COECLERICI

ANNUAL REPORT 2022

COECLERICI

Coeclerici SpA

Registered Office:
Piazza Generale Armando Diaz 7, 20123 Milan, Italy

VAT Reg. No., Tax Code No. and Registered Companies No.:
00269690103

Chamber of Commerce No. 1761693
Direction and Coordination: Fincler Srl

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COECLERICI GROUP AT A GLANCE

1,429 ml

Turnover*

126 ml

Investments over last 5 years

13

Countries

1,263

Employees*

** Figures at 31 December 2022*

DEAR SHAREHOLDERS,

The global economic cycle has continued to be affected by high inflation, a worsening of financial conditions, the uncertainty associated with the conflict in Ukraine, the weakening of activity in China and, to a lesser extent than the beginning of the year, difficulty in procurement along the value chain. Tensions on the supply side were probably the most important element of the year's economic picture. One decisive role was played by the pandemic, an event that demanded exceptional efforts on the part of businesses that had to face the problems of managing logistics in the phases during which the global value chains were blocked. The pandemic was subsequently accompanied by rationing in the energy commodities supplies, which had repercussions on the functioning of the energy markets. To that regard, it should be noted that the prices of energy commodities have recorded extraordinarily high increases during the year.
Based on the current economic and market trends, according to a recent report published by the International Energy Agency (IEA), global coal consumption recorded an increase in 2022, matching the maximum level reached almost a decade ago. These increases are driven by the demand of the electrical sector, where fossil fuel is increasingly being used to replace gas that, as is well known, sustained huge price peaks.
This trend was reflected in a significant rise in coal market indices, reaching the highest figures of the last decade. During the year, the API2 and API4 indices observed an average price of 290 USD/T and 271 USD/T, respectively, compared to the average prices of 2021 of 120 USD/T and 124 USD/T, respectively.

Based on this context, we are pleased to inform you that during the year your Group achieved outstanding operational results. EBITDA, EBIT and net profit amounted to Euro 90.2 million, Euro 77.7 million and Euro 40.5 million, respectively.
The net financial position stood at Euro 10.9 million and included the Euro 7.2 million impact deriving from application of the "IFRS 16 – Leasing" accounting standard, which requires financial liabilities for existing operating leases as well to be recognized. The net financial position to equity ratio stood at 0.10, showing a sharp improvement over the 0.63 figure of the previous year.

The uptrend in coal prices, which reached highs that had never been seen before, enabled the Commodities Division to record a strong increase in turnover and operating profitability for both its mining and trading operations. In mining, there was a noteworthy positive impact from the far-sighted policy that management adopted well before the post-pandemic economic recovery, by signing contracts that provided for non-fixed-price sales based on the reference coal index l, partially counterbalanced by financial derivative transactions entered into for hedging purposes.

From an operational viewpoint, in 2022 the mining sector benefitted from the full execution of protocols implementing ISO 9001:2015 quality certification, ISO 14001:2015 environmental protection certification, and ISO 45001:2018 occupational health and safety certification.
With regard to the trading activity, the Division was able to promptly seize the market opportunities, with significant growth in turnover compared to 2021, however without increasing business risks owing to effective risk management activities that mitigate exposure.
The profitability of the Commodities Division reached the highest peaks ever recorded. In 2022, EBITDA stands at Euro 101.1 million (+70% compared to 2021), EBIT amounts to Euro 93.0 million (+75% compared to the previous year) and finally, Net Profit totals Euro 58.1 million, 43% higher than 2021.
In light of the conflict in progress in Ukraine, the European Union has adopted a number of restrictive measures against the Russian Federation that have entered in force since April 2022 and that by now have reached the tenth edition. Among others, they include a ban on purchasing, importing or transferring Russian coal within the European Union. Those measures were then adopted in principle by Switzerland which issued autonomous orders partly modelled on the pillars of the European regulations.
In compliance with these regulatory requirements, in August our Swiss subsidiary Coeclerici Commodities SA suspended performance of contracts involving the sale Russian coal, in accordance with the transition periods provided therein. The Russian company holding the mining licence continues to conduct activities (including selling coal on the domestic market, as well as on that portion of the international market that is not subject to sanctions), under the direction of its local management, thus preserving jobs and adhering to the commitments it has made to local communities.
The Coeclerici Group has ceased all activities of direction and coordination of the Russian companies, also in accordance with the Sanction Compliance Policy adopted by the Group level to ensure full compliance with both European and Swiss regulations.

In the Industry Division, strong performance in sales of machines and services continues. Growth in order intake had already been substantial in the 2020-21 two-year period, and continued in 2022, when it reached a record Euro 103.8 million, as compared to the already excellent result of Euro 99.6 million from 2021. Orders for Converting machinery made a very significant contribution here, particularly for the plastic film and aseptic sectors, recording strong demand in the Asian region (China, India and Indonesia) in view of l investments to increase own production capacity. This growth made it possible to achieve full utilization of capacity, generating a value of production that has risen from about Euro 42.7 million to Euro 93.6 million over the three-year period from 2020 to 2022.
In spite of the growth in volume, the Division did not see a proportionate increase in operating profitability, mainly owing to certain external factors that impacted profits. A shortage of raw materials significantly increased the prices of materials used in making the machinery, with a heavy impact on the contribution margin; it should bey noted that if the 2021 purchase prices for the procurement of materials for fabricating machinery had also applied in 2022, the Division's procurement costs would have been lower of about Euro 2.4 million. To address this economic situation, certain increases to price lists relating to the sale of machinery were applied over the course of 2022, but the positive effects of these changes will not show up until the 2023-24 two-year period because of the long production lead times. Additionally, the global energy crisis has had a serious impact on the Group's fixed costs, with utility costs rising about Euro 0.7 million. These outside factors inevitably had an impact on the Group's ability to generate adequate levels of EBITDA, EBIT and net results, which respectively came to Euro +2.3 million, Euro –1.0 million and Euro –1.5 million.
Over the year, the important project to obtain certification for quality, safety, and the environment was carried out, with the aim of achieving these three certifications by the end of 2023.
In consideration of the considerable production backlog, the holding company decided to undertake the building of a new plant adjacent to the existing one at the Calcinate site. Its surface area is approximately 5,500 square meters, and the work is expected to be completed by the end of 2023.

During 2022, the Group launched the route to measure and communicate the social, economic and environmental value produced for stakeholders and communities. The first phase of the route focused on defining a solid system for measuring and reporting ESG performance and afterwards, on building a dedicated section of the Group's website to communicate Coeclerici's commitment to sustainability. In a rationale of graduality and progressive consolidation of this route, during the second reporting cycle, internal resources participation will be increased and external stakeholders shall be involved a well, to build the first materiality matrix of the Coeclerici Group.

I would like to take this opportunity to thank the management and all the employees of the Group for their constant commitment and the results achieved.

Milan, 29 March 2023

Chairman and CEO
Paolo Clerici

COMPANY OFFICERS

Board of Directors

Paolo Clerici	Chairman and CEO
Andrea Clavarino	Executive Deputy Chairman
Giacomo Clerici	Deputy Chairman
Corrado Papone	Deputy Chairman
Antonio Belloni	Director
Giorgio Cefis	Director
Rosa Cipriotti	Director
Urbano Faina	Director
Teresio Gigi Gaudio	Director
Lucio Stanca	Director
Giovanni Jody Vender	Director

The term of office of the Board of Directors will expire with the approval of the financial statements on 31 December 2022.

Board of Statutory Auditors

Guglielmo Calderari di Palazzolo	Chairman
Maurizio Dragoni	Standing Auditor
Isabella Resta	Standing Auditor
Antonino Foti	Deputy Auditor
Nicola Iberati	Deputy Auditor

The term of office of the Board of Statutory Auditors will expire with the approval of the financial statements on 31 December 2023.

Independent Auditors

EY SpA

The independent auditing firm has been appointed for the three-year period 2021/2023. The term of office of the independent auditing firm will expire with the approval of the financial statements on 31 December 2023.

A HISTORY OF SUCCESS

1895

Founded in Genoa, the company starts its activity by importing coal from the United Kingdom.

1910s

Coeclerici becomes the first company to import US coal into Italy and expands into the shipping sector.
In 1913, the Group buys its first dry cargo vessel: the 'Tirreno'.
In 1916 Henry Coe, a Scottish shareholder, leaves the company, selling his stake to Alfonso Clerici Senior.

1936-1969

Alfonso's son Jack Clerici joins the company in 1936.
After World War II, Coeclerici resumes business interrupted due to the war event, becoming an exclusive agent for coal imports from the bigger coal producers and strengthening international relations with the US, England, South Africa, Australia and the Soviet Union (at the end of the 1950s). In 1958, Coeclerici becomes the third Italian company opening an office in Moscow.
In 1964, Coeclerici signs an agreement for exclusive right to sell Soviet coal and scrap iron in the Italian market.

1970-1997

Coeclerici strengthens its shipping sector by designing, building and operating barges to tranship coal within port basin areas.
This solution is called and registered as 'Cavalletto'.
A strategic step towards developing the Group's logistics business.
In 1985 Bulkitalia SpA was founded, and acquires 5 dry bulk vessels; this company acquires Nedlloyd's dry bulk fleet in 1992 and in 1994 acquires Fermar, a shipping company belonging to Ferruzzi Group, and Sidermar.
In 1997, in the process of internationalization, the Logistics Division signs contracts in Venezuela, Bahrein and Morocco.

1998-2000

Coeclerici signs a contract with the trade port of Murmansk and finances the dredging operations for the same, necessary to allow access to ships up to 130,000 tonnes.
In 2000, in Murmansk, Coeclerici loads the first ever Capesize ship in a port of Northern Russia.
The first contracts are signed for transhipment activities on a worldwide level.

2002-2005

Coeclerici invests approximately 18 million USD to finance the completion of a coal mine in Kemerovo, in Russia, and signs a long-term contract, granting the company the exclusive rights to sell the two million tonnes of coal produced annually.
The Group also signs a ten-year partnership with the port of Murmansk for the exclusive use of a coal berth.
The Shipping Division concludes 16 charter contracts to build 10 new Panamax and 6 Capesize.
The Coeclerici pool operates a fleet of 47 Capesize and 44 Panamax thus becoming one of the top three dry bulk cargo operators in Europe.
Coeclerici opens offices in China and Indonesia and starts to operate transhipment activities in Indonesia with the 'Bulk Pioneer'.

2007-2008

In 2007 Coeclerici acquires a 60% stake - increased to 85% in 2008 and to 100% in 2010 - in RAG Trading Asia Pacific Ltd, a Singapore based company specialized in coke and coking coal with offices in Australia, Indonesia, India and China.
Through Coeclerici Asia (Pte) Ltd, the Group develops and strengthens its trading activities across the Far East.
In 2008 Coeclerici acquires 100% of Korchakol, a low volatile coal (mainly PCI) mine located in Siberia in the vicinity of the city of Novokuznetsk, becoming the first and only Western company to have acquired a coal mine in Russia.
The Logistics Division starts to operate in India with 'Bulk Prosperity', a last-generation offshore transhipper.

2011-2012

The Logistics Division takes delivery of the first four of six new vessels, designed to the highest standard and performance to be employed in long term service contracts signed: the 'Bulk Java' and the 'Bulk Borneo', employed in Indonesia, the 'Bulk Zambesi' and the 'Bulk Limpopo', employed in Mozambique.
Coeclerici enters the US market.
The Group's Trading Division acquires the assets of the American company Coal Network Inc.

2013-2014

The Group once again invests in the Shipping sector with the creation of dACC Maritime d.a.c., a joint venture with the d'Amico Group, for the purchase of four Supramax bulk carriers.
In 2013 Coeclerici Coal Network acquires full ownership of the coal trading division of Alley-Cassetty Companies, Inc. in US.
The new vessels 'Bulk Celebes' and 'Bulk Sumatra' are delivered.
Coeclerici wins the bid for the expansion of Korchacoal mine bringing reserves at 60 million tonnes.

2015

Coeclerici celebrates the 120th anniversary of its foundation (1895 - 2015).

dACC Maritime d.a.c. takes delivery of 'DACC Tirreno' (which inherits the name of the first vessel purchased by the Group in 1913) and 'DACC Egeo'.

2016-2017

Coeclerici enters into the business of manufacturing high-technology automatic industrial machineries for the converting, packaging and automotive sectors by acquiring a 100% stake in the IMS Technologies Group (formerly IMS Deltamatic Group). By doing so, it has started to implement its business diversification strategy with the creation of the Industry Division alongside the Commodities Division.

dACC Maritime d.a.c. takes delivery of the last two vessels 'DACC Adriatico' and 'DACC Atlantico'.

2018

Coeclerici enters into the business of manufacturing machinery for the flexible packaging sector, with the aim of completing its product line in the Industry Division, by signing a business division lease of Laem System Srl through Slitters Rewinders Machines Srl.

IMS Deltamatic is renamed IMS Technologies.

In October, the 10th anniversary of the acquisition of the Korchakol mine is celebrated.

The Group, after about a half century of operations, decides to put an end to the Logistics Division, following the sale during the first half of 'Bulk Pioneer', which operated in Indonesia, and of the two transhippers, 'Bulk Zambesi' and 'Bulk Limpopo', operating in Mozambique.

2019-2020

Coeclerici gets an expansion of its mining license, increasing its coal reserves by 57 million tonnes and bringing total reserves to approximately 114 million tonnes.

With the aim of long-term business development and targeting new particularly promising markets, the Industry Division establishes the US compa-ny IMS Technologies Inc. and opens a representative office in Russia.

Our mine obtains the certification ISO 9001:2015 quality management systems, ISO 14001:2015 environmental management system and ISO 45001:2018 occupational health and safety management systems.

Through its subsidiary Slitters Rewinders Machines Srl, Coeclerici wins the auction announced by the court of Vercelli aimed at allotting the busi-ness division of Laem System Srl, a major player in the flexible packaging industry.

2021

Through its subsidiary Coeclerici Far East, Coeclerici opens a representative office in Vietnam, aiming for long-term business development and to tap especially promising new markets.

The Industry Division enters into the business of manufacturing machinery for the non woven sector.

2022

Coeclerici begins developing its project for expanding the Calcinate facility, responding to the need to increase the site's production capacity so as to meet the rising number of orders received by the Industry Division.

The Industry Division has also undertaken the project of installing photovoltaic panels on the roof of the current Calcinate plant, in agreement with the Group's sustainability strategy.

BUSINESS AREAS

For over 120 years Coeclerici has been a point of reference in the supply of commodities, for use in the steel and chemical sectors.

Today, thanks to this consolidated business experience, it is the leading company of a Group present in different business sectors with high added value, with a constant diversification activity and a strategic-financial model aimed at development through acquisitions and organic growth.

Business Areas

Commodities

Mining
Coal extraction from owned mine for the steel and chemistry industry.

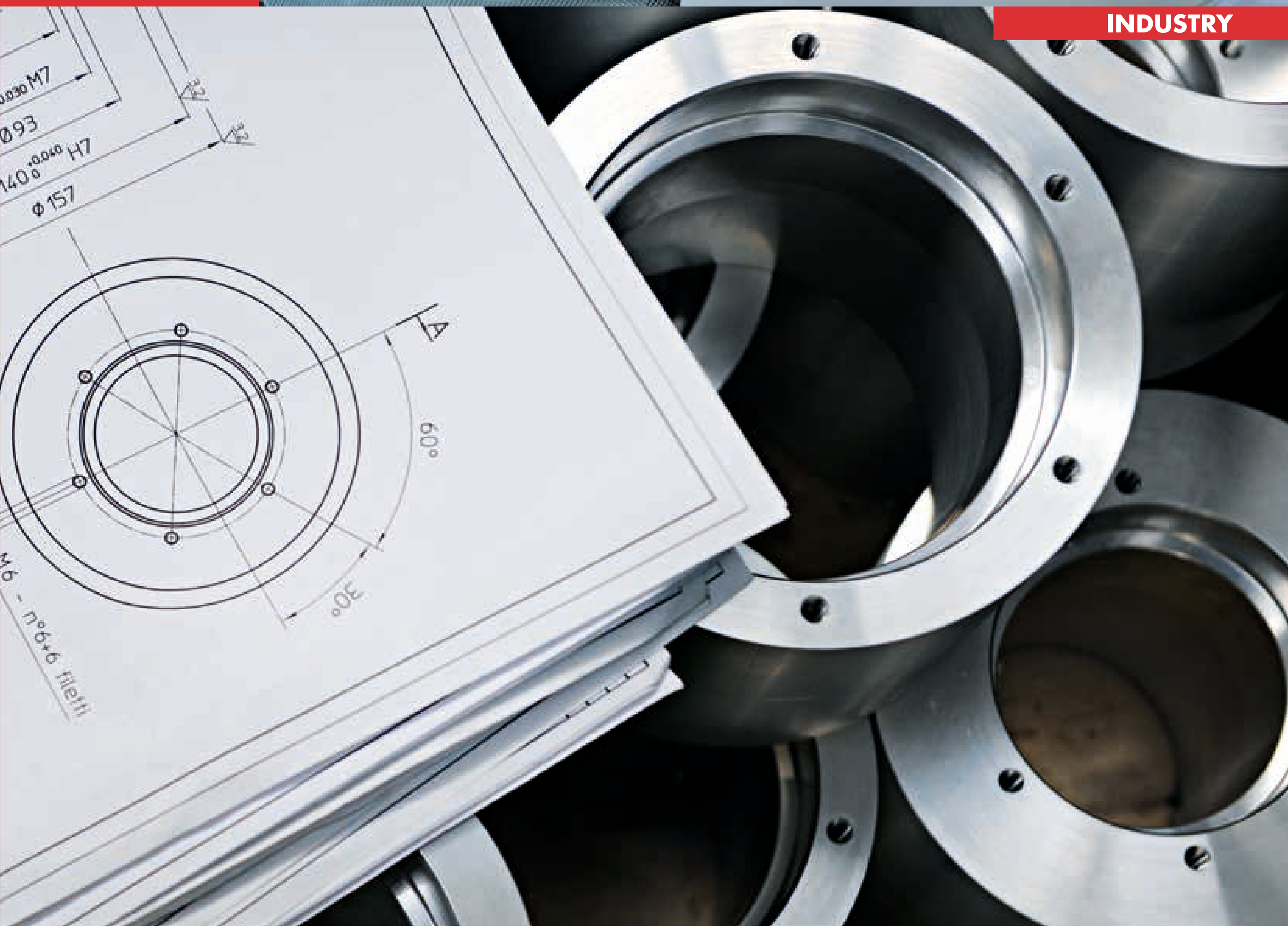
Trading
Commodities trading.

Industry

IMS Technologies
Mechanical excellence for the construction of machines to serve the converting and automotive sectors.

COMMODITIES

INDUSTRY



DECEMBER 31, 2022

GROUP STRUCTURE

COECLERICI SpA

COMMODITIES

TRADING DIVISION

100% Coeclerici Commodities SA

- **97.5%** Coeclerici Far East (Pte) Ltd
- **100%** CC Commodities Middle East and Africa FZCO

MINING DIVISION

100% SC Kisk

- **100%** LLC UK PTU
- **100%** Sel Pre Taylepskoe
- **100%** LLC Razrez

99% LLC Coeclerici Russia*

100% LLC Scc-Rozco

INDUSTRY

IMS TECHNOLOGIES

100% IMS Technologies SpA

- **100%** IMS Technologies Inc,
- **100%** Goebel Schneid- und Wickelsysteme GmbH
  - **100%** Beijing GOEBEL Slitting Technologies Co., Ltd

100% Elvezia Immobiliare SA

99.98% Nuevaco Imobiliaria Srl

Companies in liquidation and non-operating companies are excluded

** 1% of the subsidiary LLC Coeclerici Russia is held by Coeclerici SpA*

DIRECTORS' REPORT

DIRECTORS' REPORT

CONSOLIDATED RESULTS

Some of the main financial indicators and a comparison with the previous consolidated results drawn up in accordance with International Accounting Standard / International Financial Reporting Standards are shown below (figures in thousands of Euro):

	2022	2021	2020
Turnover	1,428,640	652,849	412,308
EBITDA	90,188	52,699	6,286
EBIT	77,653	42,332	(4,370)
Net Result	40,842	28,127	(9,911)
Group Net Result	40,537	28,039	(9,908)
EBITDA margin	6.3%	8.1%	1.5%
ROE	44%	45%	(17%)
ROI	63%	38%	(4%)

	2022	2021	2020
Fixed Assets	124,010	109,486	89,589
Working Capital	(4,072)	17,758	6,169
Net Capital Employed	119,938	127,244	95,758
Group Equity	108,450	77,965	46,355
Minority Interests	600	168	67
Net Financial Position*	10,888	49,111	49,336
Sources of Finance	119,938	127,244	95,758
Cash flow from operating activities			
before changes in net working capital	57,700	42,018	(6,555)
changes in net working capital	21,559	(8,156)	14,190
Cash flow from investing activities	(22,535)	(26,395)	(11,519)
Cash flow from financing activities	(39,040)	(12,507)	9,457
Total cash flow	17,684	(5,040)	5,573
NFP/EQUITY	0.10	0.63	1.06

* The application of IFRS 16 – Leases resulted in a Euro 7.2 million increase in this item as of 31 December 2022, Euro 4.5 million as of 31 December 2021 and Euro 4.8 million as of 31 December 2020. Note also that the figure for 31 December 2022 includes non-hedging derivative financial instruments for a value of Euro 4.7 million.

41 MLN

Euro of Group Net Result in 2022

The Group achieved significant operating profitability. EBITDA, EBIT and net result amounted to Euro 90.2 million, Euro 77.7 million and Euro 40.5 million, respectively.

The period was characterized by the excellent performance of the Commodities Division, driven by a strong increase in coal prices.

On the whole, the Commodities Division generated an EBITDA of Euro 101.1 million, with a record EBITDA margin of 7%, an EBIT of Euro 93.0 million and a net result of Euro 58.1 million.

For its part, the Industry Division has continued to see order intake for machinery grow. The figure for the year came to Euro 103.8 million (vs. Euro 99.6 million for the previous period). Production value was especially noteworthy, reaching Euro 93.6 million for the period (+46% from 2021). The operating result suffered somewhat from external factors relating to the current macroeconomic context, especially increases in the price of raw materials and in the costs of energy and gas.

The uses of financial resources included Euro 17.8 million invested to improve the mining site's production efficiency.

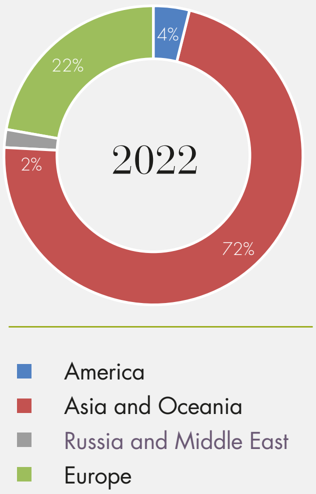
Net financial position stood at Euro 10.9 million and included the negative impact deriving from the application of IFRS 16 totaling Euro 7.2 million. The ratio of net financial position to equity came to 0.10, an improvement from the figure of 0.63 as of 31 December 2021.

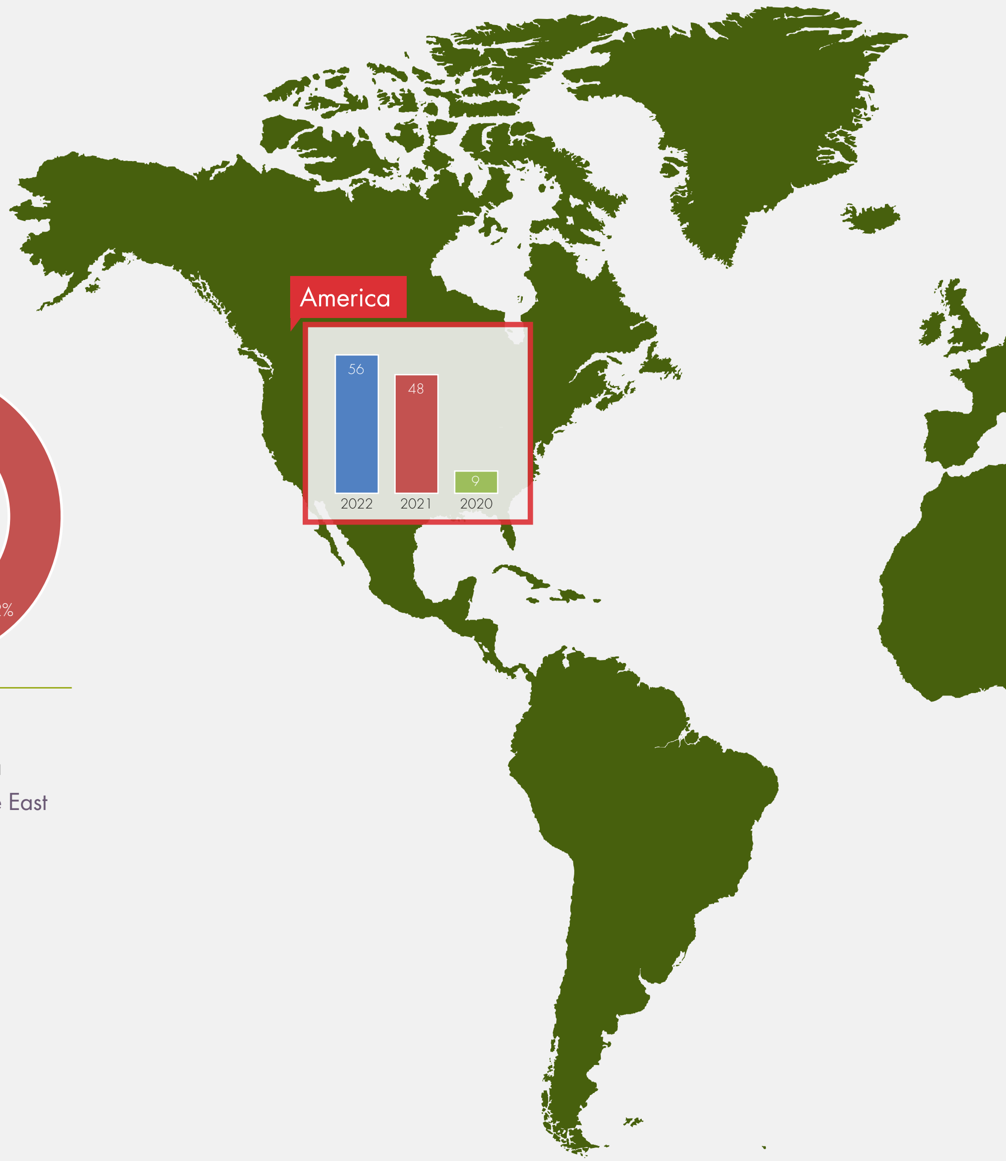
Considering a positive net result of Euro 40.5 million, several items with a positive balance were recorded during year directly under Group's equity; these, under the same conditions, could be reclassified into the income statement in subsequent periods for a total of Euro 0.3 million. This impact was primarily attributable to changes in the translation reserve of the financial statements in currency other than Euro with a positive impact of Euro 4.6 million, mainly due to the revaluation of the Russian ruble (exchange rate of EUR/RUB 77.86 as of 31 December 2022 compared to an exchange rate of 85.30 as of 31 December 2021) as well as the negative change of 4.9 million in the reserve related to the fair value of hedging financial instruments.

The graphs below illustrate the main financial and management information of the Coeclerici Group.

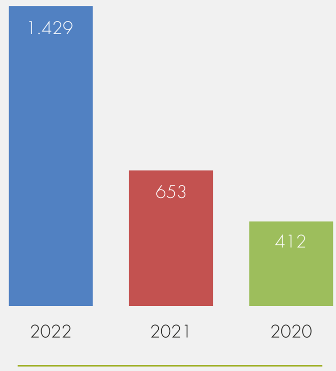
FINANCIAL CAPITAL

REVENUES BY GEOGRAPHICAL AREA (M/EURO)



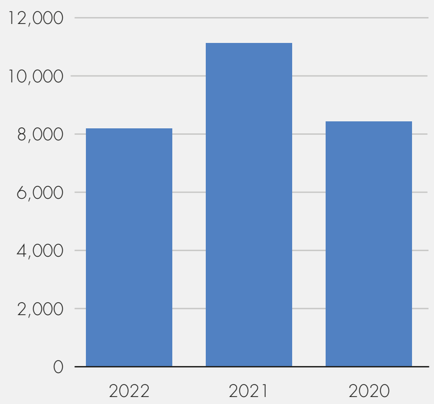



Europe
314
150
113
2022
2021
2020
Russia & Middle East
26
16
15
2022
2021
2020
Africa
2
1
1
2022
2021
2020
Asia & Oceania
1.031
438
274
2022
2021
2020


1.429
653
412
2022
2021
2020

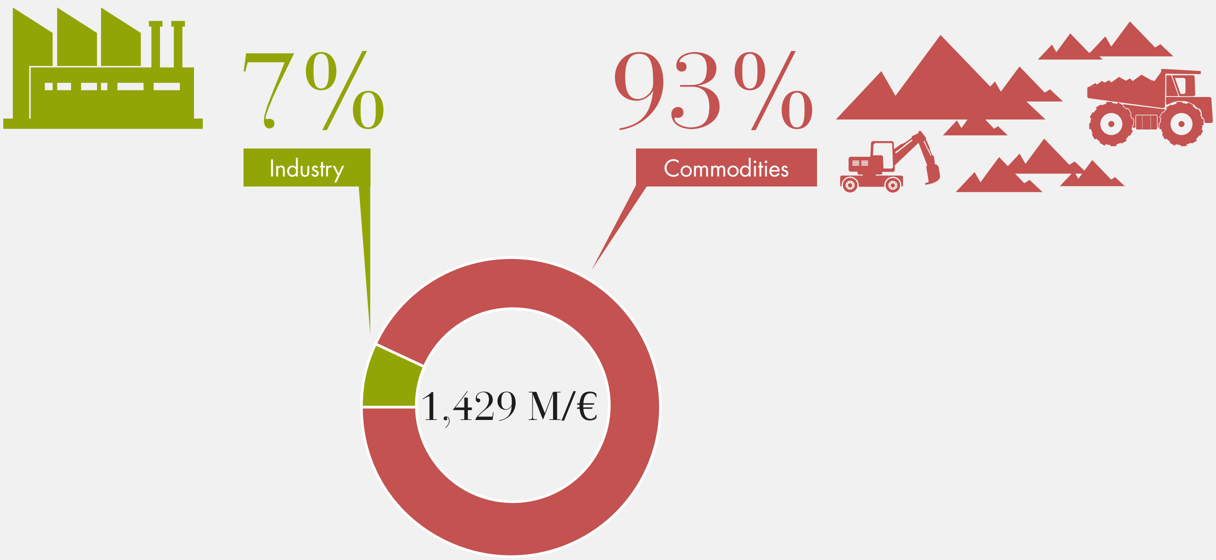
Revenues

TONNES HANDLED (THOUSANDS OF METRIC TONNES - MT) COMMODITIES DIVISION



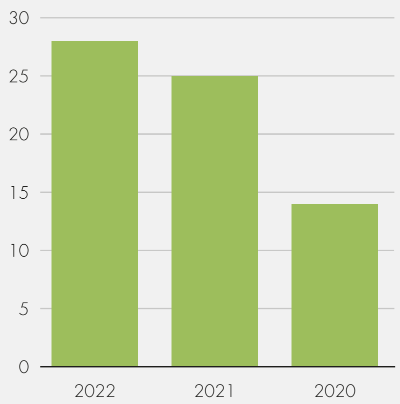
2022	8,282
2021	11,126
2020	8,441

2022 TURNOVER BY DIVISION



PRODUCTIVE CAPITAL

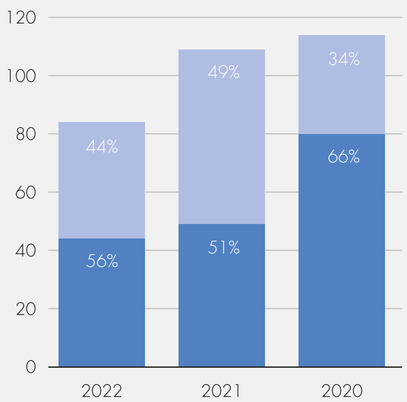
INVESTMENTS (M/EURO)



Investments over the last 3 years equal to Euro 67 million

2022	28
2021	25
2020	14

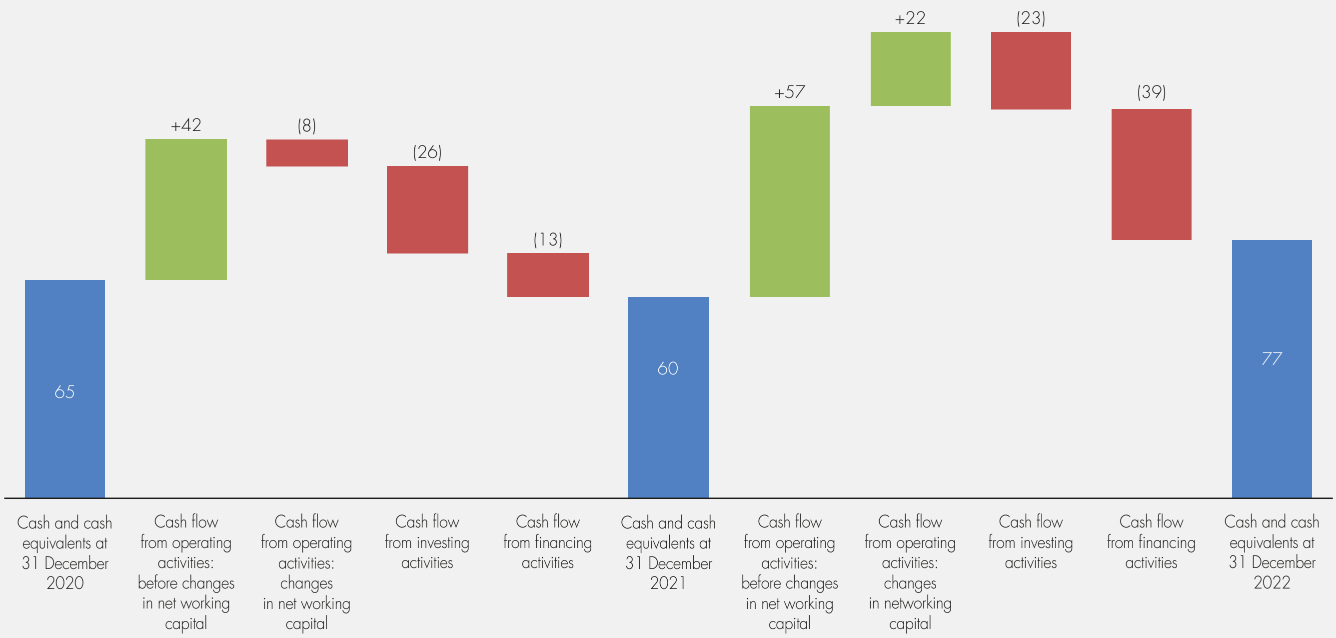
FINANCIAL LIABILITIES (M/EURO)



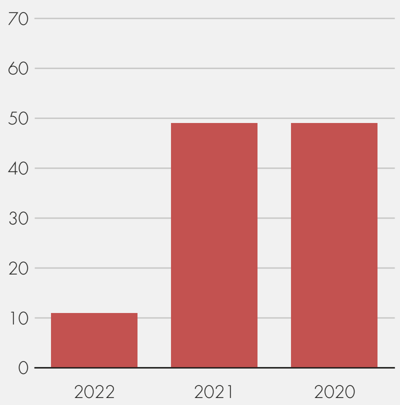
- Short term financial liabilities
- Medium-long term financial liabilities

2022	84
2021	109
2020	114

CASH FLOW (M/EURO)



NET FINANCIAL POSITION (M/EURO)



2022	11
2021	49
2020	49

HUMAN CAPITAL

N° OF EMPLOYEES	2022	2021
Africa	1	-
America	9	8
Asia & Oceania	36	35
Russia & Middle East	872	832
Europe	345	358
Total	**1,263**	**1,233**

	2022	2021
Average age of employees	**42**	**42**

	2022	2021
Level of education*	**56%**	**58%**

* This index considers the percentage of white collar Group's employees with university degrees.

COMMODITIES DIVISION

	2022	2021	2020
Tonnes handled	8,282,313	11,125,973	8,440,954
Turnover	1,335,005	588,898	369,574
EBITDA	101,106	59,312	18,823
EBIT	92,950	53,111	12,367
Net Result	58,064	40,513	5,090

58.1 MLN

Euro of Net Result in 2022

In the current macroeconomic environment, which is characterized by high prices for coal but also significant uncertainties, the Division's well-known risk aversion in managing its characteristic activities yielded an improvement in the quality of operations at the expense of volumes traded.

The API2, the primary reference index for the Division's core business, saw an increase of 142% from the previous year, reaching an average of 290 USD/T for 2022. A similar situation held true for the other coal indices, which climbed significantly in 2022 from their 2021 values.

The Division was able to take advantage of this price increase by expanding its variable-price sales in comparison to fixed-price transactions.

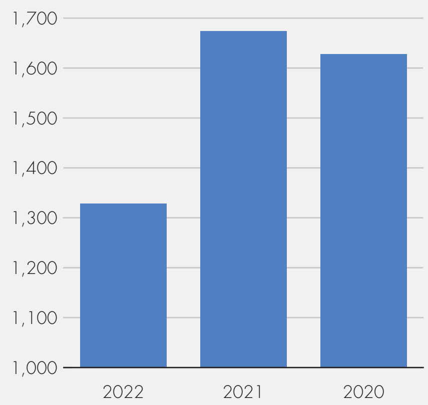
Despite the lower volumes (–26%), selling prices enabled the Division's turnover to rise 127% in 2022 from the previous year's figure.

The Commodities Division's profitability reached historic highs. EBITDA for 2022 came to Euro 101.1 million (+70% from 2021), EBIT was Euro 93.0 million (+75% from the previous year), and the net result was Euro 58.1 million, a 43% increase from 2021. These results are the consequence of high prices for coal, combined with the long-term commercial policies that corporate management had put into action well before the post-pandemic economic recovery began. These policies had also made allowances for the tensions that arose during the Russia-Ukraine crisis. Finally, one should mention the excellent performance of the trading sector, especially thanks to the diversification adopted in previous years, which paid off in the year just ended.

As the sanctions against Russia went into force, banning the direct or indirect purchase, import or transfer of coal of Russian origin into the European Union as from August 2022, the Group ceased trading Russian coal in Europe through Coeclerici Commodities SA. Under its local management, the Russian company that holds the mining rights began trading coal to other countries that do not have such sanctions.

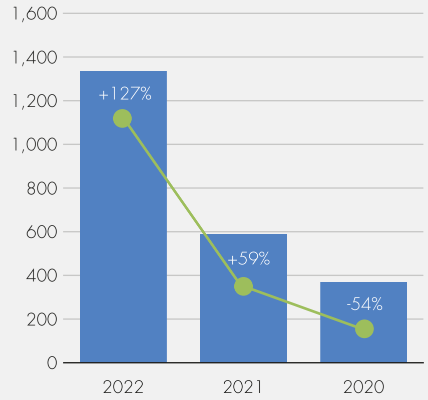
The development of tonnes extracted by the Division is shown below:

TONNES EXTRACTED (THOUSAND OF MT)



2022	1,328
2021	1,674
2020	1,629

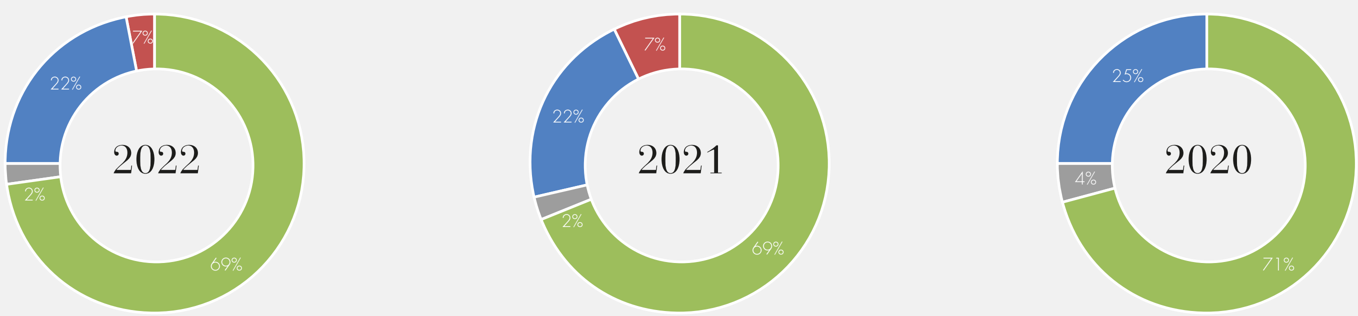
TURNOVER TREND (M/EURO)



CAGR +53.4%

2022	1,335
2021	589
2020	370

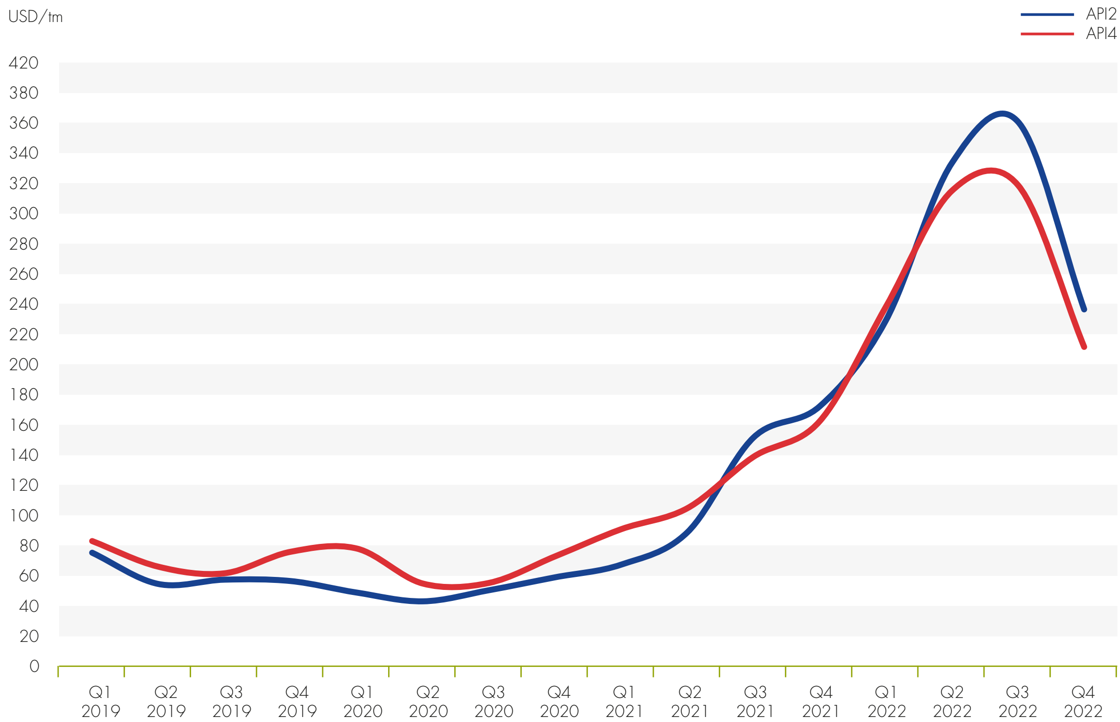
TURNOVER BY GEOGRAPHICAL AREA



America   Asia and Australia   Russia and Middle East   Europe

In 2022, the API2, the main reference index for the Division's core business, was up 142% over the previous year.
The API4 index, related to South African coal intended mainly for Asian markets, registered a considerable growth of 119% compared to 2021.

The evolution of the two main coal market indices in the previous three years is shown below, showing the sudden rise in raw material prices compared to the two previous years.



API#2 = CIF coal price (including freight cost) - unloading ARA (Amsterdam-Rotterdam-Antwerp)
API#4 = FOB coal price (without freight cost) - port of Richards Bay (South Africa)

VALUES IN $	2022	2021	2020
API#2 INDEX – average	290	120	50
API#4 INDEX – average	271	124	65


LIRA,
LA LYRE,
LYRA,
ΛΥΡΑ
النسر الواقع
Tutte le Stelle d'Hercole secondo Tolomeo, sono Mercuriali

INDUSTRY DIVISION

	2022	2021	2020
Turnover (Value of production)	93,635	63,951	42,734
EBITDA	2,343	3,186	(10,582)
EBIT	(977)	139	(13,847)
Net Result	(1,512)	171	(13,425)

+46 %

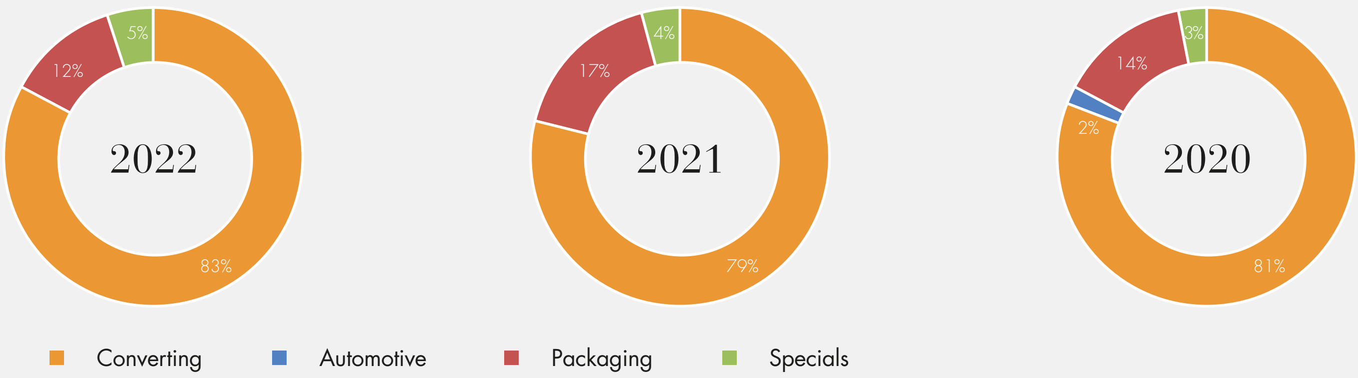
Value of production compared to 2021

The main feature of the year was the continuation of an unprecedented order intake, which now came to Euro 103.8 million, compared to the already excellent figure of Euro 99.6 million from 2021. The order growth from the previous few years also drove a rapid increase in production volume; the value of production for 2022 came to Euro 93.6 million, a 46% increase from the year before. During the three-year period from 2020 to 2022, this important indicator of business volume made it possible to achieve a stable level of capacity utilization that management expects to be able to maintain into the coming years as well. In parallel with volume growth, 2022 also saw an increase in operating costs, with an impact on the Division's profitability. The contribution margin consequently slipped to 23% from the 32% recorded in 2021.

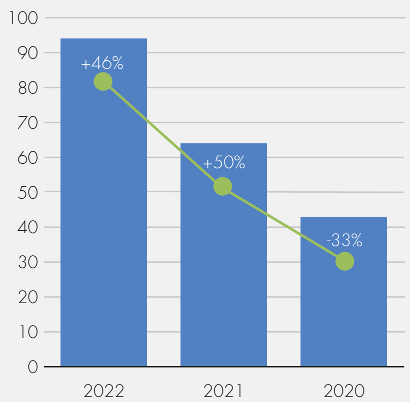
The global shortage of raw materials led to a significant increase in purchase prices for the components needed to produce our machinery, obviously with an impact on profitability. The higher costs for 2022 resulting from these inflationary effects is estimated at roughly EUR 2.4 million. Additionally, the global energy crisis had a serious impact on fixed costs, causing utility costs to rise approximately Euro 0.7 million. The effects of these external factors inevitably impacted the Division's ability to generate suitable levels of profitability.

The breakdown of order intake by Division is shown below, reflecting the pre-eminence of the Converting Division, the trend in value of production, and the breakdown of turnover by geographical area and Division.

ORDERS INTAKE BY DIVISION



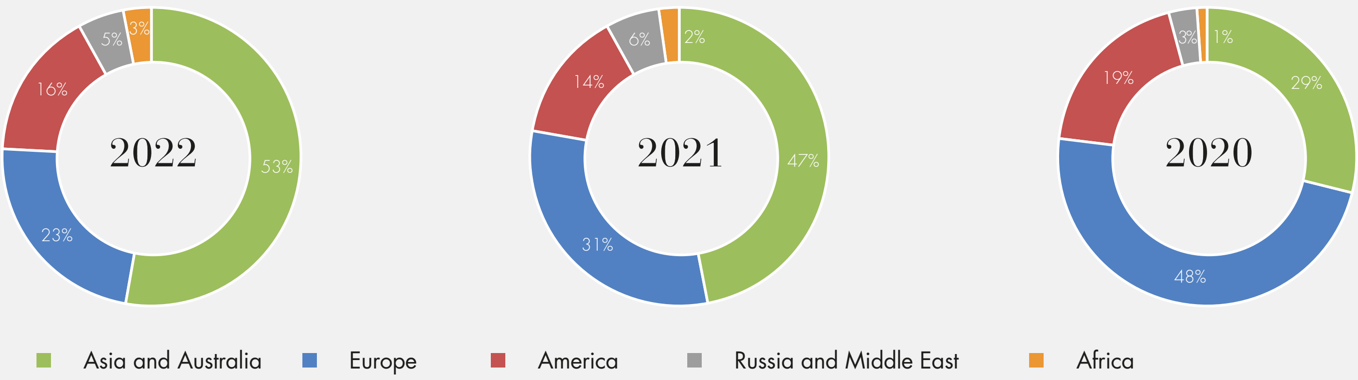
VALUE OF PRODUCTION TREND (M/EURO)



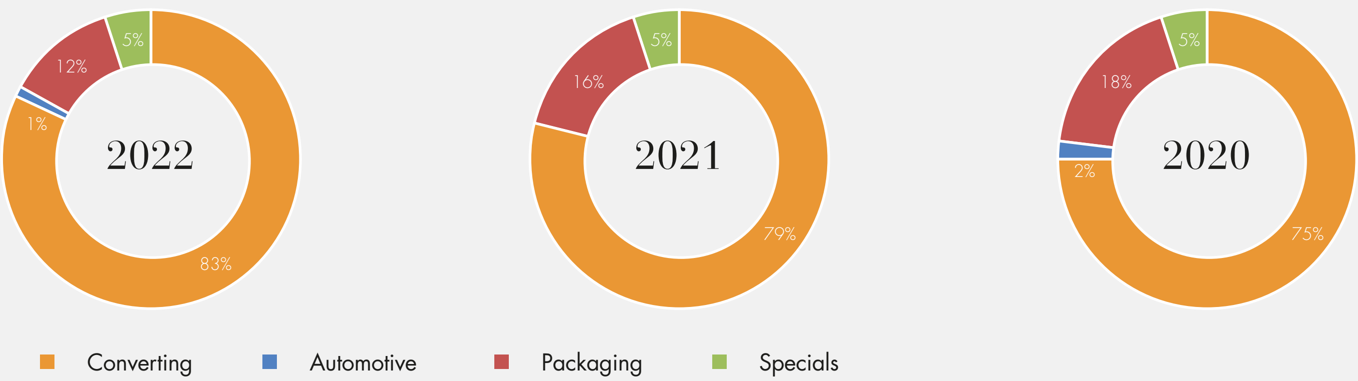
CAGR +29.9%

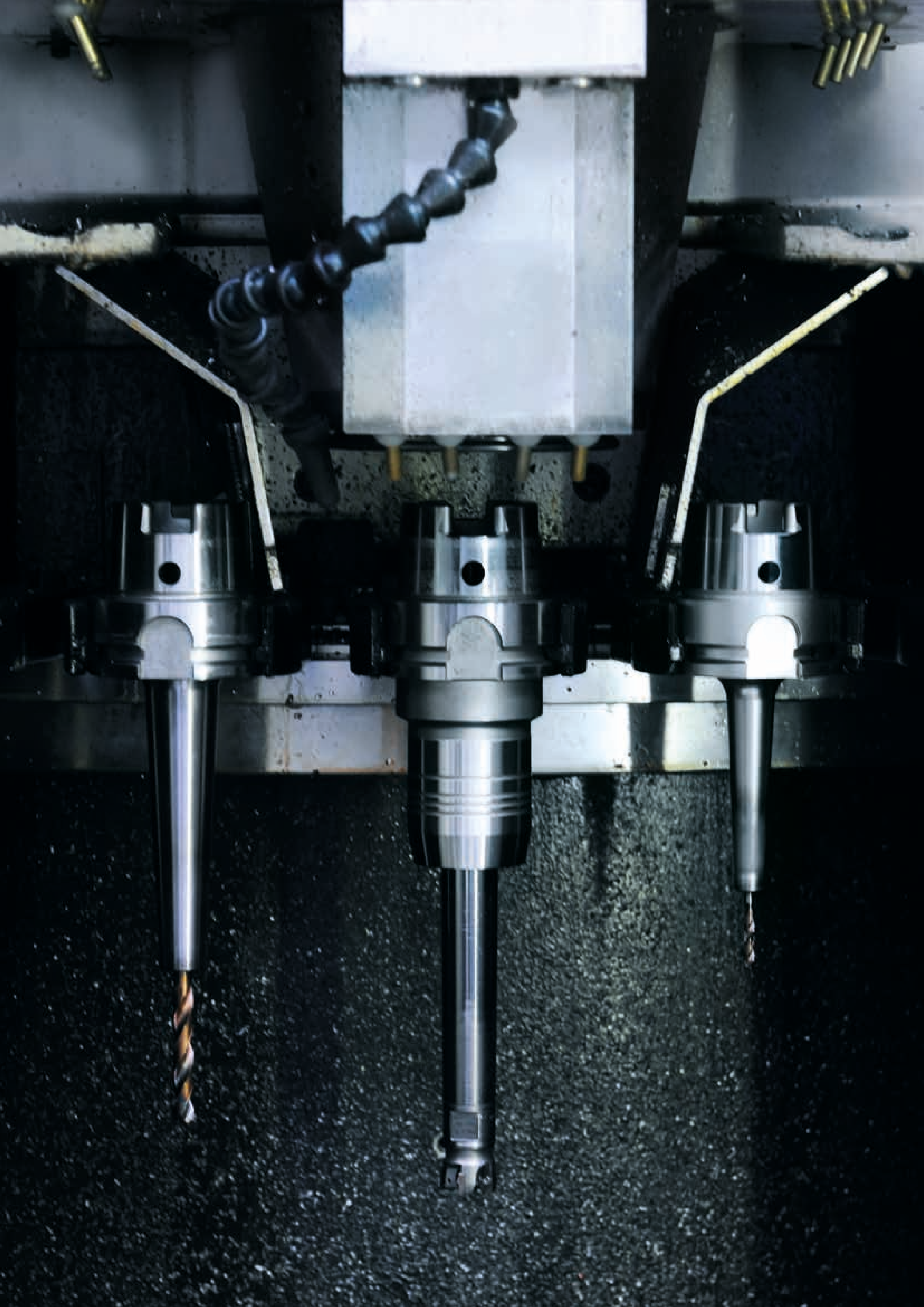
2022	94
2021	64
2020	43

TURNOVER BY GEOGRAPHICAL AREA



TURNOVER BY DIVISION





HOLDING COMPANY

Following the reorganization process which gave more autonomy to the divisions by transferring personnel and structures, the Holding focused on the coordination, control and definition of the strategic guidelines of the Coeclerici Group. The Holding Company continues to offer its subsidiaries IT and Human Resource services.

RESEARCH AND DEVELOPMENT

The Industry Division mainly carries out experimental studies and pre-competitive development activities on new technical and technological solutions aimed at the realization of new machines for automated industrial plants and the technological modernization of existing models. The research activities are booked to the income statement, the development activities are capitalized if the conditions apply, and are amortized over five years. Within the sphere of the applicable Italian legislation, the possibility of accessing the tax concession granted for the research and development activities is checked.

STAFF TRAINING

During 2022, health and safety courses required by applicable laws were planned, as well as language courses. Overall 28,020 hours of training were provided.

OWN SHARES AND SHARES OF THE PARENT COMPANY

The Holding Company does not hold its own shares nor those of its parent company.

TRANSACTIONS WITH PARENT AND RELATED COMPANIES

The Group has relations for tax consolidation procedures with the parent company Fincler Srl. The Italian companies Coeclerici SpA and IMS Technologies SpA participate in tax consolidation, and Fincler Srl acts as the consolidator. The credit arising from this position at 31 December 2022 towards Fincler Srl is mentioned in the Notes to the consolidated financial statements. Furthermore, a rental contract exists between the Group and its direct parent company, Fincler Srl, referring to archives and parking places in Piazza Generale Armando Diaz, 7 – Milan.

In accordance with clause 5, article 2497-*bis* of the Italian Civil Code, it is hereby affirmed that relations with Fincler Srl, which conducts activities of direction and coordination of the Group, exclusively concerned a rental contract which was regulated by normal market conditions, as well as the tax consolidation, as described in the Notes to the consolidated financial statements.

Finally, the Holding Company's articles of incorporation specify that 1% of any consolidated profit for the previous year must be transferred to the Paolo and Giuliana Clerici Foundation.

Below is a summary of receivables, payables, revenues and costs towards the Parent Company Fincler Srl:

DESCRIPTION	FINCLER SRL
RECEIVABLES	
- trade receivables	1
- receivables for tax consolidation (direct taxes)	12,150
TOTAL	**12,151**
PAYABLES	
- payables for operating leases *	984
- trade payables	491
TOTAL	**1,475**
INCOME STATEMENT	
Commercial revenues	14
Commercial costs	(640)
Depreciation of right-of-use assets	(379)
Interest expenses on operating leases	(27)
Tax-related proceeds	842
TOTAL	**(190)**

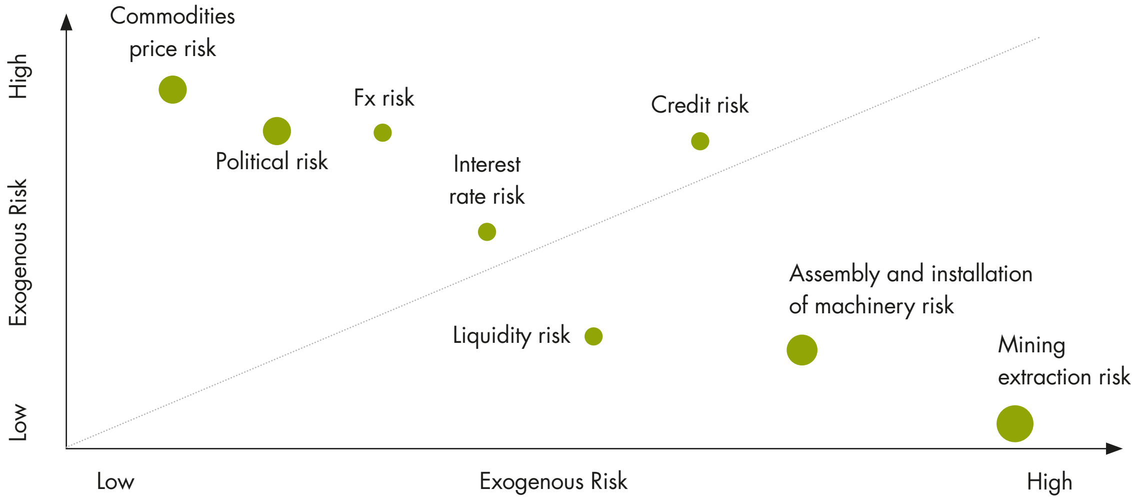
* To offset the recognition of this payable, under assets the item 'Right-of-use assets' includes Euro 1,025 thousand for archives and parking places located at Piazza Generale Armando Diaz, 7 in Milan.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risks linked to the Group's activities, monitored and handled by Coeclerici SpA and its subsidiaries, are as follows:

- market risk resulting from exposure to the volatility of commodity prices;
- market risk resulting from exposure to fluctuations in the exchange rates;
- market risk resulting from exposure to fluctuations in interest rates;
- credit risk resulting from the possibility of insolvency of a counterparty;
- liquidity risk resulting from lack of financial resources to meet commitments undertaken;
- political risk, resulting from activities conducted in countries where from time to time elements of uncertainty arising from specific political and social conditions may be present;
- operational risk, mainly damages to persons / objects or failure to comply with machinery performance, associated with the construction, assembly, installation and testing of the machinery both at the plants used by the Group and at the customer's production sites, for the Industry Division;
- operational risk inherent to the extraction of coal, typical of open-face mining, for the Mining Division.

Refer to 'Note 28 – Risks characterizing the Group's business' for further details.



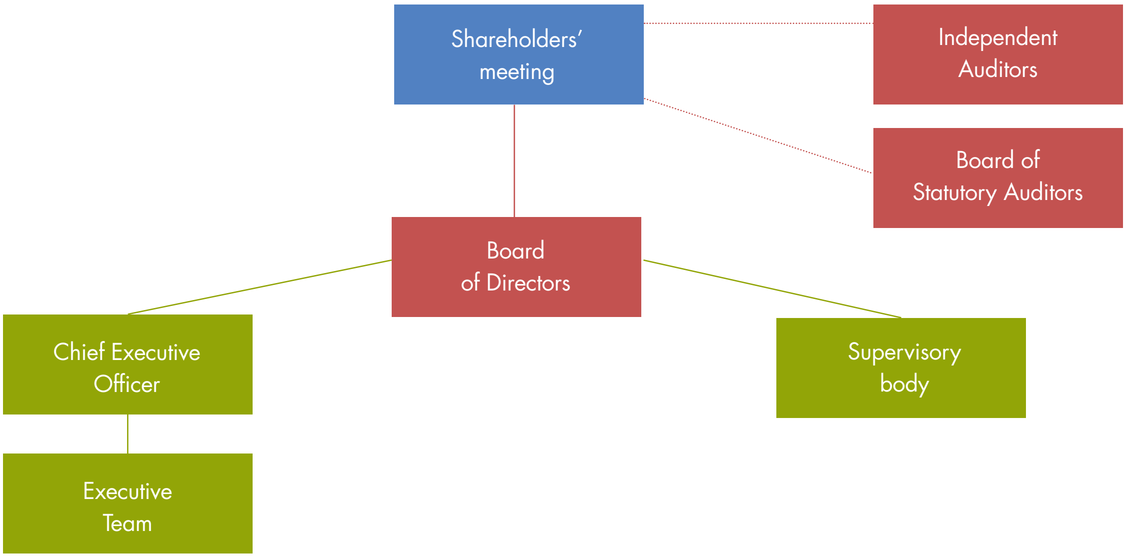
ENVIRONMENT AND SAFETY

The Coeclerici Group is particularly sensitive to the need to protect its employees in any place where they may have to work.
With regards to the Russian mining site, the Group has put into place all the prevention activities relevant to environment and safety in compliance with the local laws in force. In 2020 we were awarded the following certifications: ISO 9001:2015 quality management systems, ISO 14001:2015 environmental management system and ISO 45001:2018 occupational health and safety management systems.
With regard to the Industry Division, there is a constant commitment to improve the health and safety conditions of its workers and to observe the environmental legislation in force in the countries in which the business activities are carried out. In particular, at the time of enforcement of new legislation or if changed operational needs render the geographic reallocation of part of the production cycle necessary, the Group makes a continual effort to adapt to the new requirements, both by means of use of internal resources and via recourse to specialized external resources, with the aim of seeking and constantly realizing the best health and safety conditions in the working environments, monitoring the safety, rightly considering the production needs. Company management is fully involved and takes part in the commitments made, and provides resources, co-ordination and the desire to establish an ever-better health and safety system.

CORPORATE GOVERNANCE

This section seeks to give a general picture of the system of corporate governance adopted by Coeclerici.

The structure of Coeclerici's corporate governance is organized in line with the traditional Italian model which delegates: (i) company management to the Board of Directors, the fulcrum of the organizational system which is appointed for the period defined at appointment time, for a maximum of a three-year period and may be reelected, (ii) the functions of overseeing compliance with the law and articles of association to the Board of Statutory Auditors and (iii) legally-required auditing of the company accounts to an auditing firm approved at the shareholders' meeting, after hearing the opinion of the Board of Statutory Auditors.
The Board nominates one or more Chief Executive Officers, to whom it delegates, within legal and statutory limits, activities aimed at furthering the Company's objectives. Moreover, the Board can set up an Executive Committee, made up of its own members, with a decision-making role on matters concerning overall Group management.



Board of Directors

Composition

In accordance with article 17 of the Statute, the number of members of the Board of Directors may vary between a minimum of three and a maximum of fifteen. An ordinary shareholders' meeting determines the number, within these limits. The Board of Directors was appointed by the ordinary shareholders' meeting on 10 May 2022 for a one-year term of office expiring with the approval of the financial statements for the financial year 2022.

Duties

The Board of Directors has wide powers for the ordinary and extraordinary management of the business and, consequently, may put into effect such measures as it considers necessary and opportune to meet the Company's objectives, excluding only those that by law are specifically reserved for the shareholders' meeting.

Requisites of independence

The Board of Directors has a central role in checking and guiding the process of Company management. The efficiency and effectiveness of this organization is guaranteed by the presence within it of independent directors who pay great attention to the substance as well as the form of Company activities. In particular, the presence of independent directors guarantees (i) checks that Company management is inspired by criteria of prudence and transparency; (ii) checks of the adequacy of reporting, ensuring that information is reliable and complete; (iii) the budget review of the Group for the subsequent year, in line with strategic intentions and the financial resources available; (iv) proposals (in the light of the above) for possible corrective action and support to the owners and management of the Company in the execution of their activities; (v) maintenance, over the period of the mandate, of a careful supervision of the Company in order to identify any risks which may not have been adequately guarded against or evaluated.

Executive Team

Executive Team has the task to define and put into effect the corporate strategy and assess its effectiveness; the members belonging to such body hold top roles within Coeclerici Group.

Internal control system

For Coeclerici the so-called 'risk and related control' culture helps to characterize and affect the outlook and choices of management in pursuing Company objectives and reporting their results. Coeclerici has therefore for some time encouraged the increase and spread of awareness regarding internal control among all Company employees.

In order to ensure that the business's activities are managed properly, correctly and coherently with the pre-established objectives, Coeclerici supports a preventive approach to risk management which aims to orient management towards choices and activities which reduce the probability that negative events will take place and may more easily be contained if they do. To this end, Coeclerici uses risk management strategies which depend on the nature and type of those risks, and which are considered in more detail in 'Note 28 – Risks characterizing the Group's business'. The ways in which management identifies, evaluates, manages and monitors the specific risks arising from Company processes are set out by the regulatory, procedural and organizational instruments contained in the Company's regulatory system. These instruments are permeated with risk culture and therefore geared towards risk containment.

The internal control system is reviewed and updated from time to time to guarantee its suitability for safeguarding against the main risks involved in Company activity, bearing in mind the features of its various operating sectors and organizational structure, as well as any new laws.

Reporting activities

Each month the companies of the Group prepare financial reports which aim to communicate and share information. During the reporting phase, specific checks are made on the accounting procedures and the output data arising from these procedures, so that any errors may be identified and corrected which could affect the correctness and completeness of financial information. This is done both for routine processes taking place during the financial year, and for non-routine ones which generally occur when the accounts are closed at year-end.

Adoption of the Organization, Management and Control Model in accordance with Italian law D.Lgs. 231/2001

Italian law D.Lgs. 231/2001 introduced administrative responsibility for juridical persons, companies and associations. Specifically, it introduced the criminal responsibility of organizations for certain crimes committed in their interest or to their advantage by persons who hold a representative, administrative or managerial role within the organization or within any of its sub-sections possessing administrative and functional autonomy, as well as by persons who exercise by title or in fact the management and control of the same and, finally, by persons under the direction or supervision of the entities indicated above. The important criminal actions are those against the Public Administration and in favor of the company's interests. However, arts. 6 and 7 of Italian Legislative Decree 231/2001 envisage a form of exemption from liability, should (i) the company demonstrate that it had adopted and put into practice organizational, management and control models, before the crime was committed, suited to preventing the crimes indicated in the law; (ii) if the task of supervising the functioning and observance of the models and ensuring that they are updated has been entrusted to a department of the organization with autonomous powers of initiative and control.

The Board of Directors of Coeclerici SpA approved the organization, management and control model established by D.Lgs. 231/2001, with the purpose of creating a structured and organic system of procedures and preventive control activities having as its objective the prevention of crimes referred to in the aforementioned decree.

The supervisory body consists of one external and one internal member who were appointed by the Board of Directors on 24 March 2022; it will remain in office until the approval of the 2022 financial statements.
During the year, the supervisory body has analysed the systems of information flow which enable it to supervise the functioning and observance of the models, including similarly an examination of reports arising from audit, as well as the planning of further activities. In order to put the checks into effect, the supervisory body has set up a series of interventions to check that the protocols adopted are respected.

Activity of Management and Coordination

Coeclerici SpA is subject to management and coordination by Fincler Srl. For the purposes of article 2497-*bis* of the Italian civil code, the Italian subsidiary IMS Technologies SpA has indicated Coeclerici SpA as the company exercising management and coordination. This activity consists in identifying general and operational strategic indications for the Group and takes shape in the defining and adjusting of internal control and risk management systems together with governance models and Company organization, in the issuing of a Code of Conduct adopted at Group level and in the creation of general policies for human and financial resource management, and the supply of productive, trading and communication factors.
Management and coordination, at Group level, enables subsidiaries, which remain fully autonomous at a managerial and operational level, to enjoy economies of scale by using the professionalism and specialist knowledge available thereby raising quality levels and concentrating their energies on their core business. Subsidiaries based abroad generally benefit from such activities.

OUTLOOK

Regarding fossil fuel, a recent report published by the International Energy Agency confirms that global coal consumption reached 8 billion tonnes in 2022. These final figures would match the one-year record set in 2013, and coal demand is likely to increase further next year. Demand has been supported mainly by the increase in the price of natural gas, which has made electric power generated from coal more competitive in terms of cost, and has furthered the transition from gas to coal in many countries.
Notwithstanding the current scenario, our coal trading continues with its usual prudent approach, but with the objective of increasing our presence in new markets and geographical territories. During the first months of 2023, coal prices have remained at high levels, to the benefit of operating margins.

It should be noted that the Group's results recorded in 2022 were significantly influenced by the activity of marketing coal, mainly in Europe, from the mine the Group owns in Russia. In connection with the conflict currently in progress in Ukraine, some countries have enacted sanctions against Russia. In particular, the European Regulation dated 8 April 2022 introduced, among other provisions, a ban as from 9 August 2022 on the direct or indirect purchase, import or transfer into the European Union of coal and other fossil fuels originating or exported from Russia. Consequently, from August the Group ceased marketing coal in Europe through its subsidiary Coeclerici Commodities SA. The Russian company that holds the mining rights continues, under its local management, to market coal both in its local territory and in other countries that do not have adopted sanctions, at volumes lower than the ones previously achieved in the European market. In this context, even though positive results were achieved and were further confirmed in the first months of 2023, the Group's results are expected to decrease from the figure for fiscal year 2022.
To date it is difficult to foresee what the ultimate impact of the economic crisis triggered by the conflict in Ukraine may be, in part because the various scenarios – including those regarding sanctions – may evolve further. As the Group's activities depend significantly on mining activity in Russia, a further tightening of sanctions might have a further impact on the Group's profit outlook. However, even amid these uncertainties, and in compliance with the applicable regulations,

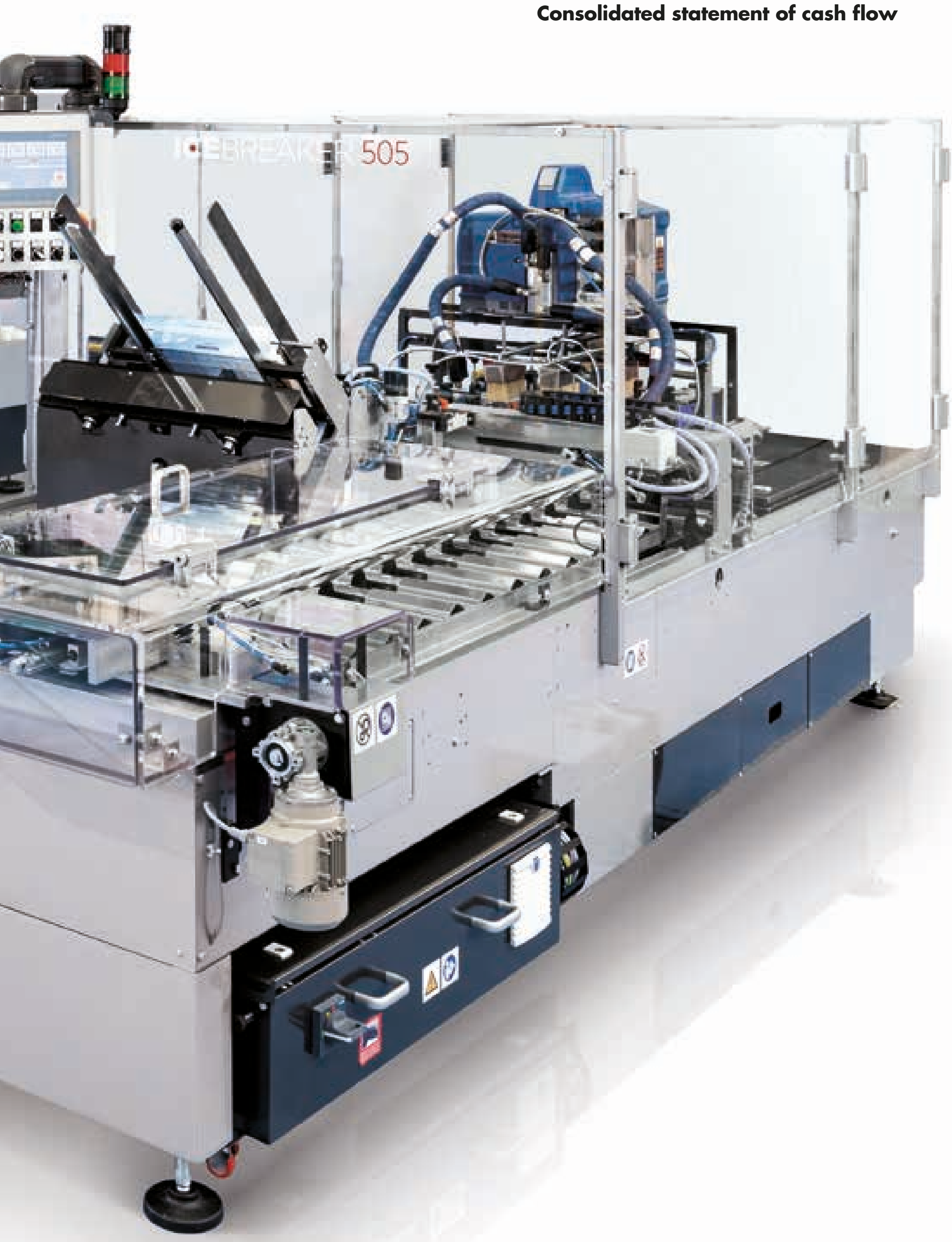
the mine's activity of extracting and marketing coal continues, albeit at lower volumes, with levels of profitability that will benefit from coal prices. These earnings are likely to be able to support the expectation of a positive profit in 2023.
Notwithstanding the situation of uncertainty that characterizes the possible evolution of current scenarios and based on the results expected for 2023, the management has prepared the financial statements on a going-concern basis, considering Group's net assets and financial position and in view of the fact that the mine continues to operate autonomously, (in compliance with the relevant regulatory sanctions) selling coal in countries that have not introduced restrictions on the importation of Russian coal.

Uncertainties persist about the course of global trade. However, the Industry Division expects volume to stabilize in 2023, and profitability to improve.

The increase in the cost of materials and the long lead times for procurement will surely be the principal challenge to be faced by the Division. These are external factors that had an extensive impact during 2022; management has taken economic and organizational steps to counteract them so as to keep the business profitable. Specifically, list prices have been raised to mitigate the increase in the cost of materials, and internal operating procedures have been redefined to shorten machine production times. The unit also remains committed to renovating its operating procedures in its main markets by applying new technologies. The development of our platform in an Industry 4.0 environment is now a reality, and has already been sold to some clients who will benefit from on-board machine sensors communicating with the platform and with their ERP. Remote installation is becoming more and more common, and is getting to be standard practice. Meantime, we continue to study new engineering approaches to facilitate self-commissioning by clients.


ROTOMAC
ROTOMAC

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022 (thousands of Euro)

ASSETS	(NOTE)	31-Dec-2022	31-Dec-2021	CHANGES
NON-CURRENT ASSETS				
Property, plant and equipment	1	90,425	75,883	14,542
Right of use assets	2	14,238	18,267	(4,029)
Intangible assets	3	15,811	14,086	1,725
Other investments	4	2,925	2	2,923
Financial assets measured at FVOCI	4	611	1,248	(637)
Deferred tax assets	25	1,263	833	430
Other non-current assets	5	12,815	12,050	765
TOTAL NON-CURRENT ASSETS		138,088	122,369	15,719
CURRENT ASSETS				
Inventories	6	132,646	100,504	32,142
Trade receivables	7	77,296	49,932	27,364
Prepayments	8	2,140	2,523	(383)
Other receivables and current assets	9	26,884	19,961	6,923
Cash and cash equivalents	10	77,429	59,745	17,684
TOTAL CURRENT ASSETS		316,395	232,665	83,730
TOTAL ASSETS		454,483	355,034	99,449

EQUITY AND LIABILITIES	(NOTE)	31-Dec-2022	31-Dec-2021	CHANGES
SHAREHOLDERS' EQUITY				
Group equity	11	108,450	77,965	30,485
Minority interests	11	600	168	432
TOTAL SHAREHOLDERS' EQUITY		109,050	78,133	30,917
NON-CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	46,567	55,711	(9,144)
Provision for risks and charges	13	23,652	13,985	9,667
Post-employment benefits	14	3,418	3,438	(20)
Deferred tax liabilities	25	2,624	3,623	(999)
TOTAL NON-CURRENT LIABILITIES		76,261	76,757	(496)
CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	37,027	53,145	(16,118)
Provision for risks and charges	13	376	260	116
Trade payables	15	73,826	45,318	28,508
Other payables and current liabilities	16	157,943	101,421	56,522
TOTAL CURRENT LIABILITIES		269,172	200,144	69,028
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		454,483	355,034	99,449

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2022 (thousands of Euro)

	(NOTE)	2022	2021	CHANGES
Revenues from sales and services	17	1,428,640	652,849	775,791
Operating costs	18	(1,192,663)	(543,787)	(648,876)
GROSS MARGIN		235,977	109,062	126,915
Overhead and administrative expenses	19	(60,547)	(47,148)	(13,399)
Capital gains / (losses) on non-current assets	20	317	160	157
Other net operating income (costs)	21	(85,559)	(9,375)	(76,184)
EBITDA		90,188	52,699	37,489
Depreciation, amortization and write-down	22	(12,535)	(10,367)	(2,168)
EBIT		77,653	42,332	35,321
Net financial income / (expenses)	23	(8,166)	(5,255)	(2,911)
Profit / (loss) on foreign exchange	24	(12,652)	940	(13,592)
RESULT BEFORE TAXES		56,835	38,017	18,818
Taxes	25	(15,993)	(9,890)	(6,103)
NET RESULT FROM CONTINUING OPERATIONS		40,842	28,127	12,715
Net result from discontinued operations		-	-	-
NET RESULT		40,842	28,127	12,715
Attributable to the Coeclerici Group		40,537	28,039	12,498
Attributable to minority interests		305	88	217

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2022
(thousands of Euro)

	(NOTE)	2022	2021	CHANGES
NET RESULT		40,842	28,127	12,715
Items that may be reclassified subsequently to the Income Statement:				
- Differences from conversion of financial statements in currencies other than Euro		4,617	3,864	755
- Change in the fair value of cash flow hedge financial instruments	27	(4,348)	3,745	(8,093)
Total items that may be reclassified, net of tax effects		269	7,609	(7,340)
Items that will NOT be reclassified subsequently to the Income Statement:				
- Change in the fair value of financial assets measured at FVOCI	4	(583)	67	(650)
- Actuarial gains / (losses)		268	(92)	360
Total items that will NOT be reclassified, net of tax effects		(315)	(25)	(290)
NET INCOME RECORDED DIRECTLY IN EQUITY		(46)	7,584	(7,630)
TOTAL COMPREHENSIVE INCOME		40,796	35,711	5,085
ATTRIBUTABLE TO:				
- Attributable to the Coeclerici Group		40,485	35,610	4,875
- Attributable to minority interests		311	101	210

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2022 (thousands of Euro)

	SHARE CAPITAL	LEGAL RESERVE	TRANSLATION RESERVE	MERGER SURPLUS RESERVE	RESERVE RELATED TO THE FAIR VALUE OF FINANCIAL INSTRUMENTS	ACTUARIAL GAINS / (LOSSES)	OTHER RESERVES	RETAINED EARNINGS	NET RESULT	TOTAL CC GROUP EQUITY	TOTAL MINORITY EQUITY	TOTAL EQUITY
At 31 December 2020	**10,000**	**2,000**	**(9,282)**	**2,896**	**(1,567)**	**(323)**	**49,198**	**3,341**	**(9,908)**	**46,355**	**67**	**46,422**
2020 net result transferred to reserves	-	-	-	-	-	-	-	(9,908)	9,908	**-**	-	**-**
Dividends paid	-	-	-	-	-	-	-	(4,000)	-	**(4,000)**	-	**(4,000)**
Net income recorded directly in equity	-	-	3,851	-	3,812	(92)	-	-	-	**7,571**	13	**7,584**
Net result for 2021	-	-	-	-	-	-	-	-	28,039	**28,039**	88	**28,127**
At 31 December 2021	**10,000**	**2,000**	**(5,431)**	**2,896**	**2,245**	**(415)**	**49,198**	**(10,567)**	**28,039**	**77,965**	**168**	**78,133**
2021 net result transferred to reserves	-	-	-	-	-	-	-	28,039	(28,039)	**-**	-	**-**
Dividends paid	-	-	-	-	-	-	-	(10,000)	-	**(10,000)**	-	**(10,000)**
Net income recorded directly in equity	-	-	4,611	-	(4,931)	268	-	-	-	**(52)**	6	**(46)**
Effect of change in area of consolidation	-	-	-	-	-	-	-	-	-	**-**	121	**121**
Net result for 2022	-	-	-	-	-	-	-	-	40,537	**40,537**	305	**40,842**
At 31 December 2022	**10,000**	**2,000**	**(820)**	**2,896**	**(2,686)**	**(147)**	**49,198**	**7,472**	**40,537**	**108,450**	**600**	**109,050**

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2022 (thousands of Euro)

	2022		2021	
A CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	59,745		64,785	
B CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES				
BEFORE CHANGES IN NET WORKING CAPITAL	57,700		42,018	
Net result		40,537		28,039
Minority interest net result		305		88
Depreciation of property, plant and equipment		8,828		6,883
Amortization of intangible assets		1,003		930
Depreciation of right of use assets		2,704		2,424
Write-down of tangible and intangible assets		-		130
Losses (gains) on non-current assets		(317)		(160)
Interest paid		(5,123)		(3,031)
Net change in provisions for liabilities and charges		9,783		6,715
Net change in post-employment benefits		(20)		-
CHANGES IN NET WORKING CAPITAL	21,559		(8,156)	
Net change in deferred taxes		(1,429)		869
Change in inventories		(32,142)		(20,311)
Change in trade receivables		(27,364)		(27,589)
Change in trade payables		28,508		18,949
Change in advances from customers		29,865		6,032
Other changes in working capital		24,121		13,894
CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES (B)	79,259		33,862	
C CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment	(18,986)		(18,998)	
Investments in right of use assets	(6,132)		(2,203)	
Investments in intangible assets	(2,450)		(4,191)	
Investments in other companies	(2,923)		-	
Disposal of property, plant and equipment	8,591		64	
Disposal of intangible assets	44		-	
Disposal of right of use assets	19		153	
Change in other non-current assets	(765)		(261)	
Dividends from investments in other companies	2		-	
Disposal / (Increase) of investments in financial assets measured at FVOCI	65		(959)	
CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES (C)	(22,535)		(26,395)	
D CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES				
Net change in current and non-current financial payables	(29,040)		(8,507)	
Dividends paid	(10,000)		(4,000)	
CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES (D)	(39,040)		(12,507)	
E OVERALL CASH FLOW GENERATED (ABSORBED) (E = B + C + D)	17,684		(5,040)	
F CASH AND CASH EQUIVALENTS AT END OF PERIOD (A + E)	77,429		59,745	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Coeclerici Group as of December 31, 2022

PRINCIPLES USED IN DRAWING UP THE FINANCIAL STATEMENTS

The consolidated financial statements for the period to 31 December 2022 were prepared under the assumption of going concern, as the Directors have found that there are no indications of any material uncertainties about the Group's ability to meet its own obligations within the foreseeable future, and in particular over the next 12 months.

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS also include the International Accounting Standards (IAS) still in place, as well as the interpretations of the IFRS Interpretations Committee, formerly called the International Financial Reporting Interpretations Committee (IFRIC) and even earlier the Standing Interpretations Committee (SIC).

The financial statements have been drawn up on the basis of historical cost, modified as requested for the evaluation of some financial instruments.

The financial statements are in euro, and unless otherwise indicated, figures are in thousands of Euro.
The consolidated financial statements consist of the balance sheet, income statement, comprehensive income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements; they have been drawn up by using the accounts of the Holding Company and its subsidiaries, whether Italian or foreign, in which Coeclerici SpA directly or indirectly holds a majority of voting rights, and on which it therefore exercises control or from which it obtains benefits in virtue of its power of regulating their financial and operational policies.

For the purposes of drawing up the consolidated financial statements, the financial statements of the period to 31 December 2022 have been used. The financial statements have been adjusted where necessary to respect consolidation requirements and bring them into line with International Financial Reporting Standards (IFRS).

Financial statement models

The Coeclerici Group presents its income statement by expense type, a manner regarded as more representative than classification by function.

The balance sheet has been drawn up in conformity with IAS 1 by classifying assets and liabilities as 'current / non-current'.

Current assets are classified as such when they may predictably be realized within the normal operational cycle of the business, that is within twelve months from the date of the financial statements. Inventories and trade receivables are included in current assets.

Tangible and intangible assets, as well as all assets other than current ones, are included as non-current assets.

Current liabilities are classified as such when they may predictably be discharged within the normal operational cycle of the business, that is within twelve months from the date of the financial statements.

The cash flow statement was drawn up according to the indirect method.

Some items in the financial statements and notes to the financial statements were reclassified to provide better comparisons.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

These are firms that the Group controls, as defined by 'IFRS 10 – Consolidated Financial Statements', standard issued by the IASB in May 2011. Control exists when the Group has the direct or indirect power to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until such time as that control ceases to exist. The amounts of equity and profit attributable to minority shareholders are shown separately in the consolidated balance sheet and income statement. Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group. The book value of the shares held is eliminated against a corresponding fraction of the subsidiary's equity, calculated by attributing each asset and liability its value at the date the Group acquired control. Any remaining positive difference is included under 'goodwill'; any negative difference is recorded in the income statement, as required by 'IFRS 3 – Business Combinations'.

Jointly controlled entities

These are firms over whose business the Group has joint control as defined in 'IFRS 11 – Joint Arrangements', issued by the IASB in May 2011. The consolidated financial statements include the share of the results of jointly controlled entities attributable to the Group, measured using the equity method, from the date on which joint control starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to bring their accounting policies in line with those adopted by the Group.

Associated companies

These are companies over whose financial and operating policies the Group has considerable influence, but not control or joint control, as defined by 'IAS 28 – Investments in associates and joint ventures'.
The consolidated financial statements include the share of the results of associated firms attributable to the Group, measured using the equity method, from the date on which considerable influence starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of associated companies to bring their accounting policies in line with those adopted by the Group.

Other investments

Minor equity investments in other companies are entered at fair value with the effects charged to the equity reserve along with the other components of the comprehensive income; the variations in the fair value shown in the equity are never reversed in the income statement as specified in 'IFRS 9 – Financial Instruments'. When the investment is not listed in a regulated market and the fair value cannot be reliably determined, the investment is valued at cost adjusted for loss of value. Dividends received from these businesses are included in the income statement.

Transactions eliminated during consolidation

When preparing the consolidated financial statements, all balances and significant transactions between Group companies are eliminated, as well as all unrealized gains and losses on intercompany transactions.

Foreign currency transactions

Items originally expressed in foreign currency are converted into EURO at the historical exchange rate on the date of the transaction. Exchange rate differences upon collection of receivables and settlement of payables in foreign currency are recorded in the income statement. Foreign currency assets and liabilities are entered at the year-end spot exchange rate and the relevant exchange gains and losses are recorded in the income statement. Any net profit is set aside in a special non-distributable reserve until it is realized.

The conversion of the financial statements of foreign subsidiaries using other currencies into EURO is on the basis of the year-end exchange rate for balance sheet items and the average annual exchange rate for income statement items. Exchange differences stemming from the conversion of financial statements expressed in foreign currencies are allocated directly to the 'translation reserve' item under equity.

ACCOUNTING POLICIES

The most important criteria used for valuing when drawing up the consolidated financial statements are shown below.

Property, plant and equipment

Tangible fixed assets are entered at cost price or production cost and are not revalued.
Any costs incurred after the purchase are included only if they increase the future economic benefits inherent in the asset they refer to. All other costs are recorded in the income statement when incurred. Assets are depreciated by applying the following depreciation rates, which are designed to spread the value of the tangible assets adequately over their estimated useful life.

	DEPRECIATION RATES
Buildings	3%
Plant and equipment	10% - 25%
Other tangible assets	12% - 25%

Land is not depreciated.
'Coal reserves' are determined on the basis of an assessment of the fair value of the coal reserves conducted at the moment the mine was purchased, in keeping with 'IFRS 3 – Business Combinations' and this item takes into account amounts paid for subsequent extensions. Mine depreciation is calculated on the basis of the production schedule taking into consideration the quantities mined during the reference period. The depreciation schedule used will write off the value of the coal reserves when the licence expires. The carrying amount of the coal reserves, which is determined on the basis of the recoverability of the book value, may be written down, as outlined in IAS 36.
The costs of dismantling and reclaiming mining sites are recorded in compliance with IAS 16 as a separate component of the reference asset and amortized over the whole remaining life of that asset. These costs are set off against a special risk provision that is used when amounts are paid out to reclaim the sites.
'Assets under construction' include all investments that have not yet become part of the production process.

Intangible assets

According to 'IAS 38 – Intangible Assets', intangible assets are entered as assets when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

Goodwill

If companies are taken over, the assets, liabilities and potential liabilities acquired and identifiable are recorded at their fair value on the takeover date.
If the difference between the takeover price and the share held by the Group at its fair value is positive, this difference is classified as goodwill and is entered in the financial statements as intangible assets.
Any negative difference (badwill) is instead recognized in the income statement at the time of acquisition.
Goodwill is not amortized but its value is tested annually, or whenever specific events or changes in circumstances suggest it may have been impaired. After initial determination, goodwill is calculated at cost less any accumulated impairment losses.
If a previously acquired company whose takeover gave rise to goodwill is partly or entirely transferred, the remaining goodwill will be taken into account in the capital gain or capital loss calculation.
When the International Financial Reporting Standards were applied for the first time, the Group chose not to apply 'IFRS 3 – Business Combinations' retroactively to company takeovers that occurred before 1 January 2006. Consequently, the allocations made on the purchase dates have not been reviewed.

Exploration assets

Costs relating to the purchase of exploration rights, geological and topographical surveys, exploratory drilling and excavation, sampling, and the technical feasibility and commercial viability studies of a mining resource are recorded as exploration and evaluation assets, in compliance with IFRS 6. These costs are recorded as intangible assets and amortized over the period during which it is expected the relevant mining will take place. Exploration assets may be decreased in value in compliance with the procedures laid down in IAS 36, when their book value is not recoverable.

Other intangible assets

According to 'IAS 38 – Intangible Assets', other intangible assets (purchased or produced internally) are entered as such when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.
These assets are assessed at purchase price or production cost and amortized on a straight-line basis over their estimated useful lives if they have a definite useful lifespan. Intangible assets with indefinite useful lives are not amortized, but are assessed for loss of value annually, or whenever specific events suggest they may have been impaired.
Other intangible assets acquired after taking over a company are entered separately from goodwill if their fair value can be measured reliably.

Leasing contracts

'IFRS 16 – Leases' which replaced 'IAS 17 – Leases' went into effect on 1 January 2019.
The new standard provides a new definition of lease and introduces a new criterion based on the control (right of use) of an asset to distinguish lease agreements from service agreements. The discriminating factors are the identification of the asset, the right to replace it, the right to obtain substantially all economic rewards deriving from the use of the asset and the right to control the use of the asset underlying the contract.
The standard establishes a single model for recognizing and measuring lease agreements for the lessee; it calls

for recording the asset covered by a lease, including an operating lease, under assets with a financial payable as a balancing entry.

The standard does not include significant changes for lessors. An agreement is classified as a finance lease or a operating lease when entered into by examining the contract requirements and/or the kind of asset being leased.

In the balance sheet, the application of the new standard to lease agreement entails initially recording a right-of-use asset pursuant to IFRS 16, equal to the present value of the minimum future mandatory payments that the tenant will have to pay, that will be amortized over the lesser of the economic-technical life of the asset and the remaining term of the agreement, and recording a financial payable equal to the present value of the minimum future mandatory payments the tenant will have to pay. The payable will later be reduced gradually as the rent payments are made. Starting in 2019, rent payments will no longer be recorded in the income statement. The depreciation of the right of use will instead be recorded as well as financial expense on the payable recorded.

When adopting IFRS 16, the Group took advantage of the exemption provided in Paragraph 5 a) in relation to short-term leases and the exemption granted in Paragraph 5 b) concerning lease agreements in which the underlying asset is a low-value asset. For these leases, IFRS 16 does not require the recognition of the financial lease liability and the related right of use, but lease payments can be recognized in the income statement on a straight-line basis over the life of the respective leases.

Loss of asset value

The Group regularly assesses the recoverability of the book values of intangible and tangible assets to determine if there is any sign they may have been impaired. If there is such evidence, the book values of the assets concerned are decreased to their respective recoverable values. The recoverable value of an asset is either its fair value less any costs of sale or its value in use, whichever the greater. To determine the value in use of an asset, the Group calculates the present value of the estimated future cash flows (gross of taxation) discounted at a before-tax rate which reflects the current market time value of money and the specific risks associated with that asset.

An impairment loss is recorded if the recoverable value is lower than the book value. When an impairment loss (excluding impairment losses on goodwill) subsequently reverses or decreases, the book value of that asset or cash-generating unit is increased to the revised estimate of its recoverable amount which cannot exceed the book value that would have been determined had no impairment loss been recognized for that asset. Reversal of an impairment loss is immediately recognized in the income statement.

Financial assets measured at FVOCI

Financial assets measured at FVOCI are initially recorded at purchase price and subsequently assessed at fair value. Gains and losses from changes in fair value are recognized directly in shareholders' equity, and these gains and losses are never reversed in the income statement as specified in 'IFRS 9 – Financial Instruments'.

Financial instruments

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

Non-current financial assets other than equity investments, current financial assets, and financial liabilities are entered according to 'IFRS 9 – Financial instruments'.

Financial derivatives

Financial derivatives are normally used with the intention of hedging. In line with IFRS 9, financial derivatives may be recorded according to the methods laid down for hedge accounting only when, at the beginning of the hedging, the Group formally designates and documents the hedging relationship, the nature of the risk, its objectives in managing the risk, the strategy followed and methods it will use to assess whether the hedging relationship will continue to meet the requirements of an effective hedge (including an analysis of sources of the hedge's ineffectiveness and how the hedging relationship is determined).

A hedging relationship satisfies qualifying criteria for hedge accounting if all the following conditions are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the impact of credit risk does not prevail over changes in value resulting from the above economic relationship.

All financial derivatives are measured at their fair value, as laid down in IFRS 9. When financial instruments have the appropriate characteristics to be entered according to hedge accounting methods, the following accounting principles are applied:

- Fair value hedge – if a financial derivative is designated to hedge the exposure to changes in fair value of an asset or liability shown on the financial statements and attributable to a particular risk which may affect the income statement, the gain or loss from subsequently re-measuring the hedging instrument at fair value is entered on the income statement. The gain or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognized in the income statement.
- Cash flow hedge – if a financial derivative is designated to hedge exposure to changes in the future cash flows of an asset or liability entered into the financial statements or of a highly probable forecasted transaction that may affect the income statement, the effective portion of the gains or losses on the financial derivative is recorded in equity. Accrued equity gains or losses are reversed and entered into the income statement in the same period in which the hedged transaction is recorded. Gains or losses associated with hedging (or part thereof) which becomes ineffective are recorded in the income statement immediately. If a hedging instrument or hedging relationship is closed before the hedged transaction occurs, the accrued gains and losses recorded up to that time in equity are recorded in the income statement when the relevant transaction actually occurs.

If the hedged transaction is no longer considered likely, the gains or losses that have not yet been realized and are suspended in equity are immediately recorded in the income statement. If hedge accounting cannot be applied, the gains or losses arising from the fair value assessment of the financial derivative are immediately entered in the income statement.

Inventories

Inventories of commodities are entered at either the cost price of the inventories on hand, measured according to the FIFO method, or their estimated realizable value on the basis of market price, whichever the lower.

Work in progress is recorded at the value of the agreed fees, accrued with reasonable certainty, according to the percentage of completion method, having taken into account the stage of completion achieved. The stage of work completion is measured with reference to the job costs incurred as of the balance sheet date in relation to the total costs estimated for each order.

If the result of a work in progress cannot be reliably estimated, the job revenue is recognized only to the extent that the costs incurred are likewise recoverable. When the result of an order can be reliably estimated and it is probable that the contract will generate a profit, the job revenue is recognized over the duration of the contract. When it is probable that the total of the job costs exceeds the total of the job revenues, the potential loss is recognized immediately in the income statement.

The Group presents as an asset the amount owed by the customers for the contracts relating to the jobs underway in relation to which the costs incurred, plus the recognized margins (less the recognized losses), exceed the invoicing on a stage of completion basis. The amounts invoiced, but not yet collected from the customers, are included under the caption 'Trade receivables'.

The Group presents as liability the amount owed to the customers, for the contracts for all the jobs underway in relation to which the amounts invoiced on a stage of completion basis exceed the costs incurred, inclusive of the recognized margins (less the recognized losses). The liabilities are included under the heading 'Other payables and current liabilities'.

Trade receivables

These are recorded at their presumed realizable value.

Cash and cash equivalents

These include cash on hand, the surplus balance of current accounts, the total of bank deposits, and all high-liquidity investments with due date within the next three months.

Provisions for risks and charges

The Group records provisions for risks and charges when: it has a legal or implicit obligation towards third parties, it is likely that Group resources will be needed to fulfil this obligation and when a reliable estimate of the total value of the obligation itself may be made. The provisions reflect the best possible estimate on the basis of the facts available. Estimates are updated to the date of the financial statements. Changes in the estimates are reflected in the income statement for the period during which they are made.

Post-employment benefits

Post-employment benefits are calculated according to IAS 19.
The severance indemnity reserve is regarded as a 'defined benefit plan' and is measured on the basis of actuarial calculations using the 'Projected Unit Credit Method'. The actuarial gains and losses generated by applying this method are recognized under the equity caption 'Actuarial gains / (losses)'.
For Italian companies belonging to the Group with a number of employees of less than 50, the amendments made by Italian law No. 296 of 27 December 2006 (the 2007 Finance Act) and subsequent decrees and regulations issued during the first months of 2007 allow employees to keep their post-employment benefit within the company without being obliged to opt to hand it over to a supplementary pension fund or assign the post-employment benefit to the treasury fund at the Italian national social security institute (INPS).

Recognition of revenues and costs

Revenues deriving from contracts with customers are recognized when control over the goods and services is transferred to the customer in an amount that reflects the consideration the Group expects to receive in exchange for such goods and services. Revenues are shown net of discounts and allowances.
Financial revenues and revenues from services are recognized on an accrual basis.
Revenues from the sale of industrial machines are accounted for when the machine is installed and tested at the customer's plant.

Capital grants

Capital grants are recognized when they are definitively assigned to the Company and recorded in the income statement at the same time as the asset they refer to is depreciated.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis, according to the amount of time that passes and using the actual effective rate.

Income taxes for the period

Income taxes include all the taxes calculated on the Group taxable income. They are recognized in the income statement, with the exception of those concerning items directly charged or credited to equity, in which case the tax effect is recorded directly in equity. Other taxes not related to income, such as taxes on property and capital, are included among the operating expenses. The taxable income is different from the amount recorded in the income statement since it excludes positive and negative components. The liability for current taxes is calculated using the rates officially or actually in force at the year-end.

Deferred taxes are set aside according to the overall liability allocation method. They are calculated on all temporary differences which may emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements. Deferred tax assets on tax losses and unused tax receivables that may be carried forward, as well as on temporary differences, are recognized to the extent that it is likely that future taxable income may emerge against which they can be recovered.

Use of estimates

In order to draw up the financial statements, the Directors produce estimates and assessments that affect the amounts recorded as assets, liabilities, costs and revenues, as well as on the presentation of potential assets and liabilities. The Directors periodically check their estimates and assessments on the basis of past experience and other factors considered reasonable in the circumstances. The use of estimates and assessments is particularly important in determining the following balance sheet and income statement items:

a) Tangible and intangible assets – Useful life and recoverability estimates

The Company has significant quantities of tangible and intangible assets. Establishing the useful lives of assets and determining whether they are recoverable (in order to decide whether the company should write them down), involves assessments and estimates.

Assets are depreciated or amortized on the basis of their useful lives, which is estimated for each category (tangible and intangible). The recoverable value of tangible and intangible assets depends on the possibility the assets have of generating sufficient net cash flows to recover their book value over the course of their estimated useful life.

b) Additional estimates

Estimates are also used to enter the presumed values of certain receivables, the fair value of derivatives and financial assets measured at FVOCI, the funds set aside for employee benefits, taxes and other provisions. Further details about these kinds of estimates can be found in the specific notes on each item. Generally speaking, the final figures in the following accounting period may differ from the estimates originally entered.

Changes in estimates are recorded in the income statement for the accounting period during which they actually appear.

In the absence of an established principle or interpretation applicable to a specific operation, the Group's management decides which accounting methods to adopt, through its own well thought-out and subjective evaluations, in order to provide relevant and reliable information so that the financial statements:

- paint a true picture of the company's balance sheet and financial position, net result and cash flow;
- reflect the economic substance of transactions;
- are neutral;
- are prepared on a prudent basis;
- are complete in all relevant aspects.

CONSOLIDATION AREA

A list of companies included in the consolidation area (scope of consolidation) is appended to the notes to the financial statements.

The following changes have taken place since the previous financial year:

- Acquisition of 100% of the capital of the company 'Commodities Middle East and Africa FZCO' by the subsidiary 'Coeclerici Far East (Pte) Ltd'.

ACCOUNTING PRINCIPLES RECENTLY ISSUED

IFRS Accounting principles, amendments and interpretations applied starting on 1 January 2022

- 'Amendment to IFRS 16 Leases Covid-19 – Related Rent Concessions', published on 28 May 2020 and issued by the IASB with the aim of allowing a lessee to refrain from applying the requirements of IFRS 16 to the accounting effects resulting from contractual modifications to reduce lease payments granted by lessors that are a direct consequence of the Covid-19 epidemic. The change introduces a practical expedient whereby a lessee may choose not to assess whether the reduction in lease payments constitute contractual changes. A lessee that chooses to use this expedient must record these reductions as if they were not contractual changes within the scope of IFRS 16. The changes were to be applicable by 30 June 2021, but because of the continuing impact of the Covid-19 pandemic, on 31 March 2021 the IASB extended the period for applying the practical expedient until 30 June 2022. During the 2022 financial year the Group received no reductions in lease payments in connection with Covid-19, but it expects to apply the practical expedient if the relevant circumstances arise within the permitted application period.

Accounting standards, amendments and interpretations issued by the IASB/IFRIC and approved by the European Commission

The Group has not applied the following principle and amendments that have been issued but have not yet taken effect.

- On 18 May 2017, the IASB issued 'IFRS 17 – Insurance Contracts', a new standard related to insurance contracts that covers recognition, measurement, presentation and disclosures. When it goes into effect, this standard will replace 'IFRS 4 – Insurance Contracts' which was issued in 2005. It will apply to all types of insurance contracts (for example life, non-life, direct insurance, re-insurance), regardless of the kind of entity that issues them, and to some guarantees and financial instruments with discretionary participation features. The general aim of IFRS 17 is to introduce an accounting model for insurance contracts that is more useful and uniform for insurers. IFRS 17 will apply to financial years beginning on or after 1 January 2023.

- On 23 January 2020, the IASB published 'Amendments to IAS 1: Classification of liabilities as current or non-current'; these changes specify requirements for classifying liabilities as current or non-current. The changes clarify:
  - what is meant by the right to subordinate maturity;
  - that the subordination right must exist at the end of the financial year;
  - that the classification is not impacted by the likelihood that the entity will exercise is subordination right.

  The amendments will be effective for annual reporting periods beginning on or after 1 January 2023 and apply retrospectively.

- In February 2021, the IASB published amendments to IAS 1 that change the reporting obligations relating to accounting principles. Instead of 'significant accounting policies', companies must now disclose 'material accounting policy information'. The amendments provide guidance as to when the accounting policies may be considered to apply. The amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023.

- In February 2021, the IASB published amendments to IAS 8 that added the definition of accounting estimates to that standard. The amendments also clarified that the effects of a change in an input or a measurement technique constitute changes in accounting estimates unless they result from the correction of prior-period errors. The amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023.

- In May 2021, the IASB published amendments to IAS 12 that clarify whether the initial recognition exemption applies to certain transactions that involve the simultaneous recognition of an asset and a liability. The amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

The Directors do not expect any impact from the application of such principle and such amendments.

Accounting standards, amendments and interpretations issued by the IASB/IFRIC and not yet approved by the European Commission

At the reference date of this financial report, there were no accounting principles, amendments or interpretations issued by the IASB or IFRIC that had not yet been approved by the European Commission.

The figures shown in these comments are expressed in thousands of Euro. Figures from the previous period or the exchange value of the amount in the currency of reference are shown in brackets.

Property, plant and equipment (Note 1)

The changes that occurred in property, plant and equipment during 2022 are summarized in the following table:

	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER ASSETS	COAL RESERVES	CLEAN-UP AND RESTO-RATION COSTS	TANGIBLE ASSETS UNDER CON-STRUCTION	TOTAL
At 31 December 2020	**16,153**	**24,560**	**7,446**	**7,568**	**2,217**	**2,069**	**60,013**
Increases	2,711	7,745	797	535	799	6,411	18,998
Transfer from right-of-use assets	-	271	-	-	-	-	271
Decreases	-	(4)	(19)	-	-	(41)	(64)
Depreciation, write-down and revaluation	(346)	(5,161)	(1,418)	(49)	(39)	-	(7,013)
Exchange rate differences	883	1,745	40	558	177	275	3,678
At 31 December 2021	**19,401**	**29,156**	**6,846**	**8,612**	**3,154**	**8,714**	**75,883**
Increases	444	16,343	708	119	-	1,372	18,986
Transfer from right-of-use assets	7,440	-	-	-	-	-	7,440
Decreases	(895)	(40)	(56)	(14)	(627)	(6,959)	(8,591)
Depreciation and write-down	(393)	(7,000)	(1,337)	(47)	(51)	-	(8,828)
Exchange rate differences	1,105	2,000	42	819	350	1,219	5,535
At 31 December 2022	**27,102**	**40,459**	**6,203**	**9,489**	**2,826**	**4,346**	**90,425**

The increases in the items 'Land and buildings' (Euro 444 thousand), 'Plant and machinery' (Euro 16,343 thousand), 'Other assets' (Euro 708 thousand), 'Coal reserves' (Euro 119 thousand) and 'Tangible assets under construction' (Euro 1,372 thousand) are mainly attributable to the investments made by the Russian subsidiary SC Kisk (Euro 17,753 thousand) that were necessary to improve production efficiency at the mining site.

The item 'Transfer from right-of-use assets' refers to the reclassification of the Calcinate facility, formerly recognized under the item for 'Right-of-use assets', to the caption 'Land and buildings' following the exercise of the purchase option provided under the finance lease agreement.

The decrease in the item 'Land and buildings' (Euro 895 thousand) is due to the sale of land owned by the subsidiary Kasper.

The decrease in the item 'Tangible assets under construction' (Euro 6,959 thousand) is due to the capitalization of the investments made by the Russian subsidiary SC Kisk under the caption 'Plant and machinery'.

Right of use assets (Note 2)

The changes that occurred in right of use assets during 2022 are summarized in the following table:

	VEHICLES	PLANT AND MACHINERY, TOOLS	LAND, OFFICES AND INDUSTRIAL PLANTS	OTHER TANGIBLE ASSETS	TOTAL
At 31 December 2020	**425**	**624**	**17,692**	**24**	**18,765**
Increases	477	762	964	-	2,203
Decreases	-	-	(153)	-	(153)
Transfer to property, plant and equipment	-	(271)	-	-	(271)
Depreciation	(322)	(299)	(1,795)	(8)	(2,424)
Exchange rate differences	16	17	114	-	147
At 31 December 2021	**596**	**833**	**16,822**	**16**	**18,267**
Increases	449	1,413	4,270	-	6,132
Decreases	-	-	(19)	-	(19)
Transfer to property, plant and equipment	-	-	(7,440)	-	(7,440)
Depreciation	(366)	(333)	(1,997)	(8)	(2,704)
Exchange rate differences	(9)	-	11	-	2
At 31 December 2022	**670**	**1,913**	**11,647**	**8**	**14,238**

The increases relate mainly to the signing of three finance leases by the subsidiary IMS Technologies to acquire machinery used at the Seriate facility, and the renewal of operating leases by the parent company and the Russian subsidiary SC Kisk.

Following the exercise of the purchase option for the Calcinate facility, at 31 December 2022 the item for 'Right-of-use assets' includes the net carrying amount for the Seriate facility, equal to Euro 5,398 thousand.

Intangible assets (Note 3)

The changes that occurred in intangible assets during 2022 are summarized in the following table:

	GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
At 31 December 2020	**3,082**	**7,519**	**10,601**
Increases	-	4,191	4,191
Amortization and write-down	-	(930)	(930)
Exchange rate differences	-	224	224
At 31 December 2021	**3,082**	**11,004**	**14,086**
Increases	-	2,450	2,450
Decreases	-	(44)	(44)
Amortization and write-down	-	(1,003)	(1,003)
Exchange rate differences	-	322	322
At 31 December 2022	**3,082**	**12,729**	**15,811**

The opening balance of the item 'Goodwill', totaling Euro 3,082 thousand as of 31 December 2021, includes the following two components: Euro 1,814 thousand relating to the recognition in 2017 of the additional value paid for the acquisition of the majority of the IMS Technologies Group (called the IMS Deltamatic Group until 1 May 2018) in excess of the fair value of the identifiable assets purchased, net of the write-down of Euro 7,000 thousand recognized in 2019 and Euro 1,268 thousand relating to the additional value paid in 2020 by the subsidiary Slitters Rewinders Machines Srl to acquire the business division of the company Laem System Srl (an industrial operator with which a business division lease was signed enabling the Group to enter the flexible packaging business) in excess of the fair value of the identifiable assets acquired.

Increases in other intangible assets, totaling Euro 2,450 thousand, primarily included development projects carried out by the Industry Division.

At 31 December 2022, the heading 'Other intangible assets' mainly included the residual value of the mining license held by the Russian subsidiary SC Kisk and development projects carried out by the Industry Division.

Other investments and financial assets measured at FVOCI (Note 4)

This item consists of the following:

	31/12/2022	31/12/2021
Other investments	2,925	2
Financial assets measured at FVOCI	611	1,248
Total	**3,536**	**1,250**

The heading 'Other investments' consisted of the following at 31 December 2022:

	31/12/2022	31/12/2021
BEF Biosystems Srl	1,500	-
Consorzio Maturatori 2000	1	1
Consorzi	1	1
Vecco Group	1,423	-
Total other investments	**2,925**	**2**

The increase in the item 'Other investments' relates to the parent company's investment of Euro 1,500 thousand (13.39% of the corporate capital) in the company BEF Biosystems Srl, an innovative start-up in producing and managing technologies for the bioconversion of organic waste and residues.

During the year, the subsidiary Coeclerici Far East acquired 3% of the share capital (Euro 1,423 thousand) of the Australian start-up Vecco Group, which operates in the production and sustainable processing of vanadium.

'Financial assets measured at FVOCI' consist of the following:

	31/12/2022	31/12/2021
Illimity Bank	583	1,104
Hao Capital Fund II L.P.	28	144
Total financial assets measured at FVOCI	**611**	**1,248**

During 2022 this item decreased by Euro 637 thousand as a result of a decrease in the fair value of Hao Capital Fund II L.P. and of the shares in Illimity Bank.

Further information about the Hao Capital Fund II L.P. investment fund is provided in 'Note 29 – Obligations and guarantees'.

Other non-current assets (Note 5)

This heading consists of the following:

	31/12/2022	31/12/2021
Other receivables	-	103
Tax receivables	367	410
Receivables from holding company for tax consolidation	12,150	11,302
Guarantee deposits	298	235
Total other non-current assets	**12,815**	**12,050**

The decrease in the item 'Other receivables' is the consequence of the withdrawal of the liquid funds in a restricted current account held by the subsidiary Elvezia Immobiliare.

The 'Tax receivables' for Euro 367 thousand include fiscal and tax receivables recognized by the Commodities Division.

'Receivables from holding company for tax consolidation' refer to net receivables arising from the tax consolidation for IRES purposes; they represent the recoverable amount based on the Group's projected future taxable income. For further details regarding the composition of this amount, refer to 'Note 25 – Taxes'. These receivables, which arose as a result of the transfer of Group tax losses to the parent company, shall be liquidated, pursuant to the tax consolidation agreement, upon the Consolidator's use of the aforementioned tax losses. It is expected that these losses can be recovered in the medium to long term.

Inventories (Note 6)

Inventories, equal to Euro 132,646 thousand (Euro 100,504 thousand at 31 December 2021), are made up as follows:

	31/12/2022	31/12/2021
Raw, subsidiary and consumable materials	9,812	6,779
Work in progress and semifinished goods	105,705	72,285
Industry Division goods	341	800
Goods	16,788	20,640
Total inventories	**132,646**	**100,504**

The increase in the item 'Raw, subsidiary and consumable materials' is due mainly to the higher inventories of the subsidiary IMS Technologies and is attributable to the strong increase in orders.

The heading 'Work in progress and semifinished goods' contains the valorization of the contracts underway in relation to the Industry Division according to the percentage of completion method.

As can be seen from the breakdown of the 'Goods' item below, which refers entirely to various types of coal, the value of the goods in inventory is less than the amounts reported as at 31 December 2021, primarily due to lower volumes in stock and the foreign exchange effect.

	31/12/2022		31/12/2021	
	TONNES	EURO/000	TONNES	EURO/000
Goods	317,159	16,788	415,902	20,640

Trade receivables (Note 7)

This heading amounts to Euro 77,296 thousand (Euro 49,932 thousand at 31 December 2021) and consists entirely of receivables resulting from normal commercial operations with customers. It is shown net of the provision for bad debts amounting to Euro 4,156 thousand (Euro 6,518 thousand at 31 December 2021).
Trade receivables at 31 December 2022 can be divided between the following expiry periods:

	31/12/2022	31/12/2021
Invoices to be issued	2,677	1,882
Receivables not yet due	58,099	33,606
Due < 60 days	10,996	9,810
Due < 180 days	2,864	1,732
Due < 365 days	908	1,320
Due > 1 year	5,908	8,100
Provision for bad debts	(4,156)	(6,518)
Total trade receivables	**77,296**	**49,932**

The increase in this item resulted mainly from the growth in trade receivables generated by normal operations in the Commodities Division and was affected by the sharp rise in coal prices.
It should be noted that in the months subsequent to December 2022, a large proportion of the receivables shown in the table at 31 December 2021 with an expiry of less than 60 days was actually collected.

The movement in the provision for bad debts during 2022 was as follows:

Provision for bad debts at 31 December 2021	**(6,518)**
Provisions	(142)
Releases	1
Uses	2,795
Exchange rate differences	(292)
Provision for bad debts at 31 December 2022	**(4,156)**

Releases refer to the collection of receivables written down in prior periods.

Prepayments (Note 8)

The final balance of Euro 2,140 thousand (Euro 2,523 thousand at 31 December 2021), refers mainly to advances paid by the Industry Division primarily relating to the supply of goods.

Other receivables and current assets (Note 9)

This heading consists of the following:

	31/12/2022	31/12/2021
Other receivables	650	560
Receivables relating to the fair value of financial instruments	94	5,165
Tax receivables	19,106	12,199
Accrued income and prepaid expenses	7,034	2,037
Total other receivables and current assets	**26,884**	**19,961**

The item 'Receivables relating to the fair value of financial instruments' refers to an interest rate swap transaction carried out by the subsidiary IMS Technologies, as more fully described in 'Note 27 – Information regarding financial instruments', which provides further details. 'Tax receivables' refer mainly to VAT receivables.

Cash and cash equivalents (Note 10)

This heading consists of the following:

	31/12/2022	31/12/2021
Bank and postal deposits	77,377	59,698
Cash in hand	52	47
Total cash and cash equivalents	**77,429**	**59,745**

Bank deposits held with mainstream banks are managed centrally by the Holding Company's Treasury department, or under its direct supervision if held separately. Refer to the Cash Flow Statement for an explanation of the variations in cash and cash equivalents.

Total Equity (Note 11)

The movements which occurred in the various elements of Group equity are indicated in the relevant notes.

The 'Share capital', wholly subscribed to and paid up, amounts to Euro 10,000 thousand and consists of 10,000,000 ordinary shares each of a nominal value of Euro 1.

The 'Legal reserve' of Euro 2,000 thousand is the legal reserve held in the Holding Company.

The 'Translation reserve' had a negative balance of Euro 820 thousand, related to the conversion into Euro of the financial statements of consolidated foreign subsidiaries that prepare financial statements in currencies other than the Euro; it shows a positive change of Euro 4,611 thousand, mainly because of the revaluation of the Russian ruble (exchange rate of EUR/RUB 77.86 as of 31 December 2022 compared to an exchange rate of 85.30 as of 31 December 2021).
The 'Merger surplus reserve' had a positive balance of Euro 2,896 thousand and remained unchanged compared to its value at 31 December 2021.

The 'Reserve related to the fair value of financial instruments', with a negative value of Euro 2,686 thousand, reflects a decrease of Euro 4,931 thousand due to the negative change in the fair value of derivative financial instruments (as more fully described in 'Note 27 – Information regarding financial instruments').

The heading 'Actuarial gains / (losses)' with a negative balance of Euro 147 thousand, increased by Euro 268 thousand and is related to the actuarial evaluation of defined benefit plans (TFR) at 31 December 2022 (as more fully detailed in 'Note 14 – Post-employment benefits').

The item 'Other reserves', with a positive balance of Euro 49,198 thousand, remained unchanged compared to its value at the end of the previous financial year.

The item 'Retained earnings' showed a positive balance of Euro 7,472 thousand after retaining the profit for the previous financial year for Euro 28,039 thousand and distributing dividends to the sole shareholder for Euro 10,000 thousand.

The item 'Retained earnings' showed a positive balance of Euro 7,472 thousand after retaining the profit for the previous financial year for Euro 28,039 thousand and distributing dividends to the sole shareholder for Euro 10,000 thousand. With reference to the information envisaged by IAS 1 paragraph 134, it should be noted that the objectives identified by the Group in the management of its capital are the following: the creation of value for its shareholders, the safeguarding of the company's future and support for the development of the other Group companies. For these reasons, the Group seeks to maintain an adequate level of capitalization enabling it to give its shareholders a satisfactory financial return and ensure it has access to external sources of financing, also by means of an adequate credit rating.

This strategy has remained the same since the previous financial period.

The Group monitors its capital structure constantly, especially the level of net financial debt, calculated as the ratio between the net financial position and equity. This ratio, compared with that of the previous financial year, was as follows:

	31/12/2022	31/12/2021
Net financial position	10,888	49,111
Equity	109,050	78,133
NFP/Equity	**0.10**	**0.63**

Interest bearing liabilities and borrowings (Note 12)

This heading consists of the following:

	31/12/2022			31/12/2021		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Short term advances	6,879	-	**6,879**	22,211	-	**22,211**
Secured loans from financial institutions	7,252	7,734	**14,986**	8,993	12,327	**21,320**
Unsecured loans from financial institutions	20,349	31,001	**51,350**	18,425	38,466	**56,891**
Finance leases	520	2,633	**3,153**	1,799	2,113	**3,912**
Operating leases	2,027	5,199	**7,226**	1,717	2,805	**4,522**
Interest bearing liabilities and borrowings	**37,027**	**46,567**	**83,594**	**53,145**	**55,711**	**108,856**

Short term advances, amounting to Euro 6,879 thousand (Euro 22,211 thousand at 31 December 2021), refer mainly to loans disbursed by lending institutions to finance coal trading.

Secured loans from financial institutions, totaling Euro 14,986 thousand, were down by Euro 6,334 thousand compared to 2021, refer to the loan for the acquisition of the property located in Riva Paradiso, Lugano, headquarters of the holding of the Commodities Division (Euro 2,813 thousand) and loans for investments made to improve the production efficiency of the mining site obtained by the Russian subsidiaries SC Kisk and LLC Razrez (Euro 12,321 thousand). The decrease in this item is due mainly to repayments as provided in the amortization plan.

Unsecured loans from financial institutions, amounting to Euro 51,350 thousand, were down by Euro 5,541 thousand compared to 2021, and refer to loans granted by leading banks to finance the Group's investment activities.

It should be noted that the financial covenants included in the financing contracts were always respected.

The item for 'Finance leases' mainly reflects a finance lease entered into by the parent company Coeclerici for the Seriate facility, where the subsidiary IMS Technologies conducts its operations. During the year, a second finance lease was entered into for the Calcinate facility. The item furthermore includes three finance leases to which the subsidiary IMS Technologies is a party for the acquisition of machinery used at the Seriate facility.

The item 'Operating leases' includes the payable deriving from the signing of operating lease agreements as required by 'IFRS 16 – Leases' which entered into force for financial statements for years starting on or after 1 January 2019. This payable is mainly attributable to the Holding Company's offices in Milan, land and offices for the Commodities Division, offices and plants for the Industry Division and cars.

'Interest bearing liabilities and borrowings' at 31 December 2022 had the following expiry periods:

	WITHIN 31/12/2023	WITHIN 31/12/2025	WITHIN 31/12/2027	AFTER 31/12/2027	TOTAL
Short term advances	6,879	-	-	-	**6,879**
Secured loans from financial institutions	7,252	4,647	426	2,661	**14,986**
Unsecured loans from financial institutions	20,349	9,696	21,305	-	**51,350**
Finance leases	520	1,045	815	773	**3,153**
Operating leases	2,027	2,598	1,088	1,513	**7,226**
Interest bearing liabilities and borrowings	**37,027**	**17,986**	**23,634**	**4,947**	**83,594**

It should be noted that the balance expiring in 2027 for the item 'Unsecured loans from financial institutions' includes the utilization of the syndicated line by the holding company Coeclerici for Euro 21 million. In January 2022 an agreement was reached, to the full satisfaction of all parties, to extend the expiry of the syndicated line to 31 December 2026.

'Interest bearing liabilities and borrowings' consist of the following currencies:

	31/12/2022			31/12/2021		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Eur	18,591	34,839	**53,430**	17,649	38,110	**55,759**
Usd	14,333	6,733	**21,066**	25,375	4,704	**30,079**
Rub	3,361	1,634	**4,995**	9,460	9,987	**19,447**
Chf	82	2,796	**2,878**	177	2,739	**2,916**
Sgd	361	315	**676**	316	-	**316**
Inr	71	61	**132**	65	124	**189**
Cny	101	28	**129**	49	30	**79**
Idr	51	79	**130**	28	9	**37**
Vnd	63	82	**145**	13	8	**21**
Aud	13	-	**13**	13	-	**13**
Interest bearing liabilities and borrowings by currency	**37,027**	**46,567**	**83,594**	**53,145**	**55,711**	**108,856**

During the financial year, the changes in this heading were as follows:

At 31 December 2021	**108,856**
(Reimbursements) / Drawdowns	(29,040)
Exchange rate differences	3,778
At 31 December 2022	**83,594**

Provisions for risks and charges (Note 13)

This heading comprises all the provisions made for possible liabilities arising from legal, fiscal and commercial disputes in being. It also includes the cost of dismantling and reclaiming the Russian mine; these provisions will be used when amounts are actually paid to carry out the work in question. Releases were made after previous provisions created against potential liabilities were considered no longer necessary.

At 31 December 2022, this heading consisted of the following:

	31/12/2022	31/12/2021
Current	376	260
Non current	23,652	13,985
Total provisions for risks and charges	**24,028**	**14,245**

During the financial year, the movements under this heading were as follows:

At 31 December 2021	**14,245**
Provisions	10,610
Actuarial variation in restoration costs	481
Restoration costs	(627)
Releases	(1,408)
Uses	(75)
Exchange rate differences	802
At 31 December 2022	**24,028**

During the year, Euro 10.6 million was set aside to meet liabilities which could reasonably result from operating activities.
It should be noted that the legal disputes from previous years relating to tax verification notices served on the Company have been resolved following the positive conclusion of proceedings in the Tax Courts. The balance at 31 December 2022 includes the costs for dismantling and reclaiming the Russian mine, totalling Euro 5,150 thousand.

Post-employment benefits (Note 14)

The changes in post-employment benefit provision were as follows:

At 31 December 2020	**3,438**
Provisions for the period	345
Actuarial (gains) / losses	92
Exchange rate differences	40
Uses	(477)
At 31 December 2021	**3,438**
Provisions for the period	508
Actuarial (gains) / losses	(176)
Exchange rate differences	44
Uses	(396)
At 31 December 2022	**3,418**

The main assumptions behind the actuarial valuation of the post-employment benefit provisions are as follows:

	31/12/2022	31/12/2021
Discount rate	3.57%	0.44%
Inflation rate	2.30%	1.75%
Annual salary increase rate	2.00%	2.00%
Annual post-employment benefit increase rate	3.22%	2.81%

The method of recalculating the TFR fund on an actuarial basis is set out in the accounting principles; in accordance with IAS 19, the method used is that of 'Unitary Credit Projection'. Actuarial gains and losses generated by applying this method are included in equity. As required by IAS 19, actuarial gains arising in the financial year, amounting to Euro 176 thousand, consisted of 'actuarial losses from experience' for Euro 270 thousand and 'actuarial gains from change of discount rate' for Euro 446 thousand.

There follows below an analysis of the sensitivity of each important actuarial hypothesis in order to show the effects (in absolute terms and in thousands of Euro) which would result following reasonably possible variations at that date in determining the liability at 31 December 2022:

	CHANGES	31/12/2022
Inflation rate	+0.25%	25
Inflation rate	-0.25%	(25)
Discount rate	+0.25%	(32)
Discount rate	-0.25%	33

Trade payables (Note 15)

The balance of Euro 73,826 thousand (Euro 45,318 thousand at 31 December 2021) includes current payables for supplies linked to the Group's normal operating activities.

The change for the financial year resulted mainly from the increase in trade payables caused by normal operations in the Commodities Division, and is influenced by the larger business volume and the sharp increase in coal prices.

Other payables and current liabilities (Note 16)

'Other payables and current liabilities' consist of the following:

	2022	2021
Advances from customers	103,939	74,074
Other payables	25,053	15,229
Payables relating to the fair value of financial instruments	4,722	-
Tax payables	21,572	10,054
Payables to social security institutions	1,902	1,545
Accrued expenses and deferred income	755	519
Total other payables and current liabilities	**157,943**	**101,421**

The item 'Advances from customers' includes Euro 102,162 thousand for advance payments received by the Industry Division (Euro 70,396 thousand at 31 December 2021), whose main business is the production of industrial machineries under contracts, in relation to which customers normally make an advance payment that may be followed by other payments on account upon the achievement of certain events specified from time to time in the contracts. In these cases, from an accounting standpoint, the service is completed and the related transfer of risks and rewards takes place when the industrial machine is installed and tested at the customer's facilities. Until such time, collections received are recognized as advances from customers under the balance sheet liabilities and, at the same time, under the assets are recorded gross work in progress.

The increase in this item is consistent with the rise in work in progress and semifinished goods, and was also affected by advances received on many orders signed in the year.

The item also includes advances received by the Commodities Division for Euro 1,777 thousand.

The item 'Other payables' amounted to Euro 25,053 thousand (Euro 15,229 thousand at 31 December 2021), and included payables of various types falling due within 12 months.

The item 'Payables relating to the fair value of financial instruments' refers to the marking to market of the forward contracts for coal that were in force at 31 December 2022.

Revenues from sales and services (Note 17)

The item is composed as follows:

	2022	2021
Raw material sales	1,335,005	588,898
Industrial machine sales	93,635	63,951
Total revenues from sales and services	**1,428,640**	**652,849**

'Raw material sales' amounted to Euro 1,335,005 thousand and referred to the Commodities Division's activity relating to the sale of coal.

These revenues were up 127% thanks to both the sharp increase in the reference indices for coal (the API2 index averaged 290 USD/T for the year, an extraordinary 142% increase from the 2021 average of 120 USD/T) and the increase of 11% in the value of the USD (average EUR/USD exchange rate 1.05 in 2022 compared to an average of 1.18 for the comparable period).

'Industrial machine sales' amounted to Euro 93,635 thousand, included changes in work in progress, and referred to activities carried out by the Industry Division. The increase is due to the important increase in orders and more efficient production.

Information by division is shown in 'Note 26 – Information by operating segment and geographical area'.

Operating costs (Note 18)

The heading is composed as follows:

	2022	2021
Purchase of raw materials	1,017,043	459,921
Mine operating costs	72,991	33,334
Cost of mining personnel	11,072	6,937
Industrial machine operating costs	81,212	33,198
Industrial machine personnel costs	10,345	10,397
Total operating costs	**1,192,663**	**543,787**

Costs related to the 'Purchase of raw materials', amounting to Euro 1,017,043 thousand, refer to the Commodities Division's activities; these costs increased by 121% over the comparison period.

This increase is related to the increase in the item 'Raw material sales' and, as already noted for that item, is due mainly to the sharp increase in the prices for coal and the rising value of the USD.

The increase of Euro 72,991 thousand in the item 'Mine operating costs' is mainly due to a slight increase in production cost.

The items 'Industrial machine operating costs', amounting to Euro 81,212 thousand, and 'Industrial machine personnel costs', totaling Euro 10,345 thousand, refer to the operating costs incurred for the production of industrial machines by the Industry Division. The increase in the item 'Industrial machine operating costs', as already noted for the item 'Industrial machine sales', is due to the large increase in orders, in volumes produced, and in the price of raw materials, with an impact on the cost of materials.

Overhead and administrative expenses (Note 19)

The item is composed as follows:

	2022	2021
Personnel costs	35,661	28,337
Consultancies	5,988	4,392
Directors and Statutory Auditors' fees	5,663	5,501
Rents, leases and similar	805	580
Other costs	5,983	3,827
Travel expenses	2,078	1,302
Entertainment expenses – donations	1,373	927
Utilities – Building administration – Representative offices	1,629	1,374
Consumables	235	205
Advertising	1,132	703
Total overhead and administrative expenses	**60,547**	**47,148**

For the heading 'Personnel costs', amounting to Euro 35,661 thousand, further details are provided in 'Note 31 – Other information'.
The increase of EUR 5,988 thousand in the 'Consultancies' item is due mainly to legal consultants and the increase in IT costs.

The 'Directors and Statutory Auditors' fees', amounting to Euro 5,633 thousand, increased by Euro 162 thousand. The item mainly includes fees due to Directors and Statutory Auditors of the Holding, as shown below:

	2022		2021	
	NUMBER	REMUNERATION	NUMBER	REMUNERATION
Directors	11	5,244	11	5,255
Statutory Auditors	3	58	3	58
Total fees	**14**	**5,302**	**14**	**5,313**

The increase in the item 'Utilities – Building administration – Representative offices' relates to the increase of Euro 0.7 million in energy costs (lighting and gas) for the 2022 year, as already mentioned in the directors' report.

The increase in the item 'Travel expenses' is attributable to the economic recovery and the consequent easing of the travel restrictions that had applied in 2021.

Capital gains / (losses) on non-current assets (Note 20)

The item is composed as follows:

	2022	2021
Capital gains	322	160
Capital losses	(5)	-
Total capital gains (losses) on non-current assets	**317**	**160**

The 'Capital gains' item mainly includes the positive impact of the sale of land by the American subsidiary of IMS and the effect of the sale of an electric excavator by the subsidiary KISK.

Other net operating income / (costs) (Note 21)

The item is composed as follows:

	2022	2021
Other operating income		
Release of provisions and other liabilities	1,408	719
Insurance claims	57	363
Release of provisions for bad debts	1	600
Total other operating income	**1,466**	**1,682**
Other operating costs		
Allocations to provisions for risks and charges	(10,610)	(6,145)
Allocations to provisions for bad debts	(214)	(315)
Losses on derivatives	(73,061)	(4,552)
Other net income (costs)	(3,140)	(45)
Total other operating costs	**(87,025)**	**(11,057)**
Total other net operating income / (costs)	**(85,559)**	**(9,375)**

This item mainly included changes in the caption 'Provisions for risks and charges' already described in 'Note 13 – Provisions for risks and charges', losses on derivatives and changes in the heading 'Provision for bad debts' already described in 'Note 7 – Trade receivables', and the other losses on derivatives. Concerning the latter impact, it should be noted that in order to limit financial risks associated with the negative fluctuation in the market value of hedging instruments held by the Group, during the months of March and April the Group arranged to liquidate these hedging instruments, incurring a loss that was more than compensated by the sales (the hedged transaction) carried out in subsequent months.

Depreciation, amortization and write-down (Note 22)

The heading is composed as follows:

	2022	2021
Depreciation of property, plant and equipment and write-downs	8,828	7,013
Depreciation of right of use assets: finance leases	564	588
Depreciation of right of use assets: operating leases	2,140	1,836
Amortization of intangible assets and write-downs	1,003	930
Total depreciations, amortizations, and write-downs	**12,535**	**10,367**

The increase of EUR 1,815 thousand in the item 'Depreciation of property, plant and equipment and write-downs" is mainly due to the increase in investments made by the Russian subsidiary SC Kisk that were necessary to improve production efficiency at the mining site.

Net financial income / (expenses) (Note 23)

This heading consists of the following financial income (expenses):

	2022	2021
Total financial income (expenses)	**(8,166)**	**(5,255)**

The category includes the following financial income:

	2022	2021
Interest received	358	102
Total financial income	**358**	**102**

The item 'Interest received' amounted to Euro 358 thousand and mainly included interest received from banks on current and deposit accounts.

Financial expenses included the following:

	2022	2021
Bank charges	(2,941)	(2,249)
Interest expenses	(5,388)	(2,936)
Interest expenses on operating leases (IFRS 16)	(195)	(172)
Total financial expenses	**(8,524)**	**(5,357)**

The increase in bank charges is due to the greater business volume in the Commodities Division compared to 2021.

The increase of Euro 5,388 thousand in the item for 'Interest expenses' is due mainly to the increase in the reference bank rates.

Profit / (loss) on foreign exchange (Note 24)

In addition to the exchange rate differences arising at the end of the financial period from the translation of assets and liabilities in other currencies, this heading also shows exchange rate differences realized during the financial period. The item also includes the impacts deriving from the currency hedges (Ruble) that were terminated during the first months of the year, following the start of the conflict in Ukraine. Details of exchange rate differences, both realized and not realized in 2022, and their comparison to the previous financial period, are shown in the table below:

	2022			2021		
	REALIZED	NON REALIZED	TOTAL	REALIZED	NON REALIZED	TOTAL
Exchange gains	5,586	356	**5,942**	2,458	258	**2,716**
Exchange losses	(15,516)	(3,078)	**(18,594)**	(1,689)	(87)	**(1,776)**
Total exchange gains (losses)	**(9,930)**	**(2,722)**	**(12,652)**	**769**	**171**	**940**

Taxes (Note 25)

The amount of the tax burden regarding the period was negative for Euro 15,993 thousand. It was calculated in conformity with existing statutory regulations and includes expected exemptions, elements of deferred taxation and, as far as Italian companies in the Group are concerned, the effects of adhesion to the tax consolidation produced by the holding company Fincler Srl.
The amount of taxation consists of the following:

	2022	2021
Current taxes	(16,405)	(9,738)
Deferred taxes	412	(152)
Total taxes	**(15,993)**	**(9,890)**

The amounts in the table below refer to deferred tax assets and liabilities held in the statutory balance sheets of Group companies and to the effects of consolidation recordings.

	2022	2021
Deferred tax assets	1,263	833
Deferred tax liabilities	(2,624)	(3,623)
Net balance of deferred tax assets (provision for deferred tax liabilities)	**(1,361)**	**(2,790)**

The balance of 'Deferred tax assets' and 'Deferred tax liabilities' includes deferred tax assets / liabilities resulting from the allocation of positive or negative income components with deferred taxation.

The tax assets and liabilities of Group companies, related to direct taxes, included in the taxation consolidation at 31 December 2022 were as follows:

	RECEIVABLES	PAYABLES	TOTAL
Coeclerici SpA	9,814	-	**9,814**
IMS Technologies SpA	2,336	-	**2,336**
Total receivables (payables) owing to tax consolidation	**12,150**	**-**	**12,150**

Information by operating segment and geographical area (Note 26)

The information by operating segment for 2022 period is summarized in the following table:

	COMMODITIES	INDUSTRY	HOLDING ADJUSTMENT	TOTAL
Revenues from sales and services	1,335,005	93,635	-	**1,428,640**
Operating profit (EBIT)	92,950	(978)	(14,320)	**77,652**
Net financial income / (expenses)	(5,558)	(1,210)	(1,398)	**(8,166)**
Net result	58,065	(1,512)	(15,711)	**40,842**

The following table shows details of Group revenues from sales and services broken down by geographical area:

	COMMODITIES	INDUSTRY	TOTAL
Africa	-	2,364	**2,364**
America	40,622	14,985	**55,607**
Asia and Australia	980,555	49,711	**1,030,266**
Russia and Middle East	21,342	4,605	**25,947**
Europe	292,486	21,970	**314,456**
Total revenues from sales and services	**1,335,005**	**93,635**	**1,428,640**

Information regarding financial instruments (Note 27)

Financial derivative instruments

As already indicated under 'Note 21 – Other net operating income / (costs)' and 'Note 24 – Profit / (loss) on foreign exchange', the Group entered into cash flow hedges to cover risk from the fluctuation of interest rates, the risk of change in the price of coal, and the exchange rate risk (USD/Rub). It should be noted that because of the conflict in Ukraine, prices on the reference index increased significantly; therefore, to limit the financial risks associated with negative fluctuations in the mark to market value of the hedge instruments held by the Group (demands for additional collateral by the compensation funds), in March all the hedge instruments stipulated for the 2022 year were liquidated in order to mitigate the risk of changes in the price of coal and the exchange rate risk.

Cash flow hedge

At 31 December 2022 there were interest rate swap (IRS) hedges relating to the risk of the fluctuation of interest rates on a loan taken out by the company IMS Technologies. These contracts have the characteristics of cash flow hedges, and the changes in their fair value are recognized net of the fiscal effect on equity in the item 'Reserve related to the fair value of financial instruments'. These changes are shown in detail below:

EXPIRY	AMOUNT (THOUSAND)	CURRENCY	FIXED CONTRACT RATE	NOTIONAL VALUE (EUR/000)	FAIR VALUE AT 31/12/2022 (EUR/000)
Q1 2026	1,875	EUR	1.50%	1,625	94
Total IRS				**1,625**	**94**

Summary of fair value of derivative financial instruments

At 31 December 2022 the following derivative financial instruments were held, the changes in whose fair value are recognized directly in the item 'Gain/loss on derivative financial instruments':

EXPIRY	AMOUNT (TONNES)	CONTRACT PRICE PER MT IN USD	NOTIONAL VALUE (USD/000)	FAIR VALUE AT 31/12/2022 (EUR/000)
Q1 2023	9,000	54.70	164	(1,380)
Q2 2023	9,000	54.70	164	(1,106)
Q2 2023	3,000	265.00	265	(30)
Q3 2023	9,000	54.70	164	(1,107)
Q4 2023	9,000	54.70	164	(1,099)
Total sales	**39,000**		**921**	**(4,722)**

The values and variations in the fair value of derivative instruments in existence at 31 December 2022 are shown in the table below:

	31/12/2021	CHANGES IN EQUITY	CHANGES IN INCOME STATEMENT	31/12/2022
Receivables/(Payables)				
IRS and foreign exchange market	1	93	-	94
Forward coal sales	4,747	(4,747)	(4,722)	(4,722)
Total receivables/(Payables)	**4,748**	**(4,654)**	**(4,722)**	**(4,628)**

The fair value of all financial derivatives has been calculated on the basis of forward quotations of market indices at the reference date. The reserve in equity, which includes the fair value of financial instruments, is shown net of any taxation.

The table below shows an analysis of financial instruments at their fair value, grouped in levels from 1 to 3 on the basis of the ability to calculate their fair value:

- level 1, the fair value is determined by prices quoted in active markets;
- level 2, the fair value is determined by valuing techniques on the basis of variables which are, directly or indirectly, observable in the market;
- level 3, the fair value is determined by means of valuing techniques which are on the basis of significant variables which cannot be observed in the market.

	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets			
Financial assets measured at FVOCI	583	-	28
Hedging derivatives	-	94	-
Total financial assets	**583**	**94**	**28**
Financial liabilities			
Hedging derivatives	-	(4,722)	-
Total financial liabilities	**-**	**(4,722)**	**-**

Financial instruments classified at level 1 are shares in listed companies, whose value is listed daily, and open investment funds.

Level 2 includes financial derivatives; in order to determine their market value, the Group uses the following model for measuring and evaluating them:

TYPE	INSTRUMENT	PRICING MODEL	MARKET DATA USED	DATA PROVIDER	IFRS 7 HIERARCHY
Foreign exchange / coal derivatives	Forward / Option / Collar	Discounted cash flow	- Spot rate - Zero coupon curve of reference currency	Bank of reference	Level 2
Interest rate derivatives	IRS	Discounted cash flow	- Spot rate - Reference rate curve	Bank of reference	Level 2

Instruments classified as level 3 refer to shares held at 31 December 2022 in closed-end investment funds.

Other financial information

For completeness, some additional financial information is given below:

- 'Note 12 – Interest bearing liabilities and borrowings' summarizes the characteristics of the bank loans and gives their due dates;
- 'Note 23 – Net financial income / (expenses)' gives information about interest received and interest expenses relating to financial items.

Risks characterizing the Group's business (Note 28)

The main risks connected with the Group's business, which are monitored and managed by Coeclerici SpA and its subsidiaries, are as follows.

Commodity risk

The company's profit is affected by changes in the prices of the commodities and services it sells through its Commodities Division. The volatility of coal prices and freight rates generally lead to volatile operating profits and sales margins. The risks connected with the coal trading may be limited by:

- Back-to-Back transactions;
- undertaking commitments to purchase / sell coal and transport services (freight) at values mainly pegged to the API#2 and API#4 indices and partly to fixed values; prior inspection and approval of transactions according to the corporate policy.

Trading risks are assessed through:

- constant monitoring of all trading transactions, including the continuous monitoring of trading partners;
- periodic business projections and analysis of the effects of the main variables (freight rates and commodity indices).

Exchange rate risk

Most of the Group's revenues and operating costs are recorded in currencies other than EUR (mainly USD and RUB). The Group manages the exchange rate risk, where it deems necessary, through forward currency transactions and foreign currency loans. In addition, loans are stipulated by the operating companies in the same currency as the revenues, where possible, in order to attenuate exchange rate oscillations.

Interest rate risk

Funding by the Coeclerici Group is at both variable and fixed rates. The Group's policy is to monitor the trend in interest rates and the long-term forecasts in order to make sure that financial expenditure is always sustainable.
At the reporting date there was an Interest Rate Swap described under 'Note 27 – Information regarding financial instruments'. For purposes of a sensitivity analysis, it was estimated that a 10% increase in market interest rates from those actually in effect in 2022 would have had a negative effect of Euro 497 thousand on the income statement for 2022 and Euro 477 thousand on equity.

Credit risk

Credit risk is the Group's exposure to potential losses deriving from the failure of trading partners to comply with their commitments. Commercial credit management is entrusted to the business units, in agreement with the Holding, on the basis of formal risk assessment procedures, including debt collection and any dispute proceedings. Furthermore, all outstanding receivables are monitored monthly by Division credit committees, including regular prospective analysis of credit limits.
The credit position of certain customers with a degree of financial risk identified by scores representing levels of risk is monitored with even daily frequency.

Credit risk hedging is mainly carried out through the following instruments:

- confirmed letters of credit (bank guarantees) in the Commodities Division;
- commercial credit insurance by leading insurance agencies (SACE B.T. SpA and Credendo), in the Commodities Division;
- collection of advances from customers to an extent appropriate to the counterparty and type of product object of the sale at the signing of the contract and, subsequently, at the achievement of specific stages of completion, in the Industry Division;
- letters of credit issued at the time equipment is shipped at the customers' plants for the Industry Division.

Liquidity risk

Liquidity risk is the risk that financial resources may not be available or are only available at high cost. Thanks in part to the use of the credit system, the structure of the Coeclerici Group's sources of finance is diversified and makes sufficient sources of finance available to satisfy foreseeable financial needs both in the short term and in the medium-long term. Moreover, corporate liquidity risk management aims to ensure a suitable level of operational elasticity for the Group's development programmes.
The Commodities Division needs to finance its working capital, especially the down payments made to Russian suppliers for the purchase of commodities. This need is mainly met by short-term borrowing through bank loans.
With regard to the Industry Division, the financial requirements associated with the performance of the activities are satisfied initially by means of the negotiation of advances from customers to an extent in line with the counterparty and the type of product being sold, at the signing of the contract and also, subsequently, at the achievement of specific stages of completion; this solution also complies with the need to protect oneself from the risk of insolvency of the counterparty. Secondly, the Division resorts to short-term bank advances on receivables due to mature in the future or on contracts which will be achieved. With regard to the investments relating to tangible fixed assets, typically associated with those linked to the purchase of new machinery, the Division has access to medium-term unsecured loans or leasing agreements, entered into with leading financial counterparties.
With a view to the optimization of the resources at Group level, intercompany loans are implemented, provided under normal market conditions.

Political risk

The Group's business takes place through investments all over the world. In the case of investments made in a country considered to be politically 'at risk', the Group protects itself where possible with a specific investment insurance policy drawn up with a leading insurance company, SACE SpA. These investment insurance policies protect companies that set up or hold shares in foreign companies or that make indirect investments through foreign companies controlled by the Italian company. These policies cover the risk of losses in capital, earnings, interest and amounts owed to the Italian company or its subsidiaries in connection with the investment, caused by the following political events: expropriation and other acts of absolute power, currency restrictions and moratoriums, force majeure events and civil unrest.

Industry Division operational risk

The operational risk of the Industry Division is mainly associated with the activities for the construction, assembly and testing of the machines (normally certain levels of performance are guaranteed), both in the plants used by the Group and at the time of installation at the customers' production sites. These risks, which may concern both damages to individuals involved in the production cycle and damages to machinery and structures, owned by the Group or the customers care of which the products are installed, are mitigated in the first place by means of the adoption of all the highest safety solutions, which regard both the work environment and the products sold, which observe the highest legislative standards; secondly, by means of recourse to insurance instruments taken out with leading market operators, aimed at covering the most diverse risks inherent to the various production, transportation and installation / functioning phases at the customers' production sites.

Operational risk of extraction

As far as the Mining Division is concerned, the operational risks arising from mining activities are mitigated by the usual civil liability insurance for any damages caused by the use of equipment to move the coal once extracted, as well as the compulsory protection regarding cover for professional accidents. Following the entry into force of the sanctions against Russia, which ban the purchase, import or transfer of Russian coal in some countries, the local company has proceeded to operate autonomously, in compliance with these regulatory sanctions, selling in countries that have not introduced restrictions on the import of Russian coal.

Obligations and guarantees (Note 29)

Obligations relating to derivatives

The existing derivatives are shown in 'Note 27 – Information regarding financial instruments' and concern forward transactions on the foreign exchange, on API#2 and Newcastle coal market quotation and on interest rate markets.

Obligations relating to financial investments

'Obligations relating to financial investments' are shown in the following table:

	YEAR OF SUBSCRIPTION	OVERALL COMMITMENT	SUBSCRIBED AMOUNT	DISTRIBUTIONS	RESIDUAL COMMITMENT
Hao Capital Fund II L.P.	2008	938	797	658	141
Total financial investments		**938**	**797**	**658**	**141**

Hao Capital Fund II L.P.

The 'Hao Capital Fund II L.P.' is a private equity fund investing in the Chinese market. During 2008, the Group took on the commitment to buy the shares, at a cost of USD 1 million equal to Euro 938 thousand at 31 December 2022. The financial investment was recorded to its market value of Euro 28 thousand, as indicated under the heading 'Financial assets measured at FVOCI'.

Guarantees issued

At 31 December 2022, guarantees given to third parties stood at Euro 27,708 thousand, and are illustrated below:

	31/12/2022	31/12/2021
Bank guarantees	27,708	37,229
Total guarantees issued	**27,708**	**37,229**

The decrease is attributable of the termination of bank guarantees in the Commodities Division, partially compensated by the larger number of bank guarantees issued to the Industry Division's clients to ensure correct performance of work in process on orders, following the sharp increase in order intake during the year.

Related party transactions (Note 30)

During the financial period, a number of transactions were conducted with the holding company, Fincler Srl, in the tax consolidation of the Group whose holding company is also the consolidating company, as described in 'Note 5 – Other non-current assets'. Furthermore, a property lease is in effect between the Company and its direct holding company, Fincler Srl, referring to archives and parking places at Piazza Generale Armando Diaz, 7 – Milan.

The Chairman of the Board of Directors and the CEO of Coeclerici SpA is a Group's shareholder and Chairman of the Board of Directors of the subsidiary IMS Technologies.

In accordance with provisions of the Parent Company's articles of incorporation, 1% of any consolidated profit for the previous year must be transferred to the Paolo and Giuliana Clerici Foundation.

Other information (Note 31)

Staff costs

Personnel costs for 2022 totalled Euro 57,078 thousand (Euro 45,671 thousand in 2021), of which Euro 11,072 thousand related to personnel at the Russian mine (Euro 6,937 thousand in 2021), Euro 10,345 thousand related to personnel involved in the design and production of industrial machines (Euro 10,397 thousand in 2021) and Euro 35,661 thousand related to staff personnel (Euro 28,337 thousand in 2021).

The average composition of employees was as follows:

	2022	2021
Executives	27	31
White Collars	424	397
Blue Collars	160	162
Miners	621	623
Total employees	**1,232**	**1,213**

Information required by Law 124/2017

Starting with the financial statements for 2018, Law No. 124 of 4 August 2017 introduced certain transparency requirements for entities that receive 'subsidies, contributions, paid jobs and economic benefits of any kind' from public administrations or from a number of entities similar to them, with whom they have an economic relationship.

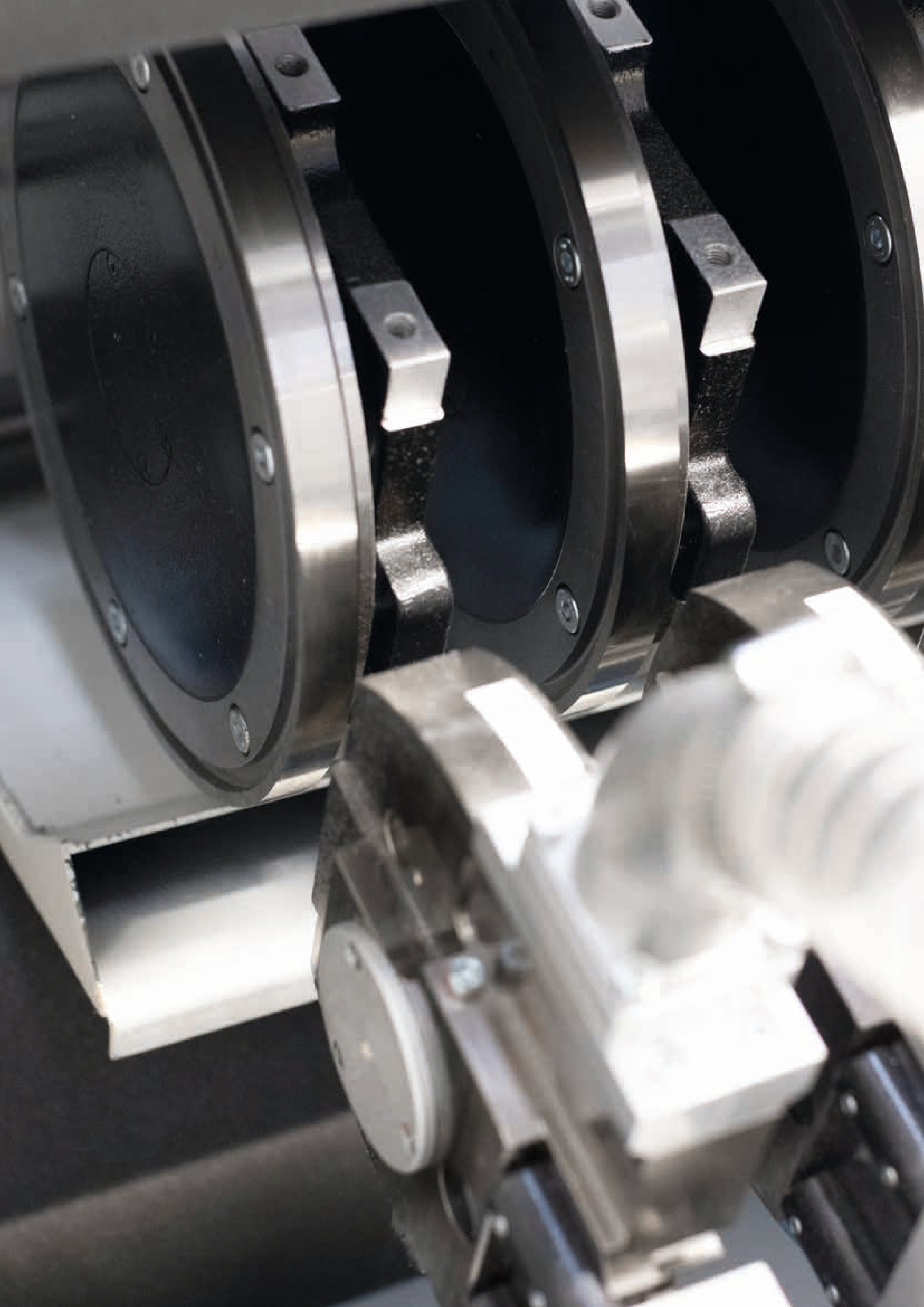
Based on the fact that this law raised interpretation and application questions that are still unresolved, the Group performed the necessary investigations, and, in addition, based on the most recent guidelines, it believes that the following do not need to be published:

- amounts received as compensation for public works, services and supplies;
- paid jobs considered to be the typical business activities;
- general measures that can be taken by all entities falling under the overall structure of the reference system determined by the state (for instance ACE);
- selective economic benefits, received pursuant to an aid mechanism available to all businesses that meet certain conditions on the basis of general predetermined criteria (for example subsidies for research and development projects and tax relief);
- public resources attributable to government entities in other (EU or non-EU) states and European institutions;
- training subsidies received from interprofessional funds (for example Fondimpresa and Fondirigenti) since they are funds in the form of an association and are of the same legal nature as entities under private law that are funded by contributions paid by such companies.

During the financial year, the Italian entities did not receive any contribution that fall into the category of gifts or other ad hoc public aid, or any donations that are not provided on the basis of a certain mechanism.

Subsequent events (Note 32)

From 31 December 2022 to the date of approval of the present financial report, no company event occurred that had significant consequences for the presented assets and net income, as provided in 'IAS 10 – Events after the reporting period'.



APPENDIX 1
LIST OF COMPANIES CONSOLIDATED USING FULL CONSOLIDATION METHOD

NAME	REGISTERED OFFICES	CURRENCY	SHARE CAPITAL	EQUITY SHARE
Beijing GOEBEL Slitting Technologies Co., Ltd	China	Cny	889,083	100.00%
CC Commodities Middle East and Africa FZCO	United Arab Emirates	Aed	200,000	100.00%
Goebel Schneid- und Wickelsysteme GmbH	Germany	Eur	1,500,000	100.00%
CGU Logistic Pvt Ltd	India	Inr	151,379,000	100.00%
IMS Technologies SpA	Italy	Eur	7,470,000	100.00%
Nuevaco Imobiliaria Srl	Dominican Republic	Dop	90,696,000	99.98%
SC Kuznetskaya Investitsionno – Stroitelnaya Compania ("Kisk")	Russia	Rub	1,060,000,000	100.00%
LLC Coeclerici Russia	Russia	Rub	4,000,000	100.00%
LLC Razrez Korciakolskij	Russia	Rub	40,000,000	100.00%
LLC Scc-Rozko	Russia	Rub	13,381,000	100.00%
LLC Yuzhno – Kuzbasskoe promyshlenno – transportnoe upravlenie ("Ptu")	Russia	Rub	10,000	100.00%
Selskohozyaistvennoe predpriyatie Taylepskoe	Russia	Rub	125,600,000	100.00%
Coeclerici Far East (Pte) Ltd	Singapore	Usd	15,000,000	97.50%
IMS Technologies Inc.	United States	Usd	10	100.00%
Kasper Machine Co	United States	Usd	399,000	100.00%
Coeclerici Commodities SA	Switzerland	Chf	10,000,000	100.00%
Elvezia Immobiliare SA	Switzerland	Chf	1,300,000	100.00%
Bulkguasare de Venezuela SA	Venezuela	Vef	24	100.00%

APPENDIX 2
COMPARISON OF EQUITY OF COECLERICI SPA AND THAT OF GROUP

	NET RESULT	EQUITY
Coeclerici SpA at 31 December 2022	**4,209**	**72,360**
Net result and equity recorded by consolidated companies	56,356	167,290
Consolidation adjustments:		
- elimination of transactions between consolidated companies with exception of intercompany dividends and holdings in subsidiaries	35	(138,719)
- application of IAS/IFRS international accounting principles	1,040	7,519
- elimination of intercompany dividends	(21,103)	-
Coeclerici Group at 31 December 2022	**40,537**	**108,450**

TECHNICAL GLOSSARY

API#2 (cif ARA): Average Coal Price Index (cost insurance freight on the Amsterdam-Rotterdam-Antwerp route). Average weekly coal price index including cost of freight on Amsterdam-Rotterdam-Antwerp route.

API#4 (fob Richards Bay): Average Coal Price Index (free on board on the Richards Bay port). Average weekly coal price index without freight cost referring to port of Richards Bay (South Africa).

IRS: Interest Rate Swap, a contract with which two parties agree to exchange payments, calculated on the basis of differing and pre-defined interest rates applied to a notional capital, for a period of time previously defined at the moment the contract is drawn up.

PCI: Pulverized Coal Injection. Coal used in steelworks, whose main characteristics are a low ashes content and a high heat-producing power.

AUDITOR'S REPORT

INDIPENDENT AUDITORS' REPORT

Building a better working world

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

To the Sole Shareholder of
Coeclerici S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Coeclerici Group (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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 Coeclerici S.p.A. 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.

Emphasis of matter

We draw your attention to paragraph "Outlook" of the Director's Report where it is disclosed that 2022 Group's results are significantly influenced by the commercial activity, mainly in Europe, of the coal produced by the mine owned by the Group located in Russia, and where the Directors illustrate both the actions they intend to implement in response to the sanctions introduced by the European Regulation dated 8 April 2022, which provide for the prohibition to purchase, import or transfer to the European Union, directly or indirectly, coal and other fossil fuels either they are produced in or are exported from Russia effective from 9 August 2022, and the reasons on which basis they prepared the financial statements adopting the going concern assumption.

Our opinion is not qualified in respect to this matter.

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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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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 International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Coeclerici 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 pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Coeclerici S.p.A. are responsible for the preparation of the Director's Report of Group Coeclerici as at 31 December 2022, 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 Director's Report, with the consolidated financial statements of Coeclerici Group as at 31 December 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Director's Report is consistent with the consolidated financial statements of Coeclerici Group as at 31 December 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), 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.

Milano, 2 May 2023

EY S.p.A.
Signed by: Renato Macchi, Auditor

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

3

BOARD OF STATUTORY AUDITORS' REPORT

Report of the Board of Statutory Auditors pursuant to article 2429, second paragraph, of the Italian Civil Code.

To the Sole Shareholder of Coeclerici S.p.A.

Introduction

During the financial year ended at December 31, 2022, the Board of Statutory auditors carried out the functions provided for by Article 2403 et seq. of the Italian civil Code, and those provided for by Article 2409 - bis of the Italian Civil Code were carried out by the auditing firm EY SpA.

During the year ended December 31, 2022 our activity was inspired by the provisions of the law and the Rules of Conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts, in respect of which we carried out the self-assessment, with a positive result, for each member of the statutory auditor board.

Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code

We have monitored compliance with the law and the articles of association as well as compliance with the principles of correct administration.

We have attended the shareholders' meetings and the meetings of the Board of Directors, in relation to which, on the basis of available information, we have not found violations of the law and the articles of association, nor operations manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of corporate assets.

During the meetings held, the Board of Directors and the Chief Executive Officer provided us with information on the general management trend and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries; based on the information acquired, we have no particular observations to report.

We have met the Internal Supervisory Comitee ("Organismo di Vigilanza") and no critical issues emerged regarding the correct implementation of the organizational model that should be highlighted in this report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the company's organizational structure, also by collecting information from the heads of the departments and in this regard we have no particular observations to report.

We examined and monitored, within the scope of our responsibilities, the adequacy and functioning of the administrative and accounting system, as well as its reliability in correctly representing the management situation, by obtaining information from managers and the examination of company documents, and in this regard, we have no particular observations to report.

1

With reference to the code of the Corporate Crisis and Insolvency ("Codice della Crisi"), the Board of Auditors has found that the organizational, administrative and accounting system of the company, adapted to the nature and size of the company, is able to detect the possible crisis of the company immediately, as well as to allow the directors to take the necessary appropriate initiatives to ensure business continuity.

No complaints were received from the shareholder pursuant to Article 2408 of the Italian Civil Code.

The Board of Auditors did not issue the opinions envisioned by the law during the financial year.

During the carrying out of supervisory activities, as described above, there were no other significant events that would require mention in this report.

Comments regarding the statutory financial statements and the consolidated financial statements

Given the company's nature as an holding company, particular attention must be given to the consolidated financial statements that are presented for appropriate information and knowledge.

In this regard, we point out that the Group has voluntarily adopted the IAS/IFRS international accounting standards for the preparation of the consolidated financial statements.

With regard to the consolidated financial statements of the Group as at 31.12.2022, we specify the following.

Since we are not responsible for analytical control of the content of the consolidated financial statements, we have monitored the general approach given to it and its general compliance with the law as regards its formation and structure and in this regard we have no particular observations to report.

In the meetings held with the statutory auditor EY SpA we have examined the analytical list of the companies included in the scope of consolidation, we have gathered information on the various levels of control and examined the main consolidation principles adopted. Regarding the possible existence of weaknesses found in the instructions provided to the investee companies and of differences with the accounting principles of the parent company, the auditing company did not report any findings.

The statutory auditor EY S.p.a. has released the report pursuant to art. 14 of Legislative Decree no. 39/2010 stating that both the staturory financial statements and the consolidated financial statements provide a truthful and correct representation of the financial position of the COECLERICI S.p.a. and of the COECLERICI Group, of the economic result and of the cash flows for the year ended December 31, 2022, in compliance with OIC accounting principles, as regard the statutory financial statements and, in compliance with IAS/IFRS, as regard the consolidated financial statements and on the consistency of the directors' reports related to the statutory financial statements and the consolidated financial statements, expressing a positive opinion for both.

We want to pay attention to the paragraph related to the predictable evolution of management "Evoluzione Prevedibile della Gestione" of the directors' report, both for the statutory financial statements and for the consolidated financial statements, with regard to the influence of sanctions introduced by the European Union against Russia containing restrictions on the trading of coal produced by the coalmine located in Russia.

To the best of our knowledge, the directors, in drafting the financial statements, did not derogate from the provisions of the law pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Observations and proposals regarding the approval of the financial statements

Considering the results of the activity carried out by us the board of Statutory Auditors proposes to the shareholders to approve the financial statements for the year ended December 31, 2022, as prepared by the directors.

The board of Statutory Auditors agrees with the proposed allocation of the net result made by the directors in the explanatory notes.

Milan, May 2nd 2023

For The Board of Statutory Auditors – Guglielmo Calderari - The President

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