method used for investments not consolidated line-by-line. For further details, reference should be made to the commentary on the “Equity investments” item.

Revaluations of derivative financial instruments, amounting to Euro 6,597 thousand, relate to changes in the fair value of derivative instruments, primarily forward foreign exchange contracts, attributable to the ineffective portion of the hedge.

D19) Write-downs

	2025	2024	Change
Write-downs of equity investments	2,323	380	1,943
Write-down of financial derivatives	9,997	5,877	4,120
Write-downs	12,320	6,257	6,063

Write-downs amounted to Euro 12,320 thousand, of which Euro 2,323 thousand relates to the measurement accordingly to the equity method used for investments not consolidated line-by-line. For further details, reference should be made to the commentary on the “Equity investments” item.

Write-downs of derivative financial instruments, amounting to Euro 9,997 thousand, represent changes in the fair value of derivative contracts that did not satisfy the hedge effectiveness requirements.

20) Income taxes for the year: current taxes and deferred taxes

	2025	2024	Change
Current taxes - IRES	15,055	12,475	2,580
Current taxes - IRAP	6,996	7,847	(851)
Current taxes - foreign companies	58	92	(34)
Taxes for previous years	(595)	(11,195)	10,600
Deferred tax liabilities	(1,522)	(3,407)	1,885
Deferred tax assets	(770)	4,206	(4,976)
Current taxes, deferred tax assets and deferred tax liabilities	19,222	10,017	9,205

Income taxes for the financial year amounted to Euro 19,222 thousand, comprising:

- Current taxes of Euro 22,109 thousand;
- Taxes relating to previous years of Euro (595) thousand;
- Deferred taxes liabilities of Euro (1,522) thousand;
- Deferred tax assets of Euro (770) thousand.

Global Minimum Tax

Italian Legislative Decree no. 209 of 27 December 2023 (“Internationalisation Decree”), including the implementation of the tax reform on international taxation, transposed Directive no. 2022/EU/2523 governing the “Global Minimum Tax” (also known as the “Pillar II regulations”), with the express purpose of guaranteeing a minimum level of taxation, starting from 1 January 2024, for multinational or national groups of companies that recorded annual revenues of Euro 750 million or more in 2024 and in the two previous years. The Group falls within the scope of application of this legislation.

Considering the operational complexity related to the first-time application of the legislation, the Decree of the Ministry of Economy and Finance of 20 May 2024 governed the simplified transitional arrangements (*Transitional Safe Harbours*), providing, for the financial years falling within the initial period of application, the option to assume the minimum supplementary tax due in a given jurisdiction to be zero if the group meets at least one of the three alternative requirements envisaged: (i) transitional de minimis requirement, (ii) simplified effective tax rate, (iii) ordinary profit requirement.

During the 2025 financial year, the Arvedi Group did not recognise any provision in respect of Pillar Two taxes, as it largely remains within the scope of the transitional safe harbour regimes. In line with the provisions of accounting standard OIC 25, the Group did not recognise deferred tax assets or liabilities related to application of the Pillar II regulations as there were no significant temporary differences for the purpose of deferred taxes.

OTHER INFORMATION

Disclosures pursuant to Article 2427-*bis* of the Italian Civil Code

Please note that the Group has entered into various financial instrument contracts. Details are provided below.

Interest rate hedging

In order to protect itself against the risk of rising interest rates, the Group has entered into amortising interest rate swap (IRS) contracts in respect of bank borrowings and as hedges of certain lease agreements. The details of the above instruments are hereinafter provided:

Type	Maturity	Mark to Market 31/12/2025	Reserve	Tax effect	Relevant charges
IRS – Fixed assets	2030-2031-2032	10,435	(5,295)	(1,662)	(3,479)
IRS – Current assets	2026	1,486	(1,064)	(423)	-

Commodity derivative instruments

In order to limit the volatility caused by fluctuations in energy market prices (both electricity and natural gas) on overall margins and stabilise cash flows from procurement, the Group has entered into derivative hedging contracts known as ‘commodity swaps’. The objective of entering into these financial instruments is to fix the purchase cost of the Group’s expected energy and gas requirements that would otherwise be acquired at variable prices. These contracts provide for the monthly settlement of the difference between a fixed price and a variable price indexed to the average market price recorded during the relevant month, applied to a specified monthly volume of electricity or gas (the notional amount). The details of the above instruments are hereinafter provided:

Type	Maturity	Mark to Market 31/12/2025	Reserve	Tax effect	Effects on income statement due to hedging	Effects on income statement due to ineffectiveness	Deferrals
Asian Swap Commodity Power	31/12/2027	22,129	(13,303)	(5,149)	261	1,513	-
Asian Swap Commodity Power	31/12/2026	(7,015)	5,058	1,957	-	-	-
Asian Swap Commodity Gas	31/03/2026 - 31/12/2026	(1,376)	992	384	-	-	-
Asian Swap Commodity Gas	08/01/2026	(3,508)	2,664	844	133	-	(133)
Asian Swap Commodity Power	08/01/2026	(3,337)	2,536	801	-	-	-

In addition, in order to contain the volatility induced by the change in the market prices of some raw materials, in particular nickel, the Group signed a series of derivative hedging contracts on commodities whose objective is to fix the purchase cost at a specific value. The details of the above instruments are hereinafter summarised:

Type	Maturity	Mark to Market 31/12/2025	Reserve	Tax effect	Effects on income statement due to ineffectiveness	Effects on income statement due to hedging	Deferrals
Commodity - nickel	31/12/2026	1,829	(1,390)	(439)	106	-	(106)

Hedging of foreign currency purchases and sales

In order to mitigate the effects of fluctuations in the euro/US dollar exchange rate, the Group had forward foreign exchange purchase and sale contracts in place as at 31 December 2025. For these instruments, if the hedging relationship is respected, the contra-entry is reported under the “Reserve for cash flow hedging” item, net of the amount recognised in the income statement and related to the hedge items measured at exchange rate at the balance sheet date.

Details of these instruments are presented below:

Type	Maturity	Mark to Market 31/12/2025	Reserve	Tax effect	Effects on income statement due to ineffectiveness	Effects on income statement due to hedging	Deferrals
Hedges - USD purchases	2026	(3,201)	5	2	7,690	116	(658)
Hedges - USD sales	2026	159	-	-	(159)	-	-

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RECORDED IN THE BALANCE SHEET

It is noted that Group companies have commitments for sureties and guarantees given primarily to cover contractual commitments and to banks for Euro 448 million as at 31 December 2025.

Third party goods in stock at the Group's warehouses, relating to raw materials, consumables and finished products in consignment, amounted to Euro 14.9 million (Euro 6.2 million as at 31 December 2024).

Group companies do not have any agreements in place that are not reflected in the consolidated balance sheet.

SIGNIFICANT EVENTS AFTER YEAR END

There are no significant equity, financial and economic effects that require a review of the valuations as at 31 December 2025 made in the financial statements in compliance with statutory provisions.

INDIPENDENT AUDITOR'S REPORT

Finarvedi S.p.A.

Consolidated financial statements as at 31 December 2025

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

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

To the Shareholders of
Finarvedi S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Finarvedi Group (the Group), which comprise the balance sheet as at 31 December 2025, the income statement and consolidated statement of cash flows for the year then ended, and explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on compliance with other legal and regulatory requirements

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

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

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

- express an opinion on the consistency of the Directors' Report, with the consolidated financial statements;
- express an opinion on the compliance of the Directors' Report, excluding the section related to the consolidated sustainability information, with the applicable laws and regulations;
- issue a statement on any material misstatements in the Director's Report.

In our opinion, the Directors' Report is consistent with the consolidated financial statements of the Group as at 31 December 2025.

Furthermore, in our opinion, the Directors' Report, excluding the section related to the consolidated sustainability information, complies with the applicable laws and regulations.

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

Milan, 27 May 2026

EY S.p.A.
Signed by: Federico Lodrini, Auditor

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

**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED SUSTAINABILITY
STATEMENT**

Independent auditor's report on the limited assurance of the Consolidated Sustainability Statement (Translation from the original Italian text)

To the Board of Directors of
Finarvedi S.p.A.

We have been appointed to perform a *limited assurance* engagement on the Consolidated Sustainability Statement (hereinafter "Sustainability Statement") prepared on a voluntary basis of Finarvedi S.p.A. and its subsidiaries (hereinafter "Group" or "Arvedi Group") for the year ended on December 31st, 2025, approved by the Board of Directors on May 20th, 2026.

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

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

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

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

Auditor's independence and quality control

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

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

Auditor's responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Statement with the reporting criteria set out in the ESRS.

Our work has been performed in accordance with the principle of *International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the Sustainability Statement is free from material misstatements.

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

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

In particular, we have performed the following procedures:

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

In particular, we have conducted interviews and discussions with the management and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the Sustainability Statement.

Furthermore, for significant information, considering the activities and characteristics of Finarvedi S.p.A. and its subsidiaries:

- at Group level:
 - a) with reference to the qualitative information included in the Sustainability Statement, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidences;
 - b) with reference to the quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data and the criteria and calculation methodologies applied.

- for Acciaieria Arvedi (Via Acquaviva 18, Cremona), Arvedi Tubi Acciaio and Acciaieria Speciale Terni, that we have selected based on their activities and relevance to the consolidated performance indicators, we have carried out in site for Acciaieria Arvedi and Arvedi Tubi Acciaio and remote for Acciaieria Speciale Terni interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

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

Other matters

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

The comparative information presented in the Sustainability Statement in respect of the year ended on December 31st, 2023, and on December 31st, 2024, has not been subject to assurance.

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

Milan, May 27th, 2026

EY S.p.A.
Signed by: Federico Lodrini, Auditor

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

