COECLERICI

ANNUAL REPORT 2023

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

775 ml
Turnover*

101 ml
Investments over last 5 years

14
Countries

1,220
Employees*

** Figures at 31 December 2023*

DEAR SHAREHOLDERS,

During 2023, world economic activity weakened. Manufacturing production continued to stagnate and the dynamics of services lost steam. International trade showed modest momentum, impacted by weak demand for goods and by monetary lightening at global level. The slowdown in the economy has gone along with the reduction in inflation; on the one hand, the slowdown in industrial demand has helped to ease tensions in commodity markets, and on the other hand, there is evidence of a recovery in the functioning of supply chains, thanks to the downsizing of semiconductor shortages. Also thanks to such macro factors, international prices of manufactured goods have stopped growing. 2023 was also the year of regime change in international monetary policies. Until the fall period, the assumption prevailed that interest rates had reached their high point but would remain near the levels they had reached for a fairly prolonged period. Over the past two months, the picture has begun to change: the relative weakness of the economy and the decline in inflation have prompted markets to revise assessments regarding central bank decisions with the expectation of interest rate cuts as early as 2024. Against this backdrop, data from the International Energy Agency (IEA) confirm the stability of global coal consumption, supported mainly by industrial use, particularly in steelmaking.

In this context, your Group achieved the following operating results during the year: EBITDA, EBIT and net income amounted to Euro 14.7 million, Euro 3.5 million and Euro -8.6 million, respectively.
The net financial position amounted to Euro 57.4 million and includes the impact, amounting to Euro 6.2 million, from the application of the accounting standard "IFRS 16 - Leases," which requires the recognition of the financial liability also for existing operating leases. The net financial position/equity ratio stands at 0.86.

The downward trend in coal prices (API2 and API4, down 55% from the average 2022 prices) in together with lower sales volumes, as a result of logistical restrictions, and higher rail costs generated a significant reduction in the Commodities Division's margins compared to the previous year, whose financial results benefited from the highest coal price levels ever recorded.
In this phase of uncertainty, the exploration of new markets continues in accordance with the process of geographic diversification initiated in previous years. With a view to product diversification, it is worth mentioning the investment made by the subsidiary Coeclerici Far East in an Australian start-up operating in the sustainable production and processing of vanadium.

It should be noted that, in accordance with the sanction measures in place against the Russian Federation, the Swiss subsidiary Coeclerici Commodities has ceased to perform the contracts related to the sale of Russian coal and the company Kisk, the holder of the mining license, continues to conduct activities (including coal sales in both the domestic market and that part of the international market not subject to sanction measures) under the direction of local management thus preserving jobs and commitments to local communities. The Coeclerici Group has ceased all management and coordination activities with respect to the Russian companies.
In relation to the comments made above, EBITDA came to Euro 15.4 million (Euro 101.1 million in 2022) and the EBIT totalled Euro 8.8 million (Euro 93.0 million in 2022).

As for the Industry Division, there is a good performance in the sale of machinery and services. After the record order intake in 2021/2022, in which about Euro 100 million were collected annually, mainly due to increased demand for plastic film machinery, 2023 is a year of "return to normal" with order intake of about Euro 78 million (of which Euro 57 million related to machinery).

In accordance with the Division's strategic development guidelines, which call for a focus on selling higher profitability machinery, a significant diversification of the order backlog was achieved in 2023: in fact, the Film business unit, which in previous years accounted for more than 50% of machinery orders, dropped to 26% while the business units related to Aseptic, Paper, and Tobacco, which are characterized by much higher profitability levels, came to account for more than 54% of the order backlog (in 2022 they accounted for 24% of total order intake). This composition will generate, during the progress of orders, important benefits on the Division's key economic KPIs.

The excellent backlog accumulated at the end of 2022 was reflected in a value of production of Euro 100 million (compared to the already excellent Euro 93.6 million in 2022); the operating margin generated by the advancement of contracts acquired in previous years is still affected by a high cost of materials, albeit lower than in 2022, but still well above 2021 levels. Contribution margin stood at Euro 26.8 million (or 26.8% of value of production), up from Euro 21.6 million (or 23.0% of value of production) in 2022.

The reduction in fixed costs through lower personnel costs and a lower impact of the cost of electricity enabled the achievement of an EBIT of Euro 3.6 million (Euro -1 million in 2022) and a positive net result of Euro 1 million (compared to a loss of Euro -1.5 million in the comparative figure).

Activities aimed at improving internal processes continue; during 2023, the certification process that led the Industry Division to achieve ISO 9001 (Quality Management System) certification was completed, with plans to obtain ISO 14001 (Environment) and ISO 45001 (Occupational Health and Safety) certification by the end of 2024.

In view of the significant production backlog, the Parent Company has undertaken, in early 2023, to build a new plant adjacent to the current one in Calcinate, with an area of about 5,500 square meters, equipped with 8 overhead cranes and state-of-the-art equipment to carry out activities related to machinery assembly. The work was completed on time and on budget, and full operation of the site began in early March 2024. At the same time, the roofing of the existing Calcinate warehouse was re-roofed and solar panels installed, which will enable IMS Technologies to embark on the path of self-generation of electricity from renewable sources, ensuring environmental sustainability and greater economic efficiency.

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

Milan, 27 March 2024

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 2023.

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 company 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 business 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.

2022-2023

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

In addition, a project was carried out in 2023 to install photovoltaic panels at the current facility in Calcinate for the Industry Division.

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
Extraction of raw material for the steel and chemical industries.

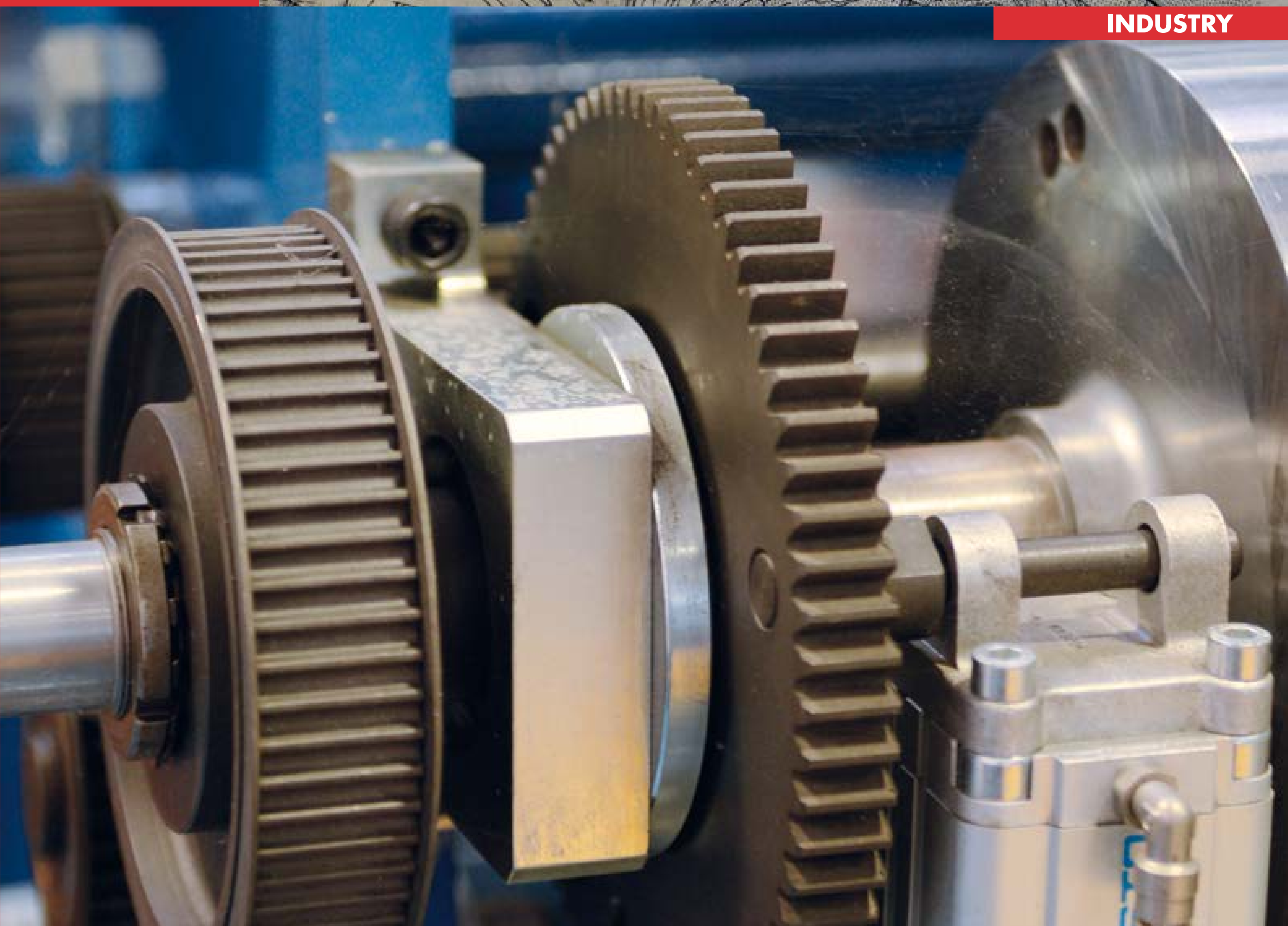
Trading
Trade of commodities.

Industry

IMS Technologies
Mechanical excellence in the construction of machinery for the converting, packaging, and other industrial components sectors.

COMMODITIES

INDUSTRY



DECEMBER, 31 2023

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*


ROTOMAC
ICEBREAKER

DIRECTORS' REPORT

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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):

	2023	2022	2021
Turnover	774,590	1,428,640	652,849
Ebitda	14,733	90,188	52,699
Ebit	3,460	77,653	42,332
Net Result	(8,481)	40,842	28,127
Group Net Result	(8,556)	40,537	28,039
EBITDA margin	1.9%	6.3%	8.1%

	2023	2022	2021
Fixed Assets	116,324	124,010	109,486
Working Capital	7,518	(4,072)	17,758
Net Capital Employed	123,842	119,938	127,244
Group Equity	65,963	108,450	77,965
Minority Interests	498	600	168
Net Financial Position*	57,381	10,888	49,111
Sources of Finance	123,842	119,938	127,244
Cash flow from operating activities			
before changes in net working capital	5,229	63,283	45,126
changes in net working capital	(17,911)	15,976	(11,264)
Cash flow from investing activities	(18,535)	(22,535)	(26,395)
Cash flow from financing activities	(12,911)	(39,040)	(12,507)
Total cash flow	(44,128)	17,684	(5,040)
NFP/EQUITY	0.86	0.10	0.63

* The application of IFRS 16 – Leases resulted in a Euro 6.2 million increase in this item as of 31 December 2023.

14.7 MLN

Euro of EBITDA in 2023

During the year 2023, the Group generated an EBITDA of Euro 14.7 million and an EBIT of Euro 3.5 million.

The reduction in the economic indicators compared to 2022 is mainly due to the decrease in coal prices and lower sales volumes in the Commodities Division, while the growth of the Industry Division remains constant.

Overall, the Commodities Division generated an EBITDA of Euro 15.4 million, with a margin on revenue of 2%.

For its part, the Industry Division has continued to see order intake for machinery grow. The figure for the year came to Euro 77.6 million (vs. Euro 103.8 million for the previous period). Production value was especially noteworthy, reaching Euro 100 million for the period (+7% from 2022).

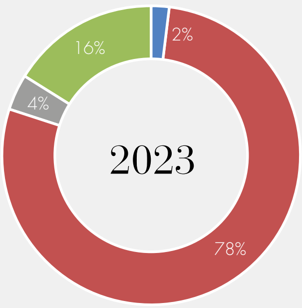
Net financial position stood at Euro 57.4 million and included the negative impact deriving from the application of IFRS 16 totaling Euro 6.2 million. The ratio of net financial position to equity came to 0.86. The increase in the net financial position compared to the previous financial year, amounting to Euro 46.5 million, is mainly attributable to the financial flow absorbed by the investment activity, totaling Euro 18.5 million, and dividends paid to the parent company, Fincler, amounting to Euro 20 million.

Considering a negative net result of Euro 8.6 million, other items with a negative 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 13.9 million. This impact was primarily attributable to changes in the translation reserve of the financial statements in currency other than Euro due to the depreciation of the Russian ruble (exchange rate of EUR/RUB 98.79 as of 31 December 2023 compared to an exchange rate of 77.86 as of 31 December 2022).

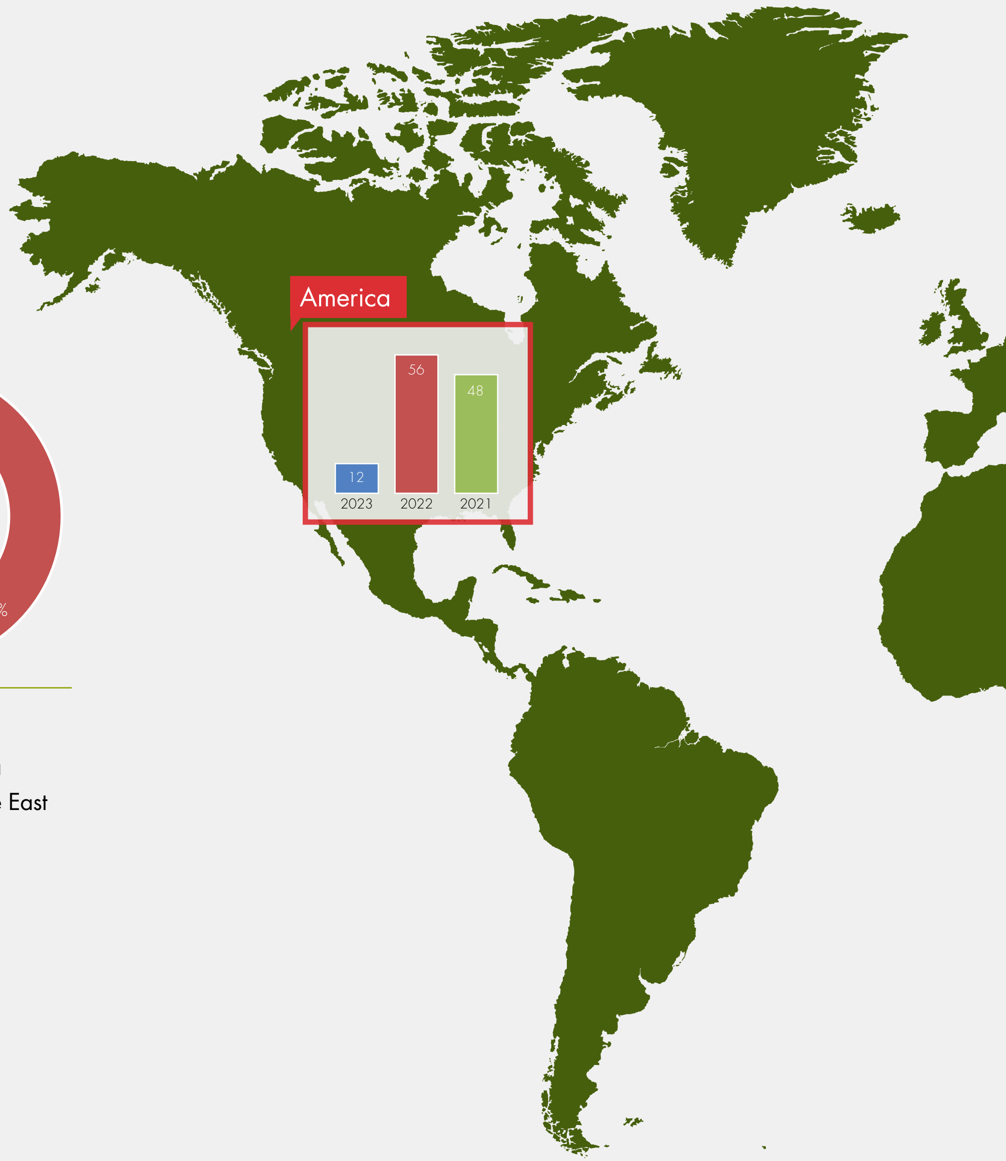
The graphs below illustrate the main financial and management information of the Coeclerici Group.

FINANCIAL CAPITAL

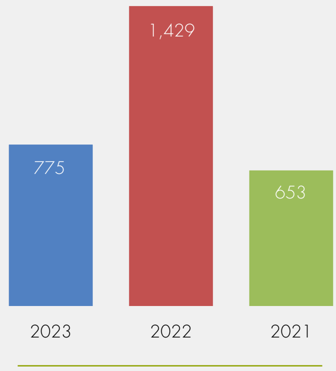
REVENUES BY GEOGRAPHICAL AREA (M/EURO)



- America
- Asia and Oceania
- Russia and Middle East
- Europe

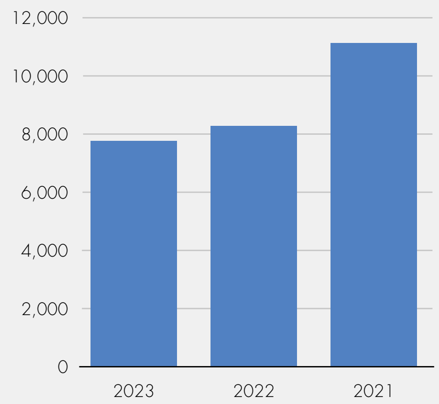



Europe
314
120
150
2023
2022
2021
Russia & Middle East
34
26
16
2023
2022
2021
Africa
3
2
1
2023
2022
2021
Asia & Oceania
1,030
606
438
2023
2022
2021


1,429
775
653
2023
2022
2021

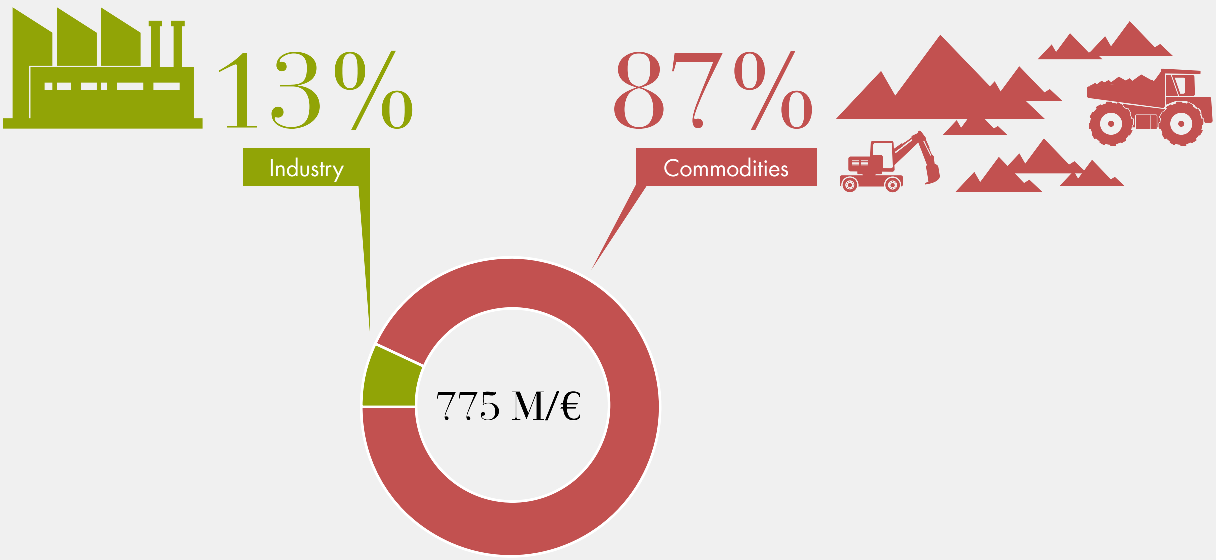
Revenues

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



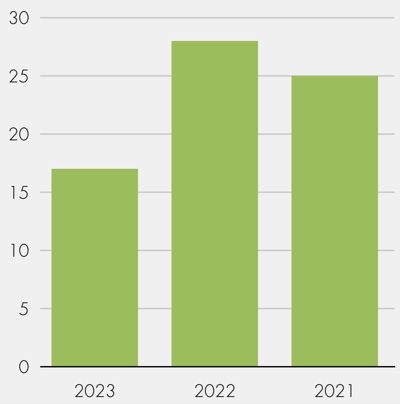
2023	7,758
2022	8,282
2021	11,126

2023 TURNOVER BY DIVISION



PRODUCTIVE CAPITAL

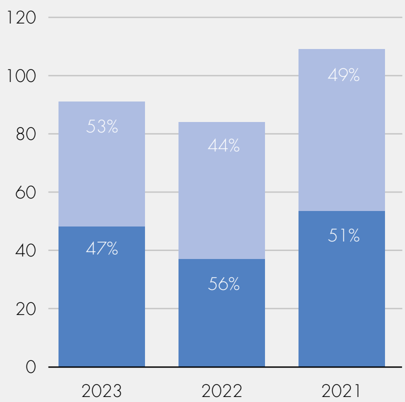
INVESTMENTS (M/EURO)



Investments over the last 3 years equal to Euro 70 million

2023	17
2022	28
2021	25

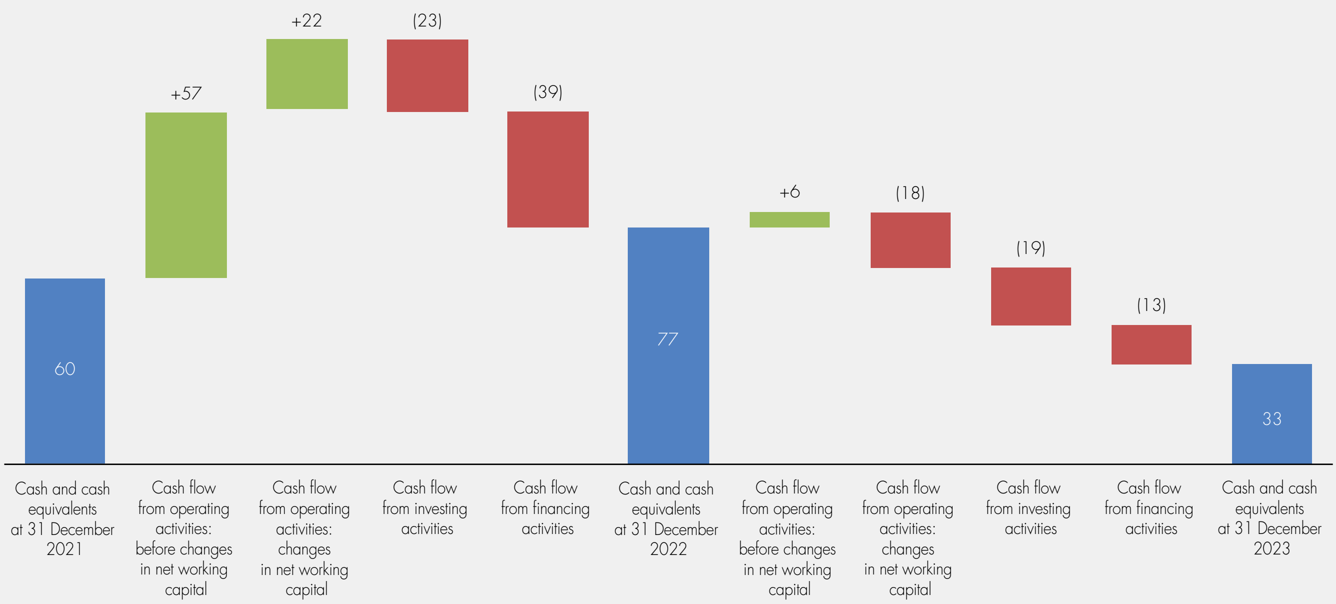
FINANCIAL LIABILITIES (M/EURO)



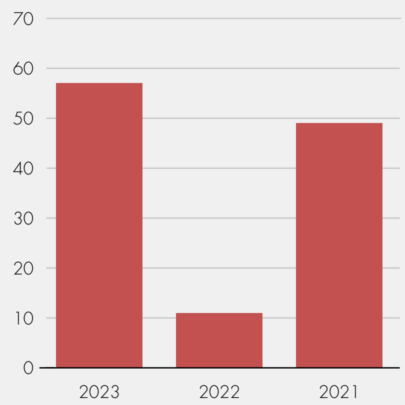
Short term financial liabilities
Medium-long term financial liabilities

2023	91
2022	84
2021	109

CASH FLOW (M/EURO)



NET FINANCIAL POSITION (M/EURO)



2023	57
2022	11
2021	49

HUMAN CAPITAL

N° OF EMPLOYEES	2023	2022
Africa	1	1
America	9	9
Asia & Oceania	37	36
Russia & Middle East	839	872
Europe	334	345
Total	**1,220**	**1,263**

	2023	2022
Average age of employees	**43**	**42**

	2023	2022
Level of education*	**56%**	**56%**

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

COMMODITIES DIVISION

	2023	2022	2021
Tonnes handled	7,757,897	8,282,313	11,125,973
Turnover	674,634	1,335,005	588,898
Ebitda	15,395	101,106	59,312
Ebit	8,829	92,950	53,111
Net Result	(947)	58,064	40,513

15.4 MLN

Euro of EBITDA in 2023

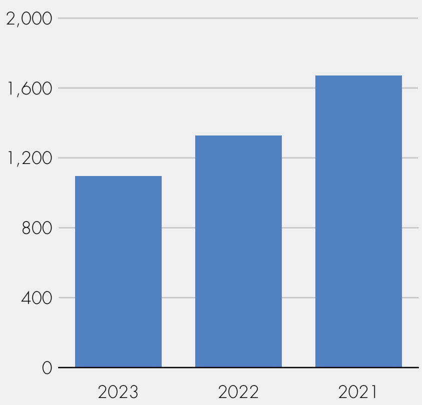
In the current macroeconomic context, characterized by a decrease in coal prices and significant uncertainty, the Division's well-known risk aversion in managing its core business has led to positive operating results, albeit lower than in 2022, which recorded exceptional high coal prices. It should be noted that the API2 and API4 indices observed an average quotation during 2023 of, respectively, 129 USD/T and 121 USD/T, compared to the average quotations for the same period of the previous year, which were 290 USD/T and 271 USD/T, respectively.

The high market volatility, logistical constraints resulting in reduced sales volumes, higher operating costs, also due to lower production, led to in lower profitability for the Division compared to comparative data: EBITDA stands at Euro 15.4 million (Euro 101.1 million in 2022), while EBIT amounts to Euro 8.8 million (Euro 93.0 million in 2022).

It is worth noting that following the imposition of sanctions against Russia, which prohibit the purchase, import, or transfer of Russian coal to the European Union, directly or indirectly, effective from August 2022, the Group ceased the marketing of Russian coal in Europe through Coeclerici Commodities SA. The Russian company, holder of the mining exploitation rights, has started, under the direction of local management, trading coal to other countries that are not subject to sanctions.

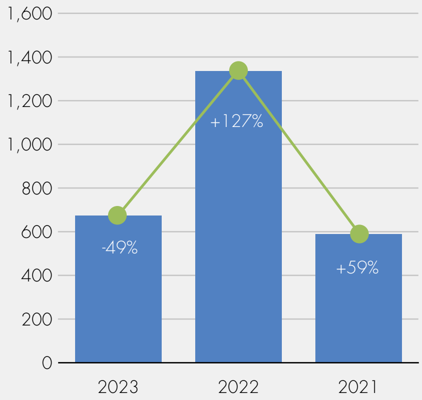
The development of tonnes extracted by the Division is shown below:

TONNES EXTRACTED (THOUSAND OF MT)



2023	1,095
2022	1,328
2021	1,674

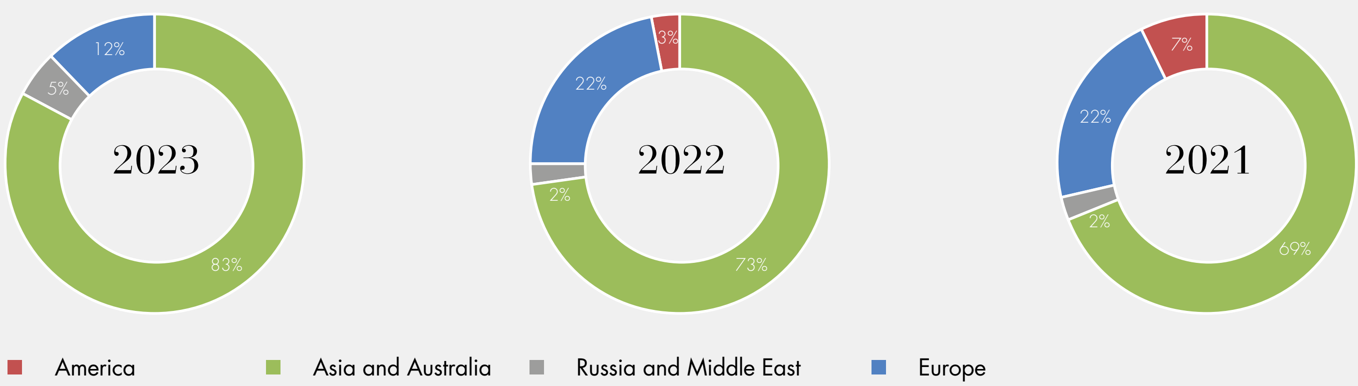
TURNOVER TREND (M/EURO)



CAGR +4.6%

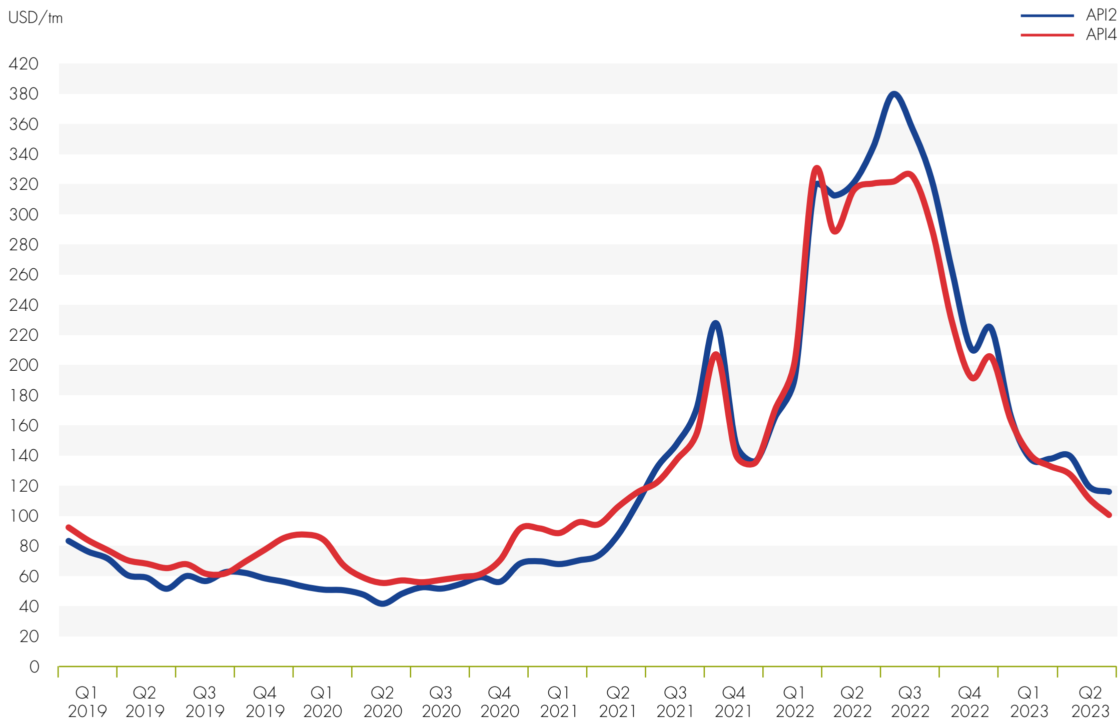
2023	675
2022	1,335
2021	589

TURNOVER BY GEOGRAPHICAL AREA



During 2023, the API2, the main reference index for the Division's core business, recorded a significant decrease compared to the previous year (-161 USD/T, a decrease of -55%).

Below is the evolution of the two main coal market indices over the last three 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 $	2023	2022	2021
API#2 INDEX – average	129	290	120
API#4 INDEX – average	121	271	124

LIRA,
LA LYRE,
LYRA,
Apollinis, Orphica, Vultur
cadens, Fides, Fidicula, Cythara,
Fidicina, Canticum, Lutaria, Marina,
Deferens, Psalterius, Aquila Marina,
Nerusakat, Alohore, Mesanguo,
Alunque Brineck, Albega Nablon
ΛΥΡΑ
النسر الواقع
Lucida Lyrae
Tutte le Stelle
d'Hercole, secon-
do Tolomeo, sono
Mercuriali -

INDUSTRY DIVISION

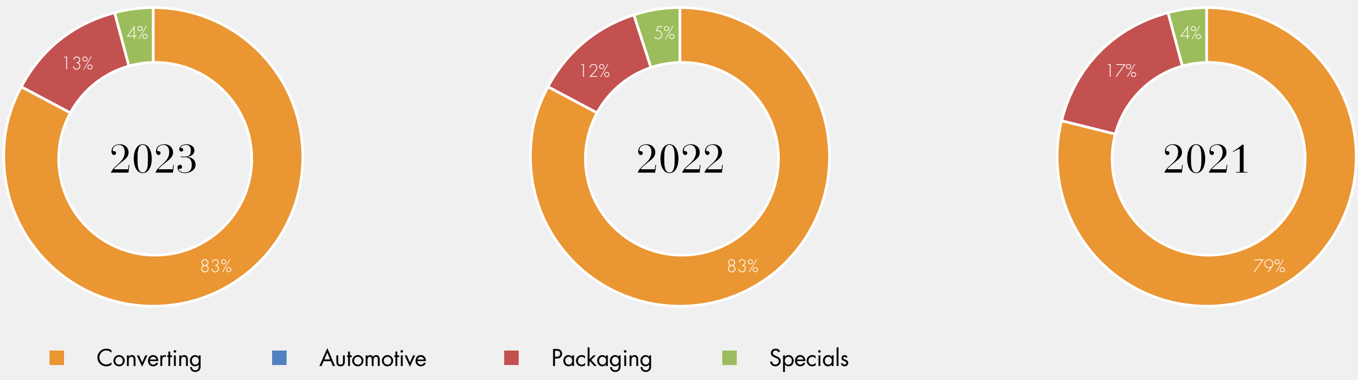
	2023	2022	2021
Turnover (Value of production)	99,956	93,635	63,951
Contribution Margin	26,800	21,574	20,355
Ebitda	7,565	2,343	3,186
Ebit	3,603	(977)	139
Net Result	1,003	(1,512)	171

+7 %

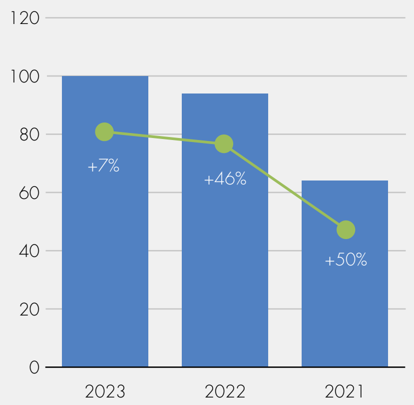
Value of production compared to 2022

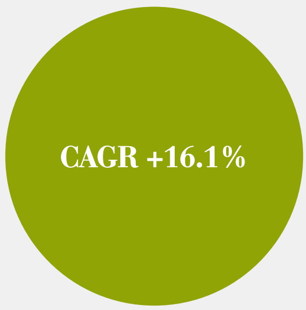
In 2023, a good sales performance was recorded, with order intake amounting to Euro 77.6 million, in line with expectations. Thanks to the significant backlog accumulated in previous years, 2023 was also characterized by further growth in production volumes. The value of the generated production stands at Euro 100 million (compared to the already excellent Euro 93.6 million in the comparative period and Euro 63.9 million in 2021). From the perspective of operational margin, the streamlining of production processes on one hand, and a slight reduction in raw material costs on the other, enabled the generation of a contribution margin of Euro 26.8 million (equivalent to 26.8% of the production value), an increase compared to Euro 21.6 million (equivalent to 23.0% of the production value) in 2022. During the financial year, there was also a reduction in fixed costs, thanks to a lesser impact of personnel costs and a lower incidence of electricity costs. The increased volumes and reduced fixed costs thus led to achieving an EBITDA of Euro 7.6 million (compared to Euro 2.3 million in 2022) and a positive net result amounting to Euro 1 million (compared to the loss of Euro -1.5 million in the comparative period).

ORDERS INTAKE BY DIVISION



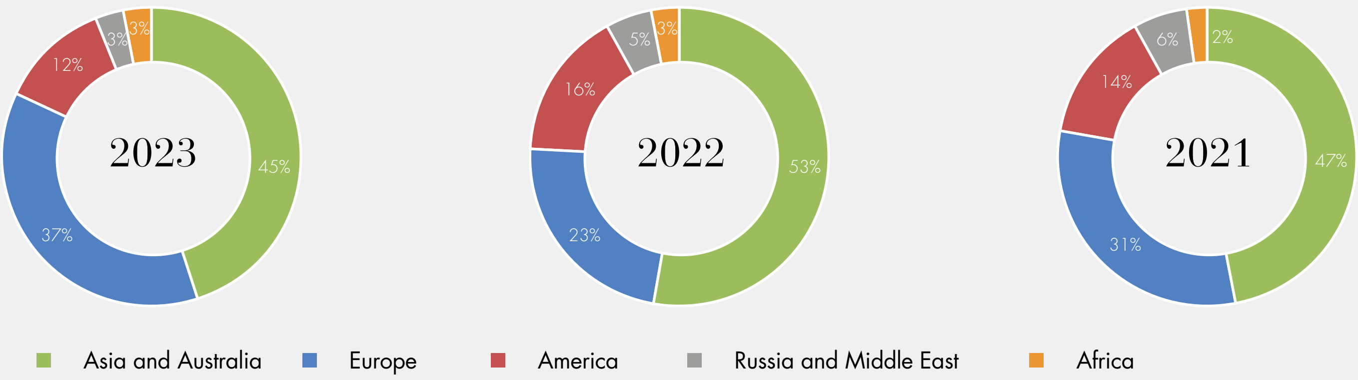
VALUE OF PRODUCTION TREND (M/EURO)



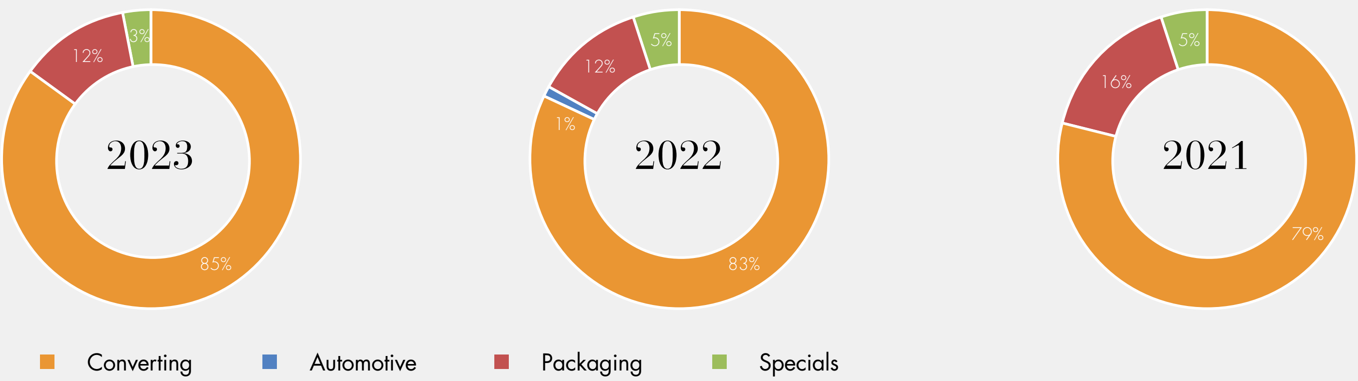


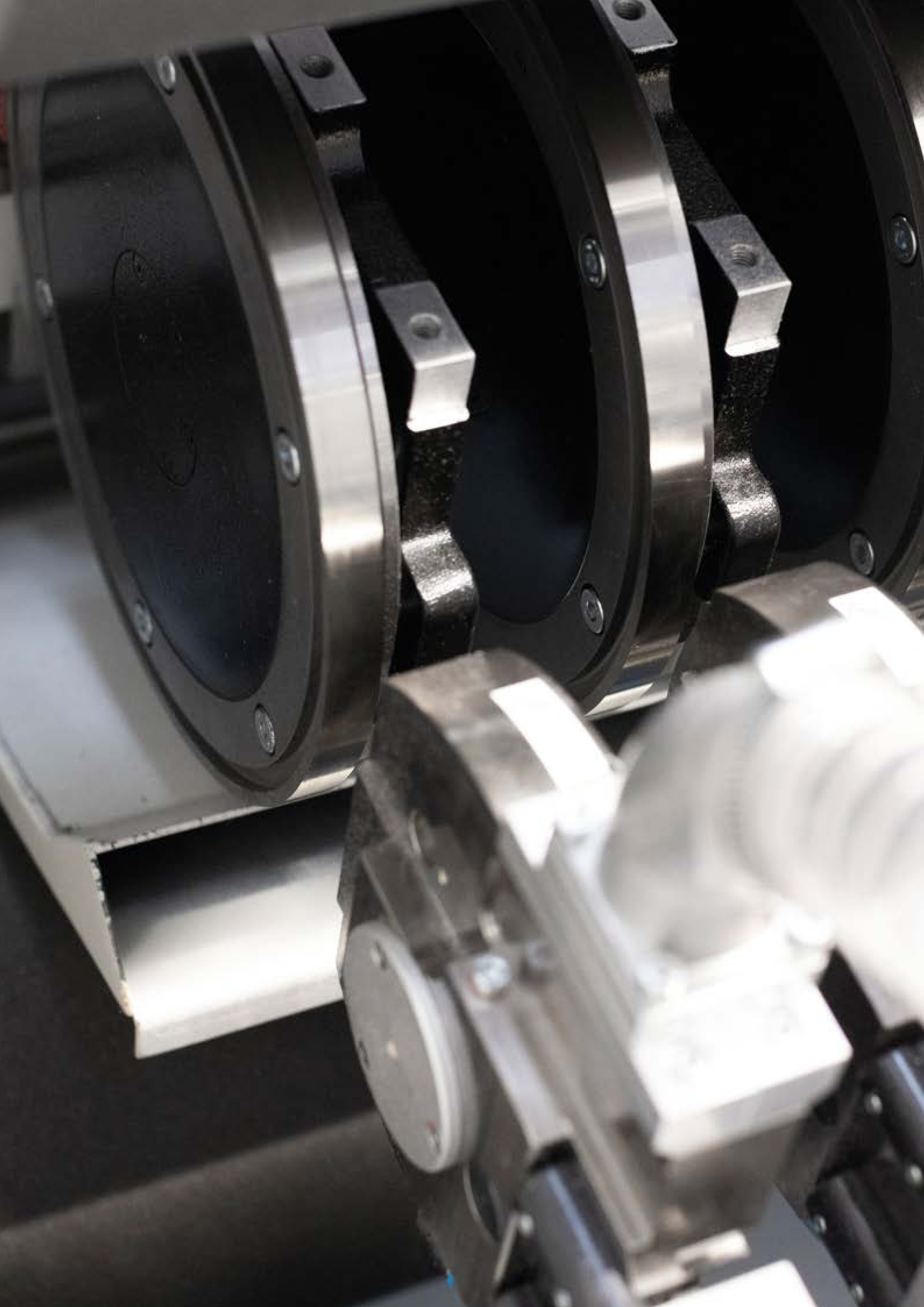
2023	100
2022	94
2021	64

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 2023, health and safety courses required by applicable laws were planned, as well as language courses. Overall 43,731 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 2023 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	3
- receivables for tax consolidation (direct taxes)	11,496
TOTAL	**11,499**
PAYABLES	
- payables for operating leases*	573
- trade payables	275
TOTAL	**848**
INCOME STATEMENT	
Commercial revenues	316
Commercial costs	(681)
Depreciation of right-of-use assets	(416)
Interest expenses on operating leases	(14)
Tax-related proceeds	(671)
TOTAL	**(1,466)**

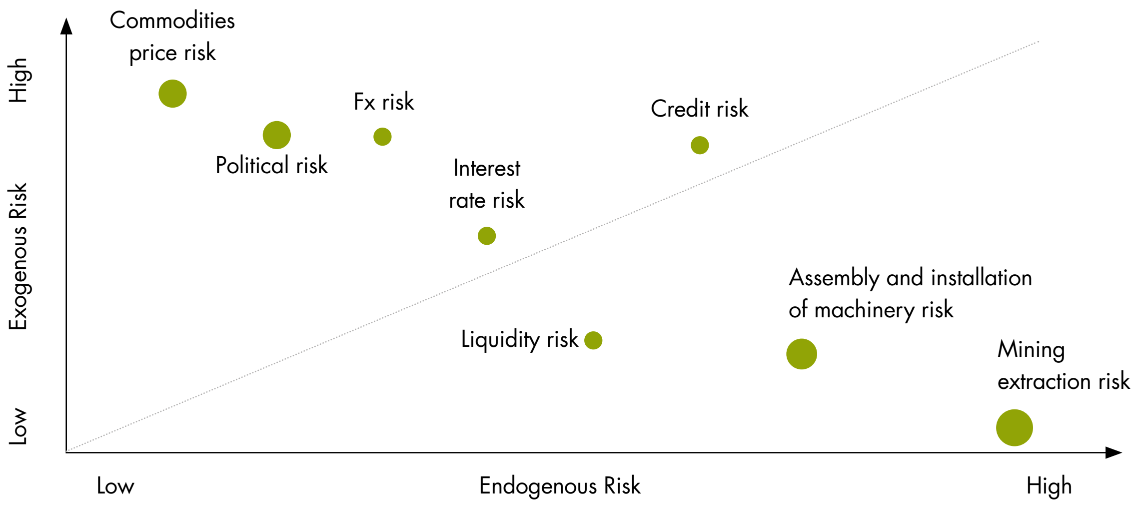
* To offset the recognition of this payable, under assets the item 'Right-of-use assets' includes Euro 625 thousand for archives and parking places located at Piazza Generale Armando Diaz, 7 in Milan

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.

Regarding the Industry Division, in 2023, the ISO 9001:2015 certification for Quality was obtained, demonstrating its commitment to providing high-quality products and services. Furthermore, in 2024, activities to obtain Safety and Environmental certifications will be completed, continuing to prove its commitment to worker safety, health, and environmental protection. 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.

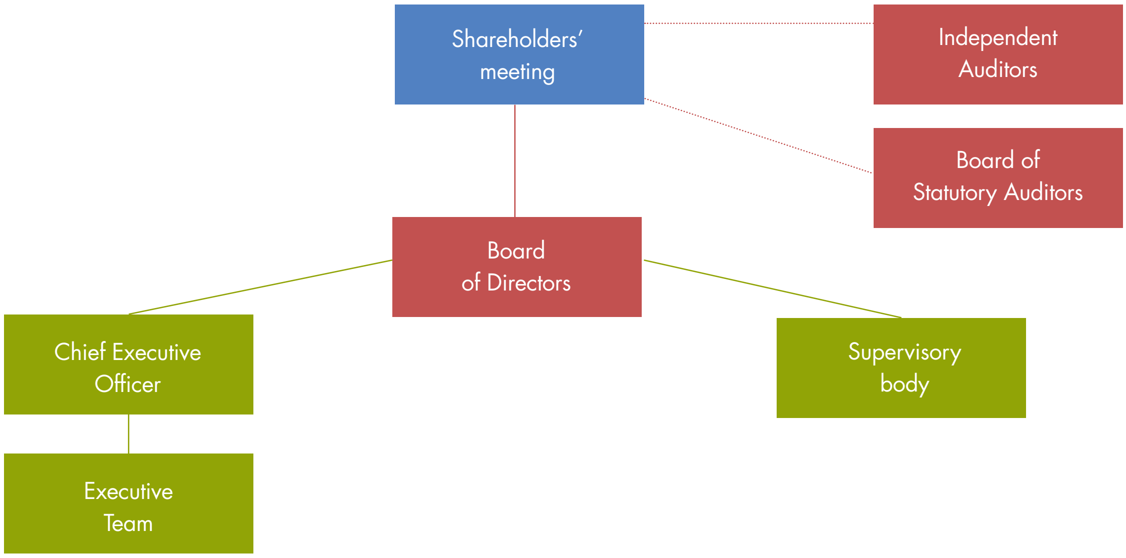
Company management is fully involved and takes part in the commitments made, and provides resources, co-ordination and the desire to establish an ever-better health and safety system.

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 4 May 2023 for a one-year term of office expiring with the approval of the financial statements for the financial year 2023.

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 29 March 2023; it will remain in office until the approval of the 2023 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. In 2022 and 2023, following the Russia/ Ukraine conflict, the Russian company holding the mine continued its operations under the direction of local management, preserving jobs and commitments made to local communities. The Coeclerici Group ceased all activities related to the direction, coordination, and management of this company.

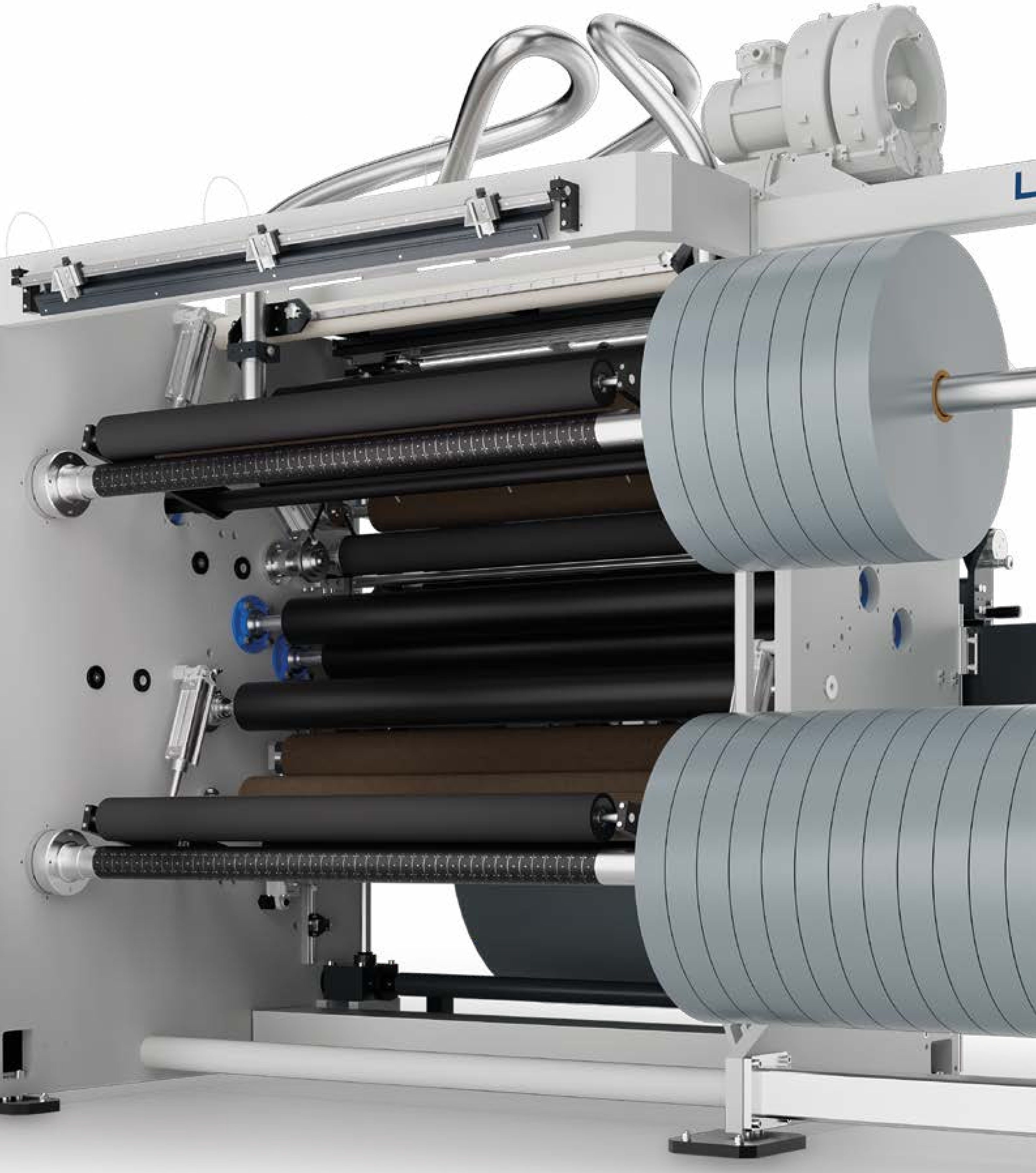
OUTLOOK AND GOING CONCERN

According to a recent report published by the IEA, global coal demand is also expected to remain stable in 2024, standing at about 8.4 billion tons. In the electricity sector, a 1% decline is expected due to the continued expansion of renewables amid moderate growth in electricity demand; however, as economic conditions improve, an increase of about 1.5% in fossil fuel use in the industrial sector is expected.
Ongoing geopolitical issues will not be short-lived, and years of uncertainty are expected. In this context, the Commodities Division's business policy remains anchored in the Coeclerici Group's philosophy, which can be summed up in three concepts: innovation, resilience, and attention to risk. Investment in new commodities (vanadium) is emphasized in the area of innovation.
It is noted that the Group's economic results are significantly affected by the extraction and marketing of coal from the Group's mine located in Russia. As of August 2022 as a result of the sanctions introduced by European regulation prohibiting the purchase, import or transfer of coal or other fossil fuels to the European Union, the Group ceased marketing coal through its subsidiary Commodities SA. In this context, Russian company, holder of the rights to exploit the mine, continued, under the direction of local management, the commercialization of coal, both in the local territory and to other countries that do not apply the sanctions, with lower volumes and margins than those previously achieved in the European market and contributing in 2023 to a reduced extent, compared to the previous year, to the Group's economic results. To date, it is difficult to predict what the final impacts of the economic crisis triggered by the conflict in Ukraine might be, even in view of the fact that different scenarios, including sanctions, could evolve further. Given the Group's significant dependence on mining in Russia any further tightening could further impact the Group's earnings prospects. Currently, coal mining and marketing activities continue in accordance with relevant regulations. The directors, although in light of the uncertainty surrounding the possible evolution of current scenarios, expect mining to still achieve positive results in 2024.

As for the Industry Division, volumes are expected to stabilize in 2024, albeit at slightly lower levels than in 2023, with simultaneous growth in profitability.

Constant commitment by management to continuous improvement of operational processes as well as the study of new products for target markets. In this regard, also in light of the awarding of the Ministerial Call for Proposals aimed at promoting technological development in Italian industrial realities, the Division will invest part of its resources in the coming years in the development of new products with the aim of entering new and promising markets. In general, investment in new technologies enabling the green and digital transition will be a strategic driver of growth. In fact, it is believed that applications in Industry 4.0, concerning Industrial IoT, artificial intelligence and advanced robotics, are set to grow considerably in the relevant industry sector and increasingly constitute a strategic factor for the Division.

The Directors, taking into account the increase in the Group's net financial debt compared to the previous year and the projected economic and financial outlook that foresees a further increase in 2024, intend to address this through the maintenance and use of available credit lines. In addition, in the medium term, the Directors believe that they will be able to meet financial indebtedness through cash flows deriving, among others, from the sale of a strategic asset of the Group, whose closing is subject to the significant uncertainties from external factors and therefore not exclusively dependent upon the actions of the Directors. The Directors, although in the presence of these elements of uncertainty, have prepared the financial statements under the going concern assumptions, confident in the realization of the aforementioned events.



CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated balance sheet

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Consolidated income statement

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Consolidated statement of comprehensive income

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Consolidated statement of changes in equity

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Consolidated statement of cash flow

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023 (thousands of Euro)

ASSETS	(NOTE)	31-Dec-2023	31-Dec-2022	CHANGES
NON-CURRENT ASSETS				
Property, plant and equipment	1	81,264	90,425	(9,161)
Right of use assets	2	13,123	14,238	(1,115)
Intangible assets	3	16,129	15,811	318
Other investments	4	4,457	2,925	1,532
Financial assets measured at FVOCI	4	1,351	611	740
Deferred tax assets	25	1,863	1,263	600
Other non-current assets	5	11,787	12,815	(1,028)
TOTAL NON-CURRENT ASSETS		129,974	138,088	(8,114)
CURRENT ASSETS				
Inventories	6	197,838	132,646	65,192
Trade receivables	7	54,073	77,296	(23,223)
Prepayments	8	1,457	2,140	(683)
Other receivables and current assets	9	14,747	26,884	(12,137)
Cash and cash equivalents	10	33,301	77,429	(44,128)
TOTAL CURRENT ASSETS		301,416	316,395	(14,979)
TOTAL ASSETS		431,390	454,483	(23,093)

EQUITY AND LIABILITIES	(NOTE)	31-Dec-2023	31-Dec-2022	CHANGES
SHAREHOLDERS' EQUITY				
Group equity	11	65,963	108,450	(42,487)
Minority interests	11	498	600	(102)
TOTAL SHAREHOLDERS' EQUITY		66,461	109,050	(42,589)
NON-CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	43,056	46,567	(3,511)
Provision for risks and charges	13	25,074	23,652	1,422
Post-employment benefits	14	3,524	3,418	106
Deferred tax liabilities	25	162	2,624	(2,462)
TOTAL NON-CURRENT LIABILITIES		71,816	76,261	(4,445)
CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	47,627	37,027	10,600
Provision for risks and charges	13	337	376	(39)
Trade payables	15	55,779	73,826	(18,047)
Other payables and current liabilities	16	189,370	157,943	31,427
TOTAL CURRENT LIABILITIES		293,113	269,172	23,941
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		431,390	454,483	(23,093)

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2023 (thousands of Euro)

	(NOTE)	2023	2022	CHANGES
Revenues from sales and services	17	774,590	1,428,640	(654,050)
Operating costs	18	(711,592)	(1,192,663)	481,071
GROSS MARGIN		62,998	235,977	(172,979)
Overhead and administrative expenses	19	(46,235)	(60,547)	14,312
Capital gains / (losses) on non-current assets	20	(54)	317	(371)
Other net operating income (costs)	21	(1,976)	(85,559)	83,583
EBITDA		14,733	90,188	(75,455)
Depreciation, amortization and write-down	22	(11,273)	(12,535)	1,262
EBIT		3,460	77,653	(74,193)
Net financial income / (expenses)	23	(7,402)	(8,166)	764
Profit / (loss) on foreign exchange	24	(4,275)	(12,652)	8,377
RESULT BEFORE TAXES		(8,217)	56,835	(65,052)
Taxes	25	(264)	(15,993)	15,729
NET RESULT FROM CONTINUING OPERATIONS		(8,481)	40,842	(49,323)
Net result from discontinued operations		-	-	-
NET RESULT		(8,481)	40,842	(49,323)
Attributable to the Coeclerici Group		(8,556)	40,537	(49,093)
Attributable to minority interests		75	305	(230)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2023 (thousands of Euro)

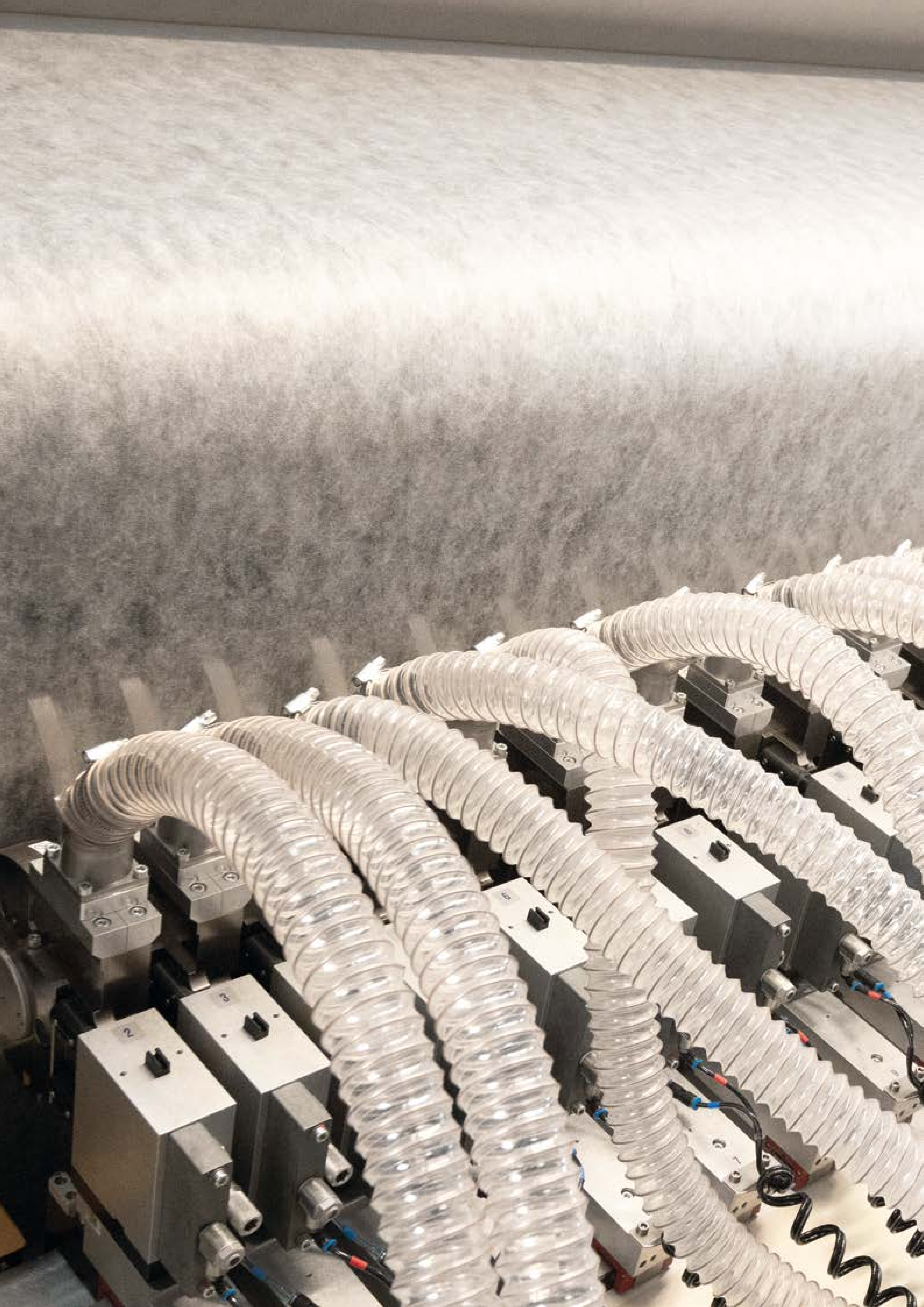
	(NOTE)	2023	2022	CHANGES
NET RESULT		(8,481)	40,842	(49,323)
Items that may be reclassified subsequently to the Income Statement:				
- Differences from conversion of financial statements in currencies other than Euro		(13,900)	4,617	(18,517)
- Change in the fair value of cash flow hedge financial instruments	27	(50)	(4,348)	4,298
Total items that may be reclassified, net of tax effects		(13,950)	269	(14,219)
Items that will NOT be reclassified subsequently to the Income Statement:				
- Change in the fair value of financial assets measured at FVOCI	4	43	(583)	626
- Actuarial gains / (losses)		(11)	268	(279)
Total items that will NOT be reclassified, net of tax effects		32	(315)	347
NET INCOME RECORDED DIRECTLY IN EQUITY		(13,918)	(46)	(13,872)
TOTAL COMPREHENSIVE INCOME		(22,399)	40,796	(63,195)
ATTRIBUTABLE TO:				
- Attributable to the Coeclerici Group		(22,487)	40,485	(62,972)
- Attributable to minority interests		88	311	(223)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2023 (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 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**
2022 net result transferred to reserves	-	-	-	-	-	-	-	40,537	(40,537)	**-**	-	**-**
Dividends paid	-	-	-	(2,538)	-	-	(11,491)	(5,971)	-	**(20,000)**	(190)	**(20,190)**
Net income recorded directly in equity	-	-	(13,913)	-	(7)	(11)	-	-	-	**(13,931)**	13	**(13,918)**
Effect of change in area of consolidation	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Net result for 2023	-	-	-	-	-	-	-	-	(8,556)	**(8,556)**	75	**(8,481)**
At 31 December 2023	**10,000**	**2,000**	**(14,733)**	**358**	**(2,693)**	**(158)**	**37,707**	**42,038**	**(8,556)**	**65,963**	**498**	**66,461**

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2023 (thousands of Euro)

	2023		2022	
A CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	77,429		59,745	
B CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES				
BEFORE CHANGES IN NET WORKING CAPITAL	5,229		63,283	
Net result		(8,556)		40,537
Minority interest net result		75		305
Depreciation of property, plant and equipment		7,055		8,828
Amortization of intangible assets		1,427		1,003
Depreciation of right of use assets		2,791		2,704
Interest expenses		6,080		5,583
Losses (gains) on non-current assets		54		(317)
Interest paid		(5,186)		(5,123)
Net change in provisions for liabilities and charges		1,383		9,783
Net change in post-employment benefits		106		(20)
CHANGES IN NET WORKING CAPITAL	(17,911)		15,976	
Net change in deferred taxes		(3,062)		(1,429)
Change in inventories		(65,192)		(32,142)
Change in trade receivables		23,223		(27,364)
Change in trade payables		(18,046)		28,508
Change in advances from customers		57,318		29,865
Other changes in working capital		(12,152)		18,538
CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES (B)	(12,682)		79,259	
C CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment	(12,680)		(18,986)	
Investments in right of use assets	(2,176)		(6,132)	
Investments in intangible assets	(2,486)		(2,450)	
Investments in other companies	(1,532)		(2,923)	
Disposal of property, plant and equipment	1,320		8,591	
Disposal of intangible assets	-		44	
Disposal of right of use assets	-		19	
Change in other non-current assets	-		(765)	
Dividends from investments in other companies	-		2	
Disposal / (Increase) of investments in financial assets measured at FVOCI	(981)		65	
CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES (C)	(18,535)		(22,535)	
D CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES				
Net change in current and non-current financial payables	7,089		(29,040)	
Dividends paid	(20,000)		(10,000)	
CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES (D)	(12,911)		(39,040)	
E OVERALL CASH FLOW GENERATED (ABSORBED) (E = B + C + D)	(44,128)		17,684	
F CASH AND CASH EQUIVALENTS AT END OF PERIOD (A + E)	33,301		77,429	



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Coeclerici Group as of December 31, 2023

PRINCIPLES USED IN DRAWING UP THE FINANCIAL STATEMENTS

The consolidated financial statements for the period to 31 December 2023 were prepared under the assumption of going concern, as already discussed in the section on 'Outlook and going concern' in the Director's report.

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 2023 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 re-valued.
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.

There are no changes compared to the previous financial year.

ACCOUNTING PRINCIPLES RECENTLY ISSUED

IFRS Accounting principles, amendments and interpretations applied starting on 1 January 2023

Since January 1st, 2023, the company has maintained continuity in the application of the same accounting principles, without adopting any new standards, amendments, or IFRS interpretations introduced recently.

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 2023 are summarized in the following table:

	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER ASSETS	COAL RESERVES	CLEAN-UP AND RESTORATION COSTS	TANGIBLE ASSETS UNDER CONSTRUCTION	TOTAL
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**
Increases	405	4,731	1,349	-	-	6,195	12,680
Decreases	(204)	-	(49)	-	(1,067)	-	(1,320)
Depreciation and write-down	(492)	(5,338)	(1,169)	(30)	(27)	-	(7,056)
Exchange rate differences	(1,574)	(8,329)	(100)	(2,008)	(534)	(920)	(13,465)
At 31 December 2023	**25,237**	**31,523**	**6,234**	**7,451**	**1,198**	**9,621**	**81,264**

The increases in the items 'Plant and machinery' for Euro 4.143 thousand and 'Tangible assets under construction' for Euro 970 thousand are mainly attributable to the investments made by the Russian subsidiary SC Kisk (Euro 5,133 thousand) and that were necessary to improve production efficiency at the mining site.
The increase in the item 'other assets' by Euro 1,349 thousand mainly relates to investments in furniture and furnishings by Coeclerici Spa.
The item 'Tangible assets under construction' mainly refers to purchases made by the parent company Coeclerici Spa (for Euro 5,223 thousand) for the construction of the new IMS Technologies plant in Calcinate. The construction of this plant was completed in the early months of 2024.

Right of use assets (Note 2)

The changes that occurred in right of use assets during 2023 are summarized in the following table:

	VEHICLES	PLANT AND MACHINERY, TOOLS	LAND, OFFICES AND INDUSTRIAL PLANTS	OTHER TANGIBLE ASSETS	TOTAL
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**
Increases	536	339	1,206	95	2,176
Decreases	-	-	-	-	-
Depreciation	(438)	(352)	(1,967)	(33)	(2,790)
Exchange rate differences	(19)	(21)	(461)	-	(501)
At 31 December 2023	**749**	**1,879**	**10,425**	**70**	**13,123**

The increases relate mainly to the signing of lease contracts by the subsidiary IMS Technologies and Coeclerici Commodities for the purchase of company vehicles, and the renewal of operating leases by the Russian subsidiary SC Kisk. The item 'Right-of-use assets' includes the net carrying amount for the Seriate facility, utilized by the Industry Division, equal to Euro 5,272 thousand.

Intangible assets (Note 3)

The changes that occurred in intangible assets during 2023 are summarized in the following table:

	GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
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**
Increases	-	2,486	2,486
Decreases	-	-	-
Amortization and write-down	-	(1,427)	(1,427)
Exchange rate differences	-	(741)	(741)
At 31 December 2023	**3,082**	**13,047**	**16,129**

The balance of the 'Goodwill' item, amounting to Euro 3,082 thousand as of December 31, 2023, consists of Euro 1,814 thousand related to the acquisition of IMS Technologies Spa in 2017 and Euro 1,268 thousand related to the acquisition of the business branch of Laem System Srl in 2020. The Board of Directors conducted impairment tests, confirming the book values.

Increases in other intangible assets, totaling Euro 2,486 thousand, primarily included development projects carried out by the Industry Division.
At 31 December 2023, 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:

	31/12/2023	31/12/2022
Other investments	4,457	2,925
Financial assets measured at FVOCI	1,351	611
Total	**5,808**	**3,536**

The heading 'Other investments' consisted of the following at 31 December 2023:

	31/12/2023	31/12/2022
BEF Biosystems Srl	1,500	1,500
Consorzio Maturatori 2000	1	1
Consorzi	1	1
Vecco Group	2,955	1,423
Total other investments	**4,457**	**2,925**

During the current year, the subsidiary Coeclerici Far East increased its investment in the Australian startup Vecco Group by acquiring additional shares for a total amount of Euro 1,251 thousand. As a result, its shareholding in the share capital of Vecco Group increased from the previous 3% to the new level of 5%. The investment was also adjusted to fair value, resulting in an increase of Euro 281 thousand.

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

	31/12/2023	31/12/2022
Illimity Bank	1,331	583
Hao Capital Fund II L.P.	20	28
Total financial assets measured at FVOCI	**1,351**	**611**

During 2023 this item increased by Euro 740 thousand. This increase is attributable to the purchase of new shares in Illimity Bank (Euro 980 thousand), partially offset by the decrease in the fair value of the Hao Capital Fund II L.P. and Illimity Bank shares. 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:

	31/12/2023	31/12/2022
Other receivables	26	-
Tax receivables	-	367
Receivables from holding company for tax consolidation	11,496	12,150
Guarantee deposits	265	298
Total other non-current assets	**11,787**	**12,815**

'Receivables from holding company for tax consolidation' refer to net receivables arising from the tax consolidation for income taxes 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. The variation of the item by Euro 654 thousand in 2023 is attributable to the use of the tax credit for taxes due by Ims Technologies Spa and Coeclerici Spa. Based on the expected prospective results of the companies participating in the tax consolidation, the Directors reasonably believe the credit to be recoverable in the medium term.

Inventories (Note 6)

Inventories, equal to Euro 197,838 thousand (Euro 132,646 thousand at 31 December 2022), are made up as follows:

	31/12/2023	31/12/2022
Raw, subsidiary and consumable materials	11,580	9,812
Work in progress and semifinished goods	168,705	105,705
Industry Division goods	255	341
Goods	17,298	16,788
Total inventories	**197,838**	**132,646**

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.

It is noted that advances from customers amounting to Euro 161,257 thousand have been received against work in progress on orders, recorded among current liabilities. As evidenced by the breakdown of 'Goods' below, entirely related to various types of coal, the value of goods in inventory is higher than the figure at 31 December 2022, mainly due to increased volumes in stock and higher prices, partially offset by currency effects; particularly due to the devaluation of the Russian ruble (EUR/RUB 98.79 exchange rate at 31 December 2023, compared to an exchange rate at 31 December 2022, of 77.86).

	31/12/2023		31/12/2022	
	TONNES	EURO/000	TONNES	EURO/000
Goods	326,873	17,298	317,159	16,788

Trade receivables (Note 7)

This heading amounts to Euro 54,073 thousand (Euro 77,296 thousand at 31 December 2022) 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 3,935 thousand (Euro 4,156 thousand at 31 December 2022).
Trade receivables at 31 December 2023 can be divided between the following expiry periods:

	31/12/2023	31/12/2022
Invoices to be issued	(356)	2,677
Receivables not yet due	27,150	58,099
Due < 60 days	24,606	10,996
Due < 180 days	1,024	2,864
Due < 365 days	355	908
Due > 1 year	5,229	5,908
Provision for bad debts	(3,935)	(4,156)
Total trade receivables	**54,073**	**77,296**

The reduction in the item is mainly due to lower sales volumes in the Commodities Division and the decrease in coal prices compared to 2022.
It should be noted that in the months subsequent to December 2023, a large proportion of the receivables shown in the table at 31 December 2023 with an expiry of less than 60 days was actually collected.

The movement in the provision for bad debts during 2023 was as follows:

Provision for bad debts at 31 December 2022	**(4,156)**
Provisions	(19)
Releases	-
Uses	87
Exchange rate differences	153
Provision for bad debts at 31 December 2023	**(3,935)**

Prepayments (Note 8)

The final balance of Euro 1,457 thousand (Euro 2,140 thousand at 31 December 2022), 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:

	31/12/2023	31/12/2022
Other receivables	591	650
Receivables relating to the fair value of financial instruments	45	94
Tax receivables	12,002	19,106
Accrued income and prepaid expenses	2,109	7,034
Total other receivables and current assets	**14,747**	**26,884**

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' mainly consist of VAT credits. The change in this item primarily refers to the recognition of the settlement of taxes from previous years by the subsidiaries Coeclerici Commodities and Kisk, and the offsetting of VAT credit and tax credits related to the 'Investment 4.0' program in IMS Technologies Spa.

Cash and cash equivalents (Note 10)

This heading consists of the following:

	31/12/2023	31/12/2022
Bank and postal deposits	33,257	77,377
Cash in hand	44	52
Total cash and cash equivalents	**33,301**	**77,429**

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 14,733 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 negative change of Euro 13,913 thousand, mainly because of the devaluation of the Russian ruble (exchange rate of EUR/RUB 98.79 as of 31 December 2023 compared to an exchange rate of 77.86 as of 31 December 2022).

The 'Merger surplus reserve' with a positive balance of Euro 358 thousand, was used for Euro 2,538 thousand in 2023 as part of the dividend distributed to the shareholder.

The 'Reserve related to the fair value of financial instruments', with a negative value of Euro 2,693 thousand, reflects a decrease of Euro 7 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') and the change in the fair value of the value of other investments.

The heading 'Actuarial gains / (losses)' with a negative balance of Euro 158 thousand, increased by Euro 11 thousand and is related to the actuarial evaluation of defined benefit plans (TFR) at 31 December 2023 (as more fully detailed in 'Note 14 – Post-employment benefits').

The item 'Other reserves', with a positive balance of Euro 37,307 thousand, was used for Euro 11,491 thousand in 2023 as part of the dividend distributed to the shareholder.

The item 'Retained earnings' showed a positive balance of Euro 42,038 thousand after retaining the profit for the previous financial year for Euro 40,537 thousand and distributing part of dividends to the sole shareholder for Euro 5,971 thousand.
The total dividend distributed to shareholders in 2023 amounted to Euro 20,000 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:

	31/12/2023	31/12/2022
Net financial position	57,381	10,888
Equity	66,461	109,050
NFP/EQUITY	**0.86**	**0.10**

Interest bearing liabilities and borrowings (Note 12)

This heading consists of the following:

	31/12/2023			31/12/2022		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Short term advances	8,141	-	**8,141**	6,879	-	**6,879**
Secured loans from financial institutions	2,231	4,652	**6,883**	7,252	7,734	**14,986**
Unsecured loans from financial institutions	34,385	31,893	**66,278**	20,349	31,001	**51,350**
Finance leases	685	2,451	**3,135**	520	2,633	**3,153**
Operating leases	2,185	4,061	**6,245**	2,027	5,199	**7,226**
Interest bearing liabilities and borrowings	**47,627**	**43,056**	**90,682**	**37,027**	**46,567**	**83,594**

Short term advances, amounting to Euro 8,141 thousand (Euro 6,879 thousand at 31 December 2022), refer mainly to loans disbursed by lending institutions to finance coal trading.

Secured loans from financial institutions, totaling Euro 6,883 thousand, were down by Euro 8,103 thousand compared to 2022, refer to the loan for the acquisition of the property located in Riva Paradiso, Lugano, headquarters of the holding of the Commodities Division (Euro 2,959 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 3,924 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 66,278 thousand, were up by Euro 14,928 thousand compared to 2022, 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 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.

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 2023 had the following expiry periods:

	WITHIN 31/12/2024	WITHIN 31/12/2026	WITHIN 31/12/2028	AFTER 31/12/2028	TOTAL
Short term advances	8,141	-	-	-	**8,141**
Secured loans from financial institutions	2,231	1,790	65	2,797	**6,883**
Unsecured loans from financial institutions	34,385	31,803	90	-	**66,278**
Finance leases	685	1,266	1,184	-	**3,135**
Operating leases	2,185	2,128	864	1,069	**6,245**
Interest bearing liabilities and borrowings	**47,627**	**36,986**	**2,203**	**3,866**	**90,682**

It should be noted that the balance expiring within 31/12/2026 for the item 'Unsecured loans from financial institutions' includes the utilization of the syndicated line by the holding company Coeclerici for Euro 27 million. During 2023, the utilization of the facility increased by Euro 6 million compared to 31 December 2022. The revolving credit facility is available for a maximum amount of Euro 75 million until 31 December 2026, and requires compliance with covenants. During 2023 and as of 31 December 2023, the financial covenants have been met. Non-compliance with the covenants may result in the early repayment of the entire utilized line.

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

	31/12/2023			31/12/2022		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Eur	34,475	36,274	**70,749**	18,591	34,839	**53,430**
Usd	7,745	-	**7,745**	14,333	6,733	**21,066**
Rub	4,757	3,716	**8,473**	3,361	1,634	**4,995**
Chf	99	2,955	**3,053**	82	2,796	**2,878**
Sgd	345	-	**345**	361	315	**676**
Inr	65	59	**124**	71	61	**132**
Cny	27	-	**27**	101	28	**129**
Idr	23	9	**33**	51	79	**130**
Vnd	79	43	**122**	63	82	**145**
Aud	12	-	**12**	13	-	**13**
Interest bearing liabilities and borrowings by currency	**47,627**	**43,056**	**90,682**	**37,027**	**46,567**	**83,594**

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

At 31 December 2022	**83,594**
(Reimbursements) / Drawdowns	9,092
Exchange rate differences	(1,605)
At 31 December 2023	**90,682**

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 2023, this heading consisted of the following:

	31/12/2023	31/12/2022
Current	337	376
Non current	25,074	23,652
Total provisions for risks and charges	**25,411**	**24,028**

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

At 31 December 2022	**24,028**
Provisions	6,177
Actuarial variation in restoration costs	437
Restoration costs	(1,078)
Releases	(2,500)
Uses	(166)
Exchange rate differences	(1,487)
At 31 December 2023	**25,411**

During the year, Euro 6,177 thousand 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 2023 includes the costs for dismantling and reclaiming the Russian mine, totalling Euro 3,505 thousand.

Post-employment benefits (Note 14)

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

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**
Provisions for the period	565
Actuarial (gains) / losses	11
Exchange rate differences	(154)
Uses	(316)
At 31 December 2023	**3,524**

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

	31/12/2023	31/12/2022
Discount rate	2.95%	3.57%
Inflation rate	2.00%	2.30%
Annual salary increase rate	3.00%	2.00%
Annual post-employment benefit increase rate	2.00%	3.22%

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 11 thousand, consisted of 'actuarial losses from experience' for Euro 35 thousand and 'actuarial gains from change of discount rate' for Euro 46 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 2023:

	VARIATION	31/12/2023
Inflation rate	+0.25%	26
Inflation rate	-0.25%	(25)
Discount rate	+0.25%	(33)
Discount rate	-0.25%	34

Trade payables (Note 15)

The balance of Euro 55,779 thousand (Euro 73,826 thousand at 31 December 2022) includes current payables for supplies linked to the Group's normal operating activities.

The change in the financial year is primarily driven by the decrease in coal prices and lower sales volumes for the Commodities Division.

Other payables and current liabilities (Note 16)

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

	31/12/2023	31/12/2022
Advances from customers	161,257	103,939
Other payables	12,769	25,053
Payables relating to the fair value of financial instruments	-	4,722
Tax payables	11,619	21,572
Payables to social security institutions	1,630	1,902
Accrued expenses and deferred income	2,095	755
Total other payables and current liabilities	**189,370**	**157,943**

The item 'Advances from customers' includes Euro 161,257 thousand for advance payments received by the Industry Division (Euro 103,939 thousand at 31 December 2022), 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 'Other payables' amounted to Euro 12,769 thousand (Euro 25,053 thousand at 31 December 2022), and included payables of various types falling due within 12 months.

During 2023, all 'Payables relating to the fair value of financial instruments' for forward contracts for coal held by the subsidiary Coeclerici Commodities were extinguished.

The reduction in the 'Tax payables' by Euro 9,953 thousand is mainly attributed to the decrease in taxable income of the Commodities Division compared to 2022.

Revenues from sales and services (Note 17)

The item is composed as follows:

	2023	2022
Raw material sales	674,634	1,335,005
Industrial machine sales	99,956	93,635
Total revenues from sales and services	**774,590**	**1,428,640**

'Raw material sales' amounted to Euro 674,634 thousand and referred to the Commodities Division's activity relating to the sale of coal.
These revenues were down 49% due to both the decrease in the reference indices for coal (the API2 index averaged 129 USD/T for the year, a 55% decrease from the 2022 average of 290 USD/T) and a lower volume of coal sales in 2023 (9% less than the same period in 2022).

'Industrial machine sales' amounted to Euro 99,956 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:

	2023	2022
Purchase of raw materials	523,524	1,017,043
Mine operating costs	74,685	72,991
Cost of mining personnel	8,890	11,072
Industrial machine operating costs	94,402	81,212
Industrial machine personnel costs	10,091	10,345
Total operating costs	**711,592**	**1,192,663**

Costs related to the 'Purchase of raw materials', amounting to Euro 523,524 thousand, refer to the Commodities Division's activities; these costs decreased by 49% over the comparison period.
This decrease is consistent with the decrease observed in the 'Raw material sales' item and, as previously mentioned for that item, is primarily attributable to the decline in coal prices and lower sales volumes. The item 'Mine operating costs', amounting to Euro 74,685, includes the operational costs related to the mine in Russia of the Russian subsidiary Kisk. The items 'Industrial machine operating costs', amounting to Euro 94,402 thousand, and 'Industrial machine personnel costs', totaling Euro 10,091 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 and in volumes produced.

Overhead and administrative expenses (Note 19)

The item is composed as follows:

	2023	2022
Personnel costs	27,546	35,661
Consultancies	4,780	5,988
Directors and Statutory Auditors' fees	1,475	5,663
Rents, leases and similar	782	805
Other costs	4,669	5,983
Travel expenses	2,406	2,078
Entertainment expenses – donations	1,332	1,373
Utilities – Building administration – Representative offices	1,661	1,629
Consumables	201	235
Advertising	1,383	1,132
Total overhead and administrative expenses	**46,235**	**60,547**

For the heading 'Personnel costs', amounting to Euro 27,546 thousand, further details are provided in 'Note 31 – Other information'.

The item 'Consultancies', amounting to Euro 4,780 thousand, mainly consists of legal and IT consulting services.

The item 'Directors and Statutory Auditors' fees', amounting to Euro 1,475 thousand includes fees due to Directors and Statutory Auditors of the Holding, as shown below:

	2023		2022	
	NUMBER	REMUNERATION	NUMBER	REMUNERATION
Directors	11	1,151	11	5,244
Statutory Auditors	3	58	3	58
Total fees	**14**	**1,209**	**14**	**5,302**

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

The item is composed as follows:

	2023	2022
Capital gains	193	322
Capital losses	(247)	(5)
Total capital gains (losses) on non-current assets	**(54)**	**317**

The item 'Capital gains' mainly includes the positive impact resulting from the sale of two vehicles, one from the parent company Coeclerici Spa and one from the subsidiary IMS Technologies Spa. The item 'Capital losses' includes the negative impact of the sale of land by the Russian subsidiary Tajlepskoe.

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

The item is composed as follows:

	2023	2022
Other operating income		
Release of provisions and other liabilities	2,500	1,408
Insurance claims	238	57
Release of provisions for bad debts	-	1
Gains on derivatives	2,265	-
Total other operating income	**5,003**	**1,466**
Other operating costs		
Allocations to provisions for risks and charges	(6,177)	(10,610)
Allocations to provisions for bad debts	(199)	(214)
Losses on derivatives	-	(73,061)
Other net income (costs)	(603)	(3,140)
Total other operating costs	**(6,979)**	**(87,025)**
Total other net operating income / (costs)	**(1,976)**	**(85,559)**

The item 'Gains on derivates' mainly comprises the positive result from the sale of derivative instruments held by the subsidiary Coeclerici Commodities.

Depreciation, amortization and write-down (Note 22)

The heading is composed as follows:

	2023	2022
Depreciation of property, plant and equipment and write-downs	7,056	8,828
Depreciation of right of use assets: finance leases	442	564
Depreciation of right of use assets: operating leases	2,348	2,140
Amortization of intangible assets and write-downs	1,427	1,003
Total depreciations, amortizations, and write-downs	**11,273**	**12,535**

Net financial income / (expenses) (Note 23)

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

	2023	2022
Total financial income (expenses)	**(7,402)**	**(8,166)**

The category includes the following financial income:

	2023	2022
Interest received	983	358
Total financial income	**983**	**358**

The item 'Interest received' amounted to Euro 983 thousand and mainly included interest received from banks on current and deposit accounts.

Financial expenses included the following:

	2023	2022
Bank charges	(2,305)	(2,941)
Interest expenses	(5,802)	(5,388)
Interest expenses on operating leases (IFRS 16)	(278)	(195)
Total financial expenses	**(8,385)**	**(8,524)**

The item 'Bank charges' mainly includes fees related to the buying and selling of commodities by the Commodities Division.

The increase of Euro 414 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.

Details of exchange rate differences, both realized and not realized in 2023, and their comparison to the previous financial period, are shown in the table below:

	2023			2022		
	REALIZED	NON REALIZED	TOTAL	REALIZED	NON REALIZED	TOTAL
Exchange gains	585	52	**637**	5,586	356	**5,942**
Exchange losses	(1,752)	(3,160)	**(4,912)**	(15,516)	(3,078)	**(18,594)**
Total exchange gains (losses)	**(1,167)**	**(3,108)**	**(4,275)**	**(9,930)**	**(2,722)**	**(12,652)**

Taxes (Note 25)

The amount of the tax burden regarding the period was negative for Euro 264 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:

	2023	2022
Current taxes	(3,483)	(16,405)
Deferred taxes	3,219	412
Total taxes	**(264)**	**(15,993)**

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.

	31/12/2023	31/12/2022
Deferred tax assets	1,863	1,263
Deferred tax liabilities	(162)	(2,624)
Net balance of deferred tax assets (provision for deferred tax liabilities)	**1,701**	**(1,361)**

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 2023 were as follows:

	RECEIVABLES	PAYABLES	TOTAL
Coeclerici SpA	9,341	-	**9,341**
IMS Technologies SpA	2,155	-	**2,155**
Total receivables (payables) owing to tax consolidation	**11,496**	**-**	**11,496**

Information by operating segment and geographical area (Note 26)

The information by operating segment for 2023 period is summarized in the following table:

	COMMODITIES	INDUSTRY	HOLDING ADJUSTMENT	TOTAL
Revenues from sales and services	674,634	99,956	-	**774,590**
Operating profit (EBIT)	8,829	3,603	(8,972)	**3,460**
Net financial income / (expenses)	(3,623)	(1,873)	(1,906)	**(7,402)**
Net result	(947)	1,003	(8,537)	**(8,481)**

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

	COMMODITIES	INDUSTRY	TOTAL
Africa	-	3,424	**3,424**
Americas	-	11,900	**11,900**
Asia and Australia	560,534	45,338	**605,871**
Russia and Middle East	31,011	2,768	**33,780**
Europe	83,089	36,526	**119,615**
Total revenues from sales and services	**674,634**	**99,956**	**774,590**

Information regarding financial instruments (Note 27)

Cash flow hedge

At 31 December 2023 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 31/12/2023 (EUR/000)
Q1 2026	1,875	EUR	1,50%	1,125	45
Total IRS				**1,125**	**45**

Summary of fair value of derivative financial instruments

At 31 December 2023 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':

The values and variations in the fair value of derivative instruments in existence at 31 December 2023 are shown in the table below:

	31/12/2022	CHANGES IN EQUITY	CHANGES IN INCOME STATEMENT	31/12/2023
Receivables/(Payables)				
IRS and foreign exchange market	94	(49)	-	45
Forward coal sales	(4,722)	-	4,722	-
Total receivables/(Payables)	**(4,628)**	**(49)**	**4,722**	**45**

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	1,331	-	20
Other investments	-	-	2,955
Hedging derivatives	-	45	-
Total financial assets	**1,331**	**45**	**2,975**

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 2023 in closed-end investment funds and in other investments (with a stake of less than 20% of the share capital).

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 2023 would have had a negative effect of 507 thousand on the income statement for 2023 and Euro 496 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.

Regarding liquidity risk, reference is also made to the information provided in the management report and the section 'Outlook and going concern'.

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	905	769	636	136
Total financial investments		**905**	**769**	**636**	**136**

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 905 thousand at 31 December 2023. The financial investment was recorded to its market value of Euro 20 thousand, as indicated under the heading 'Financial assets measured at FVOCI'.

Guarantees issued

At 31 December 2023, guarantees given to third parties stood at Euro 25,475 thousand, and are illustrated below:

	31/12/2023	31/12/2022
Bank guarantees	25,475	27,708
Total guarantees issued	**25,475**	**27,708**

The amount as of 31 December 2023, is primarily represented by bank guarantees issued to customers of the Industry Division as security for the proper execution of ongoing custom order works.

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 2023 totalled Euro 46,527 thousand (Euro 57,078 thousand in 2022), of which Euro 8,890 thousand related to personnel at the Russian mine (Euro 11,072 thousand in 2022), Euro 10,091 thousand related to personnel involved in the design and production of industrial machines (Euro 10,345 thousand in 2022) and Euro 27,546 thousand related to staff personnel (Euro 35,661 thousand in 2022).

The average composition of employees was as follows:

	2023	2022
Executives	24	27
White Collars	415	424
Blue Collars	150	160
Miners	591	621
Total employees	**1,180**	**1,232**

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 2023 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 Tajlepskoe	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 2023	**12,052**	**64,413**
Net result and equity recorded by consolidated companies	7,506	128,158
Consolidation adjustments:		
- elimination of transactions between consolidated companies with exception of intercompany dividends and holdings in subsidiaries	219	(136,622)
- application of IAS/IFRS international accounting principles	2,778	10,014
- elimination of intercompany dividends	(31,111)	
Coeclerici Group at 31 December 2023	**(8,556)**	**65,963**

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.

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INDIPENDENT AUDITORS' REPORT

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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 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, 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 the attention to paragraph "Outlook and going concern" of the Directors' Report in which the directors provide information on the assessment made regarding the use of the going concern assumption in the preparation of the consolidated financial statements. The directors represent how the Group's economic results are significantly influenced by the extraction and commercialization of coal deriving from the mine located in Russia, as well as the effects resulting from the sanctions regime introduced in August 2022, due to the Russian-Ukrainian conflict, which prevents the import or transfer into the European Union of coal produced by companies located in Russia. The directors also inform how the possible scenarios, including incremental sanctions, could provide further developments and how these could further impact the Group's forward earnings. Despite the uncertainty over the possible evolution of the current scenarios, the directors still expect positive results from the mining activity in 2024. In these circumstances the directors expect the Group's net financial debt to increase in 2024 compared to the previous year, and to address such increase with the use of available credit lines.

The directors further represented they would be able to fulfill the financial debt in the medium term through the cash flows deriving, among others, from the sale of a strategic asset of the Group, whose closing is subject to the significant uncertainties from external factors and therefore not exclusively dependent upon the actions of the directors.

The directors, despite the impact of such uncertainties, which could be significant considering how they are based on the sale of a strategic asset in the medium term, are confident that the above-mentioned events will occur, and therefore prepared the financial statements under the going concern assumption.

Our opinion is not qualified with respect to this matter.

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 2023, 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 2023 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 2023 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, 6 May 2024

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.

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, 2023, 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, 2023 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.

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 31.12.2023, 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 statutory 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, 2023, 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 e Continuità Aziendale" of the directors' report, both for the statutory financial statements and for the consolidated financial statements, in which the directors explain the reasons on the basis of which they have prepared the financial statements on a going concern basis, even if there are elements of uncertainty therein, substantially resulting from the influence of the persistent geopolitical situation in the Russian Federation, where the Group's owned mining asset is located.

We draw attention to what is reported in the paragraphs of the Annual Reports, both for the financial year, and for the consolidated financial statements, relating to the "Foreseeable Evolution of Management and Continuity" in which the Directors explain the reasons on the basis of which they have prepared the financial statements on a going concern basis, even if there are elements of uncertainty therein, substantially resulting from the influence of the persistent geopolitical situation in the Russian Federation, where the Group's owned mining asset is located.

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 5, 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, 2023, 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 6th, 2024

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

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