

MARCEGAGLIA CARBON STEEL S.P.A.

**Interim condensed Financial Statements
as of June 30, 2020**

Auditors' review report

Auditors' review report on the interim condensed financial statements

To the shareholders of
Marcegaglia Carbon Steel S.p.A.

Introduction

We have reviewed the accompanying interim condensed financial statements, of comprising the balance sheet, the statements of income, the statement of cash flows and the related explanatory notes, of Marcegaglia Carbon Steel S.p.A. as of June 30, 2020. Directors are responsible for the preparation of the interim condensed financial statements in conformity with the accounting principle OIC 30. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with *International Standard On Review Engagement 2410, "Review of Interim Financial Information Performed by Independent Auditor of the Entity"*. A review of the interim condensed financial statements consists of making enquiries, primary of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA ITALIA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed financial statements.

Conclusion

Based our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements of Marcegaglia Carbon Steel S.p.A. as of June 30, 2020 are not prepared, in all material respects, in conformity with the accounting principle OIC 30.

Verona, September 30, 2020

Mazars Italia S.p.A.
(signed on the original)
Alfonso Iorio
Partner

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

MARCEGAGLIA CARBON STEEL SPA

VIA BRESCIANI 16 - 46040 GAZOLDO DEGLI IPPOLITI - MANTOVA
VAT No. 02466220205 - Tax ID No 02466220205
Chamber of Commerce of MANTOVA - no. 02466220205
Share Capital euro 396.218.598

Financial Statements as at 30/06/2020

All amounts are expressed in unit of euros

30/06/2020

31/12/2019

30/06/2019

Balance Sheet

Balance Sheet			
Assets			
A)	RECEIVABLES FROM SHAREHOLDERS FOR OUTSTANDING CONTRIBUTIONS		
	not previously called	0	0
	previously called	0	0
	TOTAL RECEIVABLES FROM SHAREHOLDERS FOR OUTSTANDING CONTRIBUTIONS (A)	0	0
B)	Fixed assets		
I)	Intangible fixed asset		
	1) Start-up and expansion costs	7.556	18.891
	2) Development costs	0	0
	3) Industrial patent rights and intellectual property rights	778.922	816.666
	4) Concessions, licences, trademarks and similar rights	475	570
	5) Goodwill	0	0
	6) Fixed assets in progress and advance payments	58.200	141.963
	7) Other	683	910
	Total intangible fixed assets (B-I)	845.836	979.000
II)	Property, plant and equipment		
	1) Land and buildings	428.243.509	435.480.446
	2) Plant and machinery	171.536.121	182.073.880
	3) Industrial and commercial equipment	9.470.875	9.256.993
	4) Other assets	1.217.388	1.257.114
	5) Fixed assets in progress and advance payments	7.853.163	5.974.777
	Totale property, plant and equipment (B-II)	618.321.056	634.043.210
III)	Financial fixed assets		
	1) Equity investments in:		
	a) Subsidiaries	159.885.079	138.139.608
	b) Associates	935.872	935.872
	c) Parent companies	0	0
	d) companies subject to control of parent companies	0	0
	d-bis) Other companies	379.750	379.750
	Totale equity investments	161.200.701	139.455.230
	2) Receivables		
	a) from subsidiaries		
	- due after the following year	0	0
	- due within the following year	0	0
	Total receivables from subsidiaries	0	0
	b) from associates		
	- due after the following year	0	0
	- due within the following year	0	0
	Total receivables from associates	0	0
	c) from parent companies		
	- due after the following year	0	0
	- due within the following year	0	0
	Total receivables from parent companies	0	0
	d) from companies subject to control of parent companies		
	- due after the following year	0	0
	- due within the following year	0	0
	Total receivables from companies subject to control of parent companies	0	0
	d-bis) from others		
	- due after the following year	35.524	35.724
	- due within the following year	0	0
	Total receivables form others	35.524	35.724
	Total receivables	35.524	35.724
	3) Other securities	0	0
	4) Financial derivatives reported as assets	0	0
	Total financial assets (B-III)	161.236.225	139.490.954
	TOTAL FIXED ASSETS (B)	780.403.117	774.513.164
C)	CURRENT ASSETS		
I)	Inventories		
	1) Raw and ancillary materials and consumables	330.487.725	314.871.305
	2) Work in progress and semi-finished products	290.314.145	295.634.104
	3) Contract work in progress	0	0
	4) Finished products and goods	231.366.320	240.699.671
	5) Advance payments	12.591.830	30.457.618
	Totale inventories (C-I)	864.760.020	881.662.698
II)	Receivables		
	1) from customer		
	- due within the following year	34.340.585	46.067.805
	- due after the following year	0	0
	Total receivables from customer	34.340.585	46.067.805
	2) from subsidiaries		
	- due within the following year	6.090.460	40.006.888
	- due after the following year	0	0
	Total receivables from subsidiaries	6.090.460	40.006.888

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3) from associates			
- due within the following year	838.166	628.813	1.637.544
- due after the following year	0	0	0
Total receivables from associates	838.166	628.813	1.637.544
4) from parent companies			
- due within the following year	11.900.224	9.729.094	2.070.230
- due after the following year	0	0	0
Total receivables from parent companies	11.900.224	9.729.094	2.070.230
5) from companies subject to control of parent companies			
- due within the following year	94.176.808	79.392.132	94.838.755
- due after the following year	0	0	0
Total receivables from companies subject to control of parent companies	94.176.808	79.392.132	94.838.755
5-bis) Tax credit			
- due within the following year	2.343.082	2.240.233	2.381.079
- due after the following year	0	0	0
Total tax credit	2.343.082	2.240.233	2.381.079
5-ter) Deferred tax assets	3.544.256	3.598.513	6.353.416
Total deferred tax assets	3.544.256	3.598.513	6.353.416
5-quat) from others			
- due within the following year	18.667.553	12.479.014	20.939.220
- due after the following year	0	0	0
Total receivables from others	18.667.553	12.479.014	20.939.220
Total receivables (C-II)	171.901.134	194.142.492	307.408.886
III) Financial assets not held as fixed assets			
1) Equity investments in subsidiaries	0	0	0
2) Equity investments in associates	0	0	0
3) Equity investments in parent companies	0	0	0
3-bis) Equity investments in companies subject to control of parent companies	0	0	0
4) Other equity investments	0	0	0
5) Financial derivatives reported as assets	0	0	0
6) Other securities	0	0	0
Total financial assets not held as fixed assets (C-III)	0	0	0
IV) Cash and cash equivalents			
1) Bank and postal deposits	26.272.088	65.338.585	18.874.827
2) Cheques	0	0	0
3) Cash on hand and cash equivalents	18.231	13.858	16.099
Total cash and cash equivalents (C-IV)	26.290.319	65.352.443	18.890.926
TOTALE CURRENT ASSETS (C)	1.062.951.473	1.141.157.633	1.259.847.455
D) ACCRUED INCOME AND PREPAID EXPENSES			
Accrued income and prepaid expenses	426.518	555.606	19.241
TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)	426.518	555.606	19.241
Totale assets	1.843.781.108	1.916.226.403	2.044.857.774

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Liabilities and shareholders' equity			
A) SHAREHOLDERS' EQUITY			
I) Share capital	396.218.598	396.218.598	396.218.598
II) Share premium reserve	6.859.343	6.859.343	6.859.343
III) Revaluation reserve	0	0	0
IV) Legal reserve	0	1.981.831	1.981.831
V) Statutory riserve	0	0	0
VI) Other reserves, rapresented by:			
Extraordinary reserve	0	0	0
Reserve for exceptions pursuant to art. 2423 of the Civil Code	0	0	0
Reserve for shares (equity) of the parent company	0	0	0
Reserve for the revaluation of equity investments	0	0	0
Contributions on capital increase account	0	0	0
Contributions on future capital increase	20.000	20.000	20.000
Capital contributions	0	0	0
Contributions on covery of losses	0	0	0
Reserve for reduction of share capital	0	0	0
Merger surplus reserve	0	0	0
Reserve for unrealized exchange gains	0	0	0
Reserve for equalization of profit in progress	0	0	0
Sundry other reserves			
- Difference from rounding to the unit of Euro	2	(1)	1
- Reserve for amnesty ex L. 19 December 1973, n. 823	0	0	0
- Reserve for amnesty ex L. 7 August 1982, n. 516	0	0	0
- Reserve for amnesty ex L. 30 December 1991, n. 413	0	0	0
- Reserve for amnesty ex L. 27 December 2002, n. 289	0	0	0
- Other reserves	0	0	0
Total other reserves (VI)	20.002	19.999	20.001
VII) Reserve for projected cash flow hedges	(107.307)	(31.468)	0
VIII) Profit/(loss) carried forward	(111.633.831)	(89.909.141)	(89.909.141)
IX) Profit/(loss) for the year	(39.623.726)	(23.706.521)	2.510.729
X) Negative reserve for treasury shares in portfolio	0	0	0
TOTAL EQUITY (A)	251.733.079	291.432.641	317.681.361
B) Reserves for risks and expenses			
1) for post-retirement benefits and similar obligations	1.919.454	1.932.523	1.870.901
2) for taxes, including deferred taxes	92.145.696	95.488.860	101.195.696
3) financial derivatives reported as liabilities	107.307	1.537.337	3.023.764
4) other	852.025	292.702	1.037.530
TOTAL RESERVES FOR RISKS AND EXPENSES (B)	95.024.482	99.251.422	107.127.891
C) EMPLOYEE SEVERANCE PAY	7.712.297	8.111.299	8.689.851
D) PAYABLES			
1) Bonds			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total bonds	0	0	0
2) Convertible bonds			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total convertible bonds	0	0	0
3) Payables to shareholders for loans			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total payables to shareholders for loans	0	0	0
4) Payables to banks			
- due within the following year	42.669.153	27.325.144	36.502.046
- due after the following year	5.600.000	5.600.000	4.500.000
Total payables to banks	48.269.153	32.925.144	41.002.046
5) payables to other lenders			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total payables to other lenders	0	0	0
6) Advance payments			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total advance payments	0	0	0
7) Trade payables			
- due within the following year	1.177.138.856	1.156.491.770	1.173.973.921
- due after the following year	0	0	0
Total trade payables	1.177.138.856	1.156.491.770	1.173.973.921
8) Payables consisting of debt securities			
- due within the following year	0	0	0
- due after the following year	0	0	0
Total payables consisting of debt securities	0	0	0
9) Payables to subsidiaries			
- due within the following year	11.405.215	11.567.298	12.660.125
- due after the following year	0	0	0
Total payables to subsidiaries	11.405.215	11.567.298	12.660.125
10) Payables to associates			
- due within the following year	1.009.196	712.633	1.080.748

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- due after the following year	0	0	0
Total payables to associates	1.009.196	712.633	1.080.748
11) Payables to parent companies			
- due within the following year	140.645.242	200.853.312	185.670.128
- due after the following year	0	0	0
Total payables to parent companies	140.645.242	200.853.312	185.670.128
11-bis) Payables to companies subject to control of parent companies			
- due within the following year	11.681.584	3.364.498	42.284.360
- due after the following year	0	0	0
Total payables to companies subject to control of parent companies	11.681.584	3.364.498	42.284.360
12) Tax payables			
- due within the following year	11.762.038	10.725.729	13.757.155
- due after the following year	0	0	0
Total tax payables	11.762.038	10.725.729	13.757.155
13) payables to welfare and social security organizations			
- due within the following year	7.668.057	7.454.400	9.195.166
- due after the following year	0	0	0
Total payables to welfare and social security organizations	7.668.057	7.454.400	9.195.166
14) Other payables			
- due within the following year	79.675.991	93.325.990	131.538.696
- due after the following year	0	0	0
Total other payables	79.675.991	93.325.990	131.538.696
TOTAL PAYABLES (D)	1.489.255.332	1.517.420.774	1.611.162.345
E) ACCRUED EXPENSES AND DEFERRED INCOME			
Accrued expenses and deferred income	55.918	10.267	196.326
ACCRUED EXPENSES AND DEFERRED INCOME (E)	55.918	10.267	196.326
Total liabilities and shareholders' equity	1.843.781.108	1.916.226.403	2.044.857.774

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31/12/2019

30/06/2019

Profit and loss account

Profit and loss account				
A) Value of production				
1) Revenues from sales and services	1.350.908.389	2.762.551.958	1.436.827.591	
2) Changes in inventories of work in progress, semi-finished and finished products	(14.653.311)	43.972.101	42.850.019	
3) Changes in contract work in progress	0	0	0	
4) Increase in fixed assets for internal work	0	2.176.991	0	
5) Other revenues and income				
- Operating grants	413.266	2.747.487	484.685	
- Other	5.185.043	12.566.720	6.107.659	
Total other revenues and income (5)	5.598.309	15.314.207	7.241.410	
TOTAL VALUE OF PRODUCTION (A)	1.341.853.387	2.824.015.257	1.486.919.020	
B) PRODUCTION COSTS				
6) Raw and ancillary materials, consumables and goods	(1.086.655.693)	(2.231.801.957)	(1.253.236.312)	
7) Services	(194.142.231)	(442.406.532)	(226.008.217)	
8) Lease and rental expense	(12.933.276)	(25.950.319)	(13.501.693)	
9) Personnel costs				
a) wages and salaries	(34.700.791)	(78.848.322)	(41.436.745)	
b) social security contributions	(11.726.894)	(26.127.708)	(13.881.622)	
c) employee severance pay	(2.500.282)	(5.645.232)	(2.663.262)	
d) post-retirement benefits and similar obligations	0	0	0	
e) other personnel costs	(231.073)	(851.039)	(242.244)	
Total personnel costs (9)	(49.159.040)	(111.472.301)	(58.223.873)	
10) Amortisation, depreciation and write-downs				
a) amortisation of intangible assets	(160.610)	(382.932)	(97.518)	
b) depreciation of property, plant and equipment	(23.858.407)	(50.457.412)	(25.127.527)	
c) other write-downs of fixed assets	0	0	0	
d) write-downs of receivables included in current assets and cash and cash equivalents	(438.933)	(4.772.359)	(2.230.170)	
Total amortisation, depreciation and write-downs (10)	(24.457.950)	(55.612.703)	(27.455.215)	
11) Changes in the inventory of raw and ancillary materials, consumables and goods	15.616.419	66.373.562	121.371.392	
12) Provisions for risks	0	0	0	
13) Other provisions	0	0	0	
14) Sundry operating costs	(1.970.229)	(6.236.095)	(3.292.140)	
TOTAL PRODUCTION COSTS (B)	(1.353.702.000)	(2.807.106.345)	(1.460.346.058)	
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)	(11.848.613)	16.908.912	26.572.962	
C) FINANCIAL INCOME AND EXPENSES				
15) Income from equity investments				
- from subsidiaries	556.094	3.223.462	0	
- from associates	0	0	0	
- from parent companies	0	0	0	
- from companies subject to the control of parent companies	0	0	0	
- from other companies	0	0	0	
Total income from equity investments (15)	556.094	3.223.462	0	
16) Other financial income				
a) from receivables recorded as fixed assets				
- from subsidiaries	0	0	0	
- from associates	0	0	0	
- from parent companies	0	0	0	
- from companies subject to the control of parent companies	0	0	0	
- from other companies	0	53	0	
Total financial income from receivables recorded as fixed assets (a)	0	53	0	
b) from securities reported as fixed assets other than equity investments	0	0	0	
c) from securities reported as current assets other than equity investments	0	0	0	
d) income other than the above:				
- from subsidiaries	9.986	1.371.583	669.862	
- from associates	0	0	0	
- from parent companies	0	0	0	
- from companies subject to the control of parent companies	510.414	1.128.404	594.711	
- from others	4.090	75.242	30.944	
Total income other than the above (d)	524.490	2.575.229	1.295.517	
Total other financial income (16)	524.490	2.575.282	1.295.517	
17) Interests and other financial charges				
- paid to subsidiaries	(172.637)	(467.623)	(173.826)	
- paid to associates	0	0	0	
- paid to parent companies	(8.109.126)	(21.974.075)	(11.490.356)	
- verso istituti di credito	0	0	0	
- paid to companies subject to the control of parent companies	(631.086)	(1.791.651)	(330.019)	
- other financial expenses	(11.702.986)	(24.539.582)	(12.387.639)	
Total interests and other financial charges (17)	(20.615.835)	(48.772.931)	(24.381.840)	
17bis) Exchange-rate gains and losses	103.001	(3.674.683)	411.494	
TOTAL FINANCIAL INCOME AND EXPENSES (C)	(19.432.250)	(46.648.870)	(22.674.829)	

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D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS			
18) Revaluations			
a) of equity investments	0	0	0
b) of financial fixed assets other than equity investments	0	0	0
c) of securities recognised in current assets	0	0	0
d) of financial derivatives	1.505.869	2.931.698	1.413.803
Total revaluations (18)	1.505.869	2.931.698	1.413.803
19) Write-downs			
a) of equity investments	(12.873.539)	(582.623)	0
b) of financial fixed assets other than equity investments	0	0	0
c) of securities recognised in current assets	0	0	0
d) of financial derivatives	0	0	0
Total write-downs (19)	(12.873.539)	(582.623)	0
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS (D)	(11.367.670)	2.349.075	1.413.803
PROFIT (LOSS) BEFORE TAXES (A-B+/-C+/-D)	(42.648.533)	(27.390.883)	5.311.936
20) Current, deferred and pre-paid income taxes for the year			
- direct taxes for the year	(211.216)	(4.558.476)	(6.289.102)
- direct taxes for previous years	(1.936.667)	95.924	95.924
- deferred taxes	3.288.907	6.343.904	3.391.971
- Income (costs) from participation in tax consolidation scheme	1.883.783	1.803.010	0
Total current, deferred and pre-paid income taxes for the year (20)	3.024.807	3.684.362	(2.801.207)
21) PROFIT (LOSS) FOR THE YEAR	(39.623.726)	(23.706.521)	2.510.729

Marcegaglia Carbon Steel Spa - Financial Statements as at 30.06.2020

Cash Flow Statement

	30.06.2020	31.12.2019	30.06.2019
A) Cash flows from income-generating operations (indirect method)			
Profit (loss) for the year	(39.623.726)	(23.706.521)	2.510.729
Income Tax	(3.024.807)	(3.684.362)	2.801.207
Interest expenses/(income)	20.091.345	46.197.649	23.086.323
(Dividends)	(556.094)	(3.223.462)	0
(Gains)/Losses resulting from the disposal of assets	(1.177)	99.970	5.924
1) Profit (loss) for the year, before income taxes, interest, dividends and gains/losses from asset sales	(23.114.460)	15.683.274	28.404.183
Adjustments for non-cash items with no balancing entry in net working capital	0	0	0
Provisions to funds	3.306.986	6.048.770	3.738.599
Amortisation/Depreciation of fixed assets	24.019.017	50.840.344	25.225.045
Write-downs due to permanent impairment	0	0	0
Value adjustments of financial assets and liabilities on derivative financial instruments that do not involve cash transactions	11.367.670	(2.349.075)	(1.413.803)
Other adjustments for non-cash items	0	(2.176.991)	0
Total adjustments for non-cash items with no balancing entry in working capital	38.693.673	52.363.049	27.549.841
2) Cash flow before changes in net working capital	15.579.214	68.046.323	55.954.025
Changes in net working capital	0	0	0
Decrease/(Increase) in inventories	16.902.679	(117.361.083)	(169.246.026)
Decrease/(Increase) in trade receivables	11.727.221	(15.874.721)	(107.339.014)
Increase/(Decrease) in trade payables	20.647.086	149.318.216	166.800.367
Decrease/(Increase) in accrued income and prepaid expenses	129.088	(469.111)	67.254
Increase/(Decrease) in accrued expenses and deferred income	45.651	(121.006)	65.053
Other changes in net working capital	(86.704.659)	49.870.284	92.598.505
Total changes in net working capital	(37.252.933)	65.362.579	(17.053.862)
3) Cash flow after changes in net working capital	(21.673.720)	133.408.902	38.900.162
Other adjustments	0	0	0
Interest received/(paid)	(20.091.347)	(46.197.649)	(23.086.322)
(Income taxes paid)	0	0	0
Dividends received	0	350.000	0
(Utilisation of funds)	(3.159.734)	(6.443.196)	(2.871.267)
Other collections/(payments)	0	0	0
Total other adjustments	(23.251.081)	(52.290.846)	(25.957.589)
Cash flow from income-generating operations (A)	(44.924.801)	81.118.056	12.942.573
B) Cash flows from investment activities	0	0	0
Property, plant and equipment	0	0	0
(Investments)	(8.433.883)	(25.156.575)	(12.344.130)
Divestitures	298.806	48.863	16.853
Intangible fixed assets	0	0	0
(Investments)	(27.447)	(929.462)	(67.154)
Divestitures	0	0	0
Financial fixed assets	0	0	0
(Investments)	(1.319.309)	(16.110.782)	(16.095.599)
Divestitures	500	21.343	481
Current financial assets	0	0	0
(Investments)	0	0	0
Divestitures	0	0	0
(Purchase of subsidiaries or business divisions net of liquid assets)	0	0	0
Sale of subsidiaries or business divisions net of liquid assets	0	0	0
Cash flows from investment activities (B)	(9.481.333)	(42.126.613)	(28.489.549)
C) Cash flows from financing activities	0	0	0
Third party resources	0	0	0
Increase/(Decrease) in short-term liabilities to banks	15.344.009	15.282.697	19.919.599
New loans	0	5.600.000	0
(Repayments of loans)	0	(12.680.000)	(3.640.000)
Capital and reserves	0	0	0
Paid-in capital increase	0	0	0
(Reimbursement of paid-in capital increase)	0	0	0
Sale/ (Purchase) of own shares	0	0	0
(Dividends and advances on dividends paid)	0	0	0
Cash flows from financing activities (C)	15.344.009	8.202.697	16.279.599
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(39.062.124)	47.194.141	732.623
Exchange rate effect on cash and cash equivalents	0	0	0
Cash and cash equivalents at beginning of year	65.352.443	18.158.302	18.158.303
Bank and postal deposits	65.338.585	18.143.675	18.143.675
Checks	0	0	0
Cash on hand and cash equivalents	13.858	14.628	14.628
of which not freely usable	26.510.405	10.892.262	10.892.262
Cash and cash equivalents at year end	26.290.319	65.352.443	18.890.926
Bank and postal deposits	26.272.088	65.338.585	18.874.827
Checks	0	0	0
Cash on hand and cash equivalents	18.231	13.858	16.099
of which not freely usable	25.032.026	26.510.405	18.408.805

MARCEGAGLIA CARBON STEEL S.p.A.
Registered Office: Via Bresciani, 16 - Gazoldo degli Ippoliti (MN)
Share capital: Euro 396,218,598, fully paid up
Fiscal Code and VAT No.: 02466220205
Registered with the Mantua Chamber of Commerce
and Administrative Economic Index [REA] under No. 255216

Notes to the half-year financial statements as at 30 June 2020

Financial statement preparation criteria and structure

The financial statements for the six months ended 30 June 2020 have been prepared in accordance with accounting standard OIC 30, whereby interim financial reports must be prepared by using the same accounting standards as those used to prepare the annual financial statements, thus by applying the accounting methods provided for by the Italian Civil Code, as interpreted by and supplemented with the accounting principles of reference. These financial statements have also been prepared on a going concern basis. Therefore, these half-yearly financial statements were prepared in accordance with Articles 2423 et seq. of the Italian Civil Code, as supplemented with the accounting principles issued by Organismo Italiano di Contabilità (OIC), the Italian accounting standard setter.

In particular, the company complied with the general provisions for structuring financial statements (Art. 2423 of the Italian Civil Code), its drafting standards (Art. 2423-bis) and measurement criteria established for single line items (Art. 2426) without applying any of the exceptions specified in Art. 2423, paragraph 4, of the Italian Civil Code.

The balance sheet, income statement and cashflow statement are prepared in accordance with the mandatory layouts required by the Italian Civil Code. The provisions of Art. 2423-ter of the Italian Civil Code were followed with respect to the structure of the balance sheet and income statement. No further divisions or groupings were carried out for any of the line items preceded by Arabic numerals. No new line items were inserted, and no modifications were made to those specified in the above layouts since they were deemed to be sufficient for the purposes of providing a clear, truthful and accurate representation of the Company's balance sheet and financial position and operating results for the period. The Cash Flow Statement was prepared in accordance with the layout provided for by accounting standard OIC 10, which contains all the information provided for by Art. 2425-ter of the Italian Civil Code. These half-yearly financial statements were prepared in Euro units. Any differences arising from rounding amounts expressed in whole euros were allocated to a special shareholders' equity reserve, and, depending on their sign, in line item A5) "Other revenues and income" or B14) "Sundry operating costs" in the Income Statement.

Comparability with the previous financial period

Each line item of the balance sheet and the income statement reports the amount as at and for the six months ended 30 June 2020 and the comparable amounts as at and for the year ended 31 December 2019, as reported in the approved annual accounts, and as at and for the six months ended 30 June 2019, reclassified as necessary to allow for comparison of the relevant items. Changes in these items are explained only in relation to the amounts as at and for the six months ended 30 June 2020, as movements in the amounts as at 31 December 2019 were explained in the annual financial statements. Also in the cash flow statement, each line item reports the amount as at and for the six months ended 30 June 2020 and the comparable amounts as at and for the year ended 31 December 2019, as reported in

the approved annual financial statements, and as at and for the six months ended 30 June 2019, as reported in the half-yearly financial report for the corresponding period.

Classification conventions

In preparing the half-year financial statements as at 30 June 2020, the following classification criteria were used:

- line items in the asset section of the balance sheet were classified on the basis of their related company purpose, while in the liability section, they were classified as a function of their nature;
- the income statement was prepared taking into account three distinct classification criteria; namely:
 - the breakdown of the entire operating area into the three sub-areas identified by the layout required by law;
 - the nature of costs prevailing over their purpose;
 - the need to properly recognise interim results in the sequence of steps leading to the formation of net profit (loss) for the year.

Asset, liability and shareholders' equity items of the Balance Sheet that fall under more than one item of the layout required by law

In order to understand the financial statements, it is unnecessary to specify in these Notes the items belonging to the balance sheet line items that are included in more than one line item of the statutory layout.

CRITERIA APPLIED IN MEASURING FINANCIAL STATEMENT ITEMS, IN VALUE ADJUSTMENTS AND IN THE CONVERSION OF AMOUNTS NOT EXPRESSED ORIGINALLY IN THE CURRENCY USED AS LEGAL TENDER IN THE COUNTRY

The semi-annual financial statement items were stated on the basis of general principles of prudence and the accrual principle under the assumption the Company is a going concern. Line items were recognised and presented taking into account the substance of the transaction and agreement. Only profits obtained in the period between 1 January 2020 and 30 June 2020 are reported. In addition, account was taken of revenues and expenses attributable to the period under review regardless of the collection or disbursement date, as well as the risk and losses for the same period, also if known at a later date. Dissimilar elements included in individual line items were measured separately.

The measurement criteria used for individual semi-annual financial statement entries comply with the provisions of Art. 2426 of the Italian Civil Code.

Intangible fixed assets

Intangible fixed assets are recorded at purchase or production cost and amortised according their remaining useful life. If there is impairment, intangible fixed assets are written down and recorded in the financial statements at such lower value; if in the future the reasons for the adjustment no longer apply, the write-down is also cancelled and the original cost is restored with the exception of value adjustments of goodwill.

The table below shows the annual amortisation rates for intangible assets, as applied on an accrual basis in these financial statements.

Line items of the Financial Statements	Purchase or production cost	Depreciation rate	Amortisation for the year
Start-up and expansion costs (B.I.1)	113,343	20.00%	11,335
Development costs (B.I.2)			
Licensed software (B.I.3)	1,533,263	33.33%	148,953
Know-how (B.I.4)	1,900	10.00%	95
Goodwill (B.I.5)			
Intangible assets in progress (B.I.6)	58,200		
Other multi-year costs (B.I.7)	3,622,952	20%/17%/13%	227

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost increased by statutory monetary revaluations, and are reported in the financial statements net of accumulated depreciation. Revaluations are only maintained if required by law. If there is impairment, tangible fixed assets are written down using special adjusting provisions and recorded in the financial statements at such lower value; if in the future the reasons for the adjustment no longer apply, the write-down is also cancelled and the original cost is restored.

Maintenance costs that increase the useful life of assets to which they are related are allocated to such assets and depreciated based on their remaining useful lives. All ordinary maintenance costs are instead entirely charged to the income statement.

With regard to the tangible assets contributed as a result of the extraordinary transaction in 2015, depreciation was determined on the basis of the remaining useful life of each individual asset indicated by the expert asked to perform the special appraisal pursuant to Art. 2465 of the Italian Civil Code. However, with regard to the tangible assets acquired after the contribution transaction, depreciation coefficients were determined in relation to the remaining possibility of use of the assets, in compliance with the provisions contained in Article 2426(1)(2) of the Italian Civil Code.

The table below shows the annual depreciation rates, as applied on an accrual basis in these financial statements:

Line items of the Financial Statements	Purchase or production cost	Depreciation rate	Amortisation for the year
Land (B.II.1)	5,382,570	=	-
Buildings (B.II.1)	481,142,554	2.5-3.5%	7,060,866
Light constructions (B.II.1)	14,400,885	10.00%	657,927
Large plants and machinery (B.II.2)	212,458,374	8-12%	10,282,403
General and specific plant assets (B.II.2)	84,658,347	8.00%	4,381,924
Miscellaneous equipment (B.II.3)	30,894,301	15.00%	832,102
Internal handling equipment (B.II.3)	4,701,576	15.00%	385,376
Furniture and ordinary office equipment (B.II.4)	218,683	12.00%	3,577
Electronic machinery (B.II.4)	1,624,331	20.00%	80,297
Motor vehicles (B.II.4)	1,804,994	25.00%	139,191
Trucks and trailers (B.II.4)	505,015	20.00%	10,337
Ordinary furniture and furnishings (B.II.4)	446,315	10.00%	24,407

Fixed assets in progress and advance payments (B.II.5)	8,289,904	=	-
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Leased assets

Lease transactions are recognised using the equity method. Thus, these assets are recorded in balance sheet assets starting in the year the redemption right is exercised.

Equity investments and securities recorded as financial fixed assets

Equity investments and securities are measured at acquisition or subscription cost.

If there is impairment, financial fixed assets are written down using special adjusting provisions and recorded in the financial statements at such lower value; if in the future the reasons for the adjustment no longer apply, the original cost is restored.

Equity investments denominated in foreign currencies are recorded at the exchange rate in effect at the time of purchase or subscription or at the reporting date, if lower, provided such reduction is considered permanent.

Inventories

Inventories are measured at the lower of purchase or production cost and market value. Purchase cost includes ancillary costs of transportation and customs clearance of raw materials; production costs include all of the costs directly allocated to the product (raw materials and ancillary materials, direct labour, depreciation of the capital goods used in production), in addition to the portion of indirect industrial costs relating to the manufacturing period (maintenance costs, consumables, electric power, outsourced processes, etc.).

In line with that carried out starting 2017, the value of final inventories of basic steel raw materials was determined using the incremental LIFO method, while the value of the final inventories of steel raw material of first and second-stage processing was determined using the weighted average cost method.

The estimated amount of the "LIFO reserve" deriving from the measurement of basic steel raw materials on the basis of incremental LIFO amounted to approximately Euro 30.2 million, net of the related deferred tax.

The item "Raw and ancillary materials and consumables" also includes inventories of ancillary materials and consumables such as paints, lubricants, fuels, zinc and miscellaneous materials in general. These inventories are recorded in the financial statements at the lower of the value determined using the moving average criterion, and their replacement value based on market value.

Inventories other than interchangeable assets are recognised among the inventories of semi-finished products and finished products and are measured at the lower of their purchase or production cost and their estimated sales market value.

Inventories of contract work in progress are measured, if applicable, using the percentage of completion method.

Receivables

In general, receivables (both held as fixed and current assets) are recognised using the amortised cost criterion taking into account the time factor and estimated realisable value.

However, OIC 15, paragraph 33 specifies that this criterion need not be applied if the impact is insignificant, assuming that short-term receivables (i.e. those due within 12 months) are insignificant.

Furthermore, Art. 12, paragraph 2, of Legislative Decree 139/2015, introducing the amortised cost measurement criterion for the valuation of receivables specifies that it need not be applied to components of items related to transactions that have not fully exhausted their impact on the financial statements.

Thus, in these semi-annual financial statements, the amortised cost criterion is only applied to receivables due after the following year that arose after 1 January 2016 (when the above mentioned article was enforced), and in any case, only if the impact of applying this criterion is considered significant.

Receivables not measured using the amortised cost method (since the impact of applying this criterion is not considered significant) are recorded at nominal value adjusted, as necessary, for the appropriate provision for doubtful receivables to bring it into line with the estimated realisable value.

Receivables expressed in a foreign currency are originally converted into euros at the reported exchange rate on the date of the related transactions. Exchange differences generated from the collection of receivables in a foreign currency are recorded in the income statement under item 17-bis "Exchange-rate gains and losses".

Receivables expressed in foreign currency in the half-year financial statements are measured on the basis of the relevant exchange rates at 30 June 2020. Exchange rate differences emerging from such valuation are allocated to the income statement in line item 17-bis "Exchange-rate gains and losses".

Equity investments and securities not held as fixed assets

Equity investments not held as fixed assets are recorded at cost and written down for any impairment.

Securities not held as fixed assets are recorded at cost or market value.

Cash and cash equivalents

Cash and cash equivalents (bank and postal accounts, cash and cash on hand) are recorded at their actual balances.

Cash and shareholders' equity entries

These items are measured at nominal value.

Provisions for risks

Provisions for risks and charges are allocated in the financial statements to cover losses or liabilities of a known type, that will certainly or probably arise but which, as of the end of the year, could not be determined, either in terms of amount or date of accrual.

Allocations reflect the best estimate possible on the basis of available information.

Employee severance pay

This item is allocated in accordance with laws and labour contracts currently in effect and reflects the accrued amount owed to all employees on the reporting date net of the amount paid to a supplemental pension or to the "Fund for the payment of severance pay to employees in the private sector as referenced in Art. 2120 of the Italian Civil Code", the so-called INPS Treasury Fund.

Payables

In general, payables are recorded in the financial statements according to the amortised cost criterion taking into account the time factor.

However, OIC 19, paragraph 42 specifies that this criterion need not be applied if the impact is insignificant, assuming that short-term payables (i.e. those due within 12 months) are insignificant.

Furthermore, Art. 12, paragraph 2, of Legislative Decree 139/2015, introducing the amortised cost measurement criterion for the valuation of payables specifies that it need not be applied to components of items related to transactions that have not fully exhausted their impact on the financial statements.

Thus, in these semi-annual financial statements, the amortised cost criterion is only applied to payables due after the following year that arose after 1 January 2016 (when the above mentioned article was enforced), and in any case, only if the impact of applying this criterion is considered significant.

Payables not measured using the amortised cost method (since the impact of applying this criterion is not considered significant) are recorded at nominal value.

In any case, payables include liabilities that are certain and specific in terms of their amount and date incurred.

Payables expressed in a foreign currency are originally converted into euros at the reported exchange rate on the date of the related transactions. Exchange differences generated from the payment of payables in a foreign currency are recorded in the income statement under item 17-bis "Exchange-rate gains and losses".

Payables expressed in foreign currency in the half-year financial statements are measured on the basis of the relevant exchange rates at 30 June 2020. Exchange rate differences emerging from such valuation are allocated to the income statement in line item 17-bis "Exchange-rate gains and losses".

Accruals and deferrals

These items were determined on the basis of the accrual principle applied to the related costs and revenues.

Revenues and income

Revenues from sales are recognised on an accrual basis, that is when both the following conditions are met:

- the goods have been manufactured; and
- title to the goods has been passed, which is when risks and benefits incidental to their ownership has been transferred. Thus, save as otherwise agreed regarding the transfer of risks and benefits:
 - a) in the case of movable assets, risks and benefits are transferred when the goods are shipped or delivered;
 - b) for goods that require notarisation (for instance properties), risks and benefits are transferred when the sale agreement is executed;
 - c) in the case of instalment sales with retention of title, revenues are recognised upon delivery, regardless of the transfer of title, as Art. 1523 of the Italian Civil Code provides that the buyer becomes the owner with the payment of the last instalment of the price but assumes the risks upon delivery.

Revenues from services are recognised on an accrual basis, that is when the service has been rendered.

Financial income is recognised on an accrual basis, for the amount accrued in the period of reference.

Costs and expenses

Costs related to the purchase of goods are recognised on an accrual basis, that is when both the following conditions are met:

- the goods have been manufactured; and
- title to the goods has been passed, which is when risks and benefits incidental to their ownership has been transferred. Thus, save as otherwise agreed regarding the transfer of risks and benefits:
 - a) in the case of movable assets, risks and benefits are transferred when the goods are shipped or delivered;
 - b) for goods that require notarisation (for instance properties), risks and benefits are transferred when the sale agreement is executed;
 - c) in the case of instalment sales with retention of title, costs are recognised upon delivery, regardless of the transfer of title, as Art. 1523 of the Italian Civil Code provides that the buyer becomes the owner with the payment of the last instalment of the price but assumes the risks upon delivery.

Service costs are recognised on an accrual basis, that is when the service has been rendered.

Financial expenses are recognised on an accrual basis, for the amount accrued in the period of reference.

Dividends

Dividends are recorded in the period in which the right to receive them accrues, which typically coincides with the period they are approved by the competent body.

Income Tax

Income taxes are determined on the basis of the tax amount payable for the period between 1 January 2020 and 30 June 2020.

Deferred taxes are determined on the basis of temporary differences between the amount assigned to assets and liabilities by statute and by tax regulations.

Prepaid taxes were recorded in financial statement assets since there is a reasonable certainty of generating income in the future capable of absorbing these temporary differences.

Financial derivatives

Financial derivatives are recorded at fair value even if embedded in other financial instruments. Changes in fair value are recorded in item D) 18) d) "Revaluations of financial derivatives" or D) 19) d) "Write-downs of financial derivatives" in the income statement, or, if the instrument hedges the volatility risk of expected cash flows from another financial instrument or scheduled transaction, they are recorded directly in item A) VII) "Shareholders' equity – Reserve for projected cash flow hedges" under balance sheet liabilities and shareholders' equity, with either a positive or negative sign. This reserve is allocated to the income statement to the extent, and based on timing, corresponding with the occurrence or movements of the cash flows of the hedged instrument or the occurrence of the transaction being hedged.

The items being hedged against the risk of fluctuating interest or exchange rates or market prices or against credit risk are measured in the same way as the hedging derivative. A hedge is deemed to exist if, from the outset, there is a strict and documented correlation between the characteristics of the instrument or transaction being hedged and those of the hedging instrument.

Profits arising from the fair value measurement of financial derivatives that are not used or not needed for hedging, may not be distributed. The shareholders' equity reserve arising from the fair value measurement of derivatives used to hedge expected cash flows from another financial instrument or scheduled transaction is not included in the calculation of shareholders' equity for the purposes indicated in Articles 2412, 2433, 2442, 2446 and 2447, and if positive, is not available and cannot be used to cover losses.

Notes to Financial Statements - Assets

Fixed assets

Intangible fixed assets

Changes in intangible fixed assets

	Start-up and expansion costs	Development costs	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	goodwill	Fixed assets in progress and advance payments	Other multi-year costs	Total
Amount at beginning of the year								
Cost	113,343	-	1,422,054	1,900	-	141,963	3,622,952	5,302,212
Write-backs	-	-	-	-	-	-	-	-
Depreciation for previous years	94,452	-	605,388	1,330	-	-	3,622,042	4,323,212
Write-downs	-	-	-	-	-	-	-	-
Book value	18,891	-	816,666	570	-	141,963	910	979,000
Changes during the year								
Increases for acquisitions	-	-	111,209	-	-	44,408	-	155,617
Reclassifications	-	-	-	-	-	-	-	-
Decreases due to transfers and disposals	-	-	-	-	-	128,171	-	128,171
Write-backs	-	-	-	-	-	-	-	-
Period amortisation/depreciation	11,335		148,953	95	-	-	227	160,610
Write-downs	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Total changes	- 11,335	-	- 37,744	- 95	-	- 83,763	- 227	- 133,164
Amount at end of the year								
Cost	113,343	-	1,533,263	1,900	-	58,200	3,622,952	5,329,658
Write-backs	-	-	-	-	-	-	-	-
Amortisation	105,787	-	754,341	1,425	-	-	3,622,269	4,483,822
Write-downs	-	-	-	-	-	-	-	-
Book value	7,556	-	778,922	475	-	58,200	683	845,836

Start-up and expansion costs and development costs

The start-up and expansion costs recognised pertain to company organisation costs, share capital increase costs, and costs of the contribution executed at the end of October 2015.

Start-up and expansion costs	Gross amount	Accumulated amortisation	Net amount	Reason for recording	Amortisation criterion
Company organisation costs	113,343	105,787	7,556	Expenses with recognised long-term value	On a straight-line basis over 5 years
Total	113,343	105,787	7,556		

Property, plant and equipment

Changes in property, plant and equipment

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets in progress and advance payments	Total
Amount at beginning of the year						
Cost	500,444,153	293,190,083	34,168,687	4,391,004	6,411,518	838,605,445
Write-backs	-	-	-	-	-	-
Depreciation for previous years	63,199,653	111,116,203	24,911,694	3,133,890	-	202,361,440
Write-downs	1,764,054	-	-	-	436,741	2,200,795
Book value	435,480,446	182,073,880	9,256,993	1,257,114	5,974,777	634,043,210
Changes during the year						
Increases for acquisitions	428,600	2,104,157	1,395,289	232,964	4,769,853	8,930,863
Reclassifications	53,256	2,303,769	37,461	-	- 2,394,486	-
Decreases due to transfers and disposals	-	281,358	1,390	14,881	496,981	794,610
Write-backs	-	-	-	-	-	-
Period amortisation/depreciation	7,718,793	14,664,327	1,217,478	257,809	-	23,858,407
Write-downs	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Total changes	- 7,236,937	- 10,537,759	213,882	- 39,726	1,878,386	- 15,722,154
Amount at end of the year						
Cost	500,926,009	297,116,721	35,595,877	4,599,338	8,289,904	846,527,849
Write-backs	-	-	-	-	-	-
Amortisation	70,918,446	125,580,600	26,125,002	3,381,950	-	226,005,998
Write-downs	1,764,054	-	-	-	436,741	2,200,795
Book value	428,243,509	171,536,121	9,470,875	1,217,388	7,853,163	618,321,056

Value reductions to property, plant and equipment

No fixed assets were written down during the year.

Financial fixed assets

Changes in equity investments, other securities and financial derivatives reported as long-term assets

	Equity investments in subsidiaries	Equity investments in associates	Equity investments in parent companies	Equity inv. in companies subject to control of parent companies	Equity investments in other companies	Total equity investments	Other securities	Financial derivatives reported as assets
Amount at beginning of the year								
Cost	186,610,215	935,872	-	-	379,750	187,925,837	-	-
Write-backs	4,967,375	-	-	-	-	4,967,375	-	-
Write-downs	53,437,982	-	-	-	-	53,437,982	-	-
Book value	138,139,608	935,872	-	-	379,750	139,455,230	-	-
Changes during the year								
Increases for acquisitions	1,199,000	-	-	-	-	1,199,000	-	-
Reclassifications	-	-	-	-	-	-	-	-
Decreases for disposals	-	-	-	-	-	-	-	-
Write-backs	-	-	-	-	-	-	-	-
Write-downs	12,873,538	-	-	-	-	12,873,538	-	-
Other changes	33,420,009	-	-	-	-	33,420,009	-	-
Total changes	21,745,471	-	-	-	-	21,745,471	-	-
Amount at end of the year								
Cost	221,229,224	935,872	-	-	379,750	222,544,846	-	-
Write-backs	4,967,375	-	-	-	-	4,967,375	-	-
Write-downs	66,311,520	-	-	-	-	66,311,520	-	-
Book value	159,885,079	935,872	-	-	379,750	161,200,701	-	-

Increases in equity investments in subsidiaries refer to the increase in the shareholding in the subsidiary Marcegaglia Novero spa following the purchase of the minority shareholder's share by Marcegaglia Carbon Steel.

Equity investments in the portfolio have been written down following a comparison between the historical cost incurred for the acquisition and the corresponding portion of shareholders' equity held. For more information, please refer to the relevant paragraph commenting on the item in the Income Statement Value adjustments of financial assets.

Other changes in equity investments in subsidiaries relate to payments made by Marcegaglia Carbon Steel for future share capital increases:

- in favour of the subsidiary Marcegaglia Do Brasil for Euro 33,300,000 by converting the loan granted to the subsidiary into an equity investment;
- in favour of the subsidiary Marcegaglia India (Euro 120,009).

Changes and maturity of receivables held as fixed assets

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year	Portion due after the year	of which, portion with remaining term over 5 years
Receivables from subsidiaries held as fixed assets	-	-	-		-	-
Receivables from associates held as fixed assets	-	-	-		-	-
Receivables from parent companies held as fixed assets	-	-	-		-	-
Receivables from companies subject to control of parent companies held as fixed assets	-	-	-		-	-
Receivables from others held as fixed assets	35,724	- 200	35,524		35,524	-
Total receivables held as fixed assets	35,724	- 200	35,524	-	35,524	-

Breakdown of amount of receivables from others held as fixed assets

Receivables from others	Book value	Fair value
Enel security deposits	611	611
Sundry security deposits	22,475	22,475
Employee advances	12,438	12,438
Total	35,524	35,524

Current assets

Inventories

	Amount at beginning of the year	Changes during the year	Amount at end of the year
1. Raw and ancillary materials and consumables	314,871,305	15,616,420	330,487,725
2. Work in process and semi-finished goods	295,634,104	-5,319,959	290,314,145
3. Contract work in progress	-	-	-
4. Finished products and goods	240,699,671	-9,333,351	231,366,320
5. Advance payments	30,457,618	-17,865,788	12,591,830
Total inventories	881,662,698	-16,902,678	864,760,020

Receivables recorded in current assets

Changes and maturity of receivables recorded in current assets

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year	Portion due after the year	of which, portion with remaining term over 5 years
Receivables from customers recorded in current assets	46,067,805	-11,727,220	34,340,585	34,340,585	-	-
Receivables from subsidiaries recorded in current assets	40,006,888	-33,916,428	6,090,460	6,090,460	-	-
Receivables from associates recorded in current assets	628,813	209,353	838,166	838,166	-	-
Receivables from parent companies recorded in current assets	9,729,094	2,171,130	11,900,224	11,900,224	-	-
Receivables from companies subject to control of parent companies recorded in current assets	79,392,132	14,784,676	94,176,808	94,176,808	-	-
Tax credits recorded in current assets	2,240,233	102,849	2,343,082	2,343,082	-	-
Deferred tax assets recorded in current assets	3,598,513	-54,257	3,544,256	722,097	2,822,159	2,822,159
Receivables from others recorded in current assets	12,479,014	6,188,539	18,667,553	18,667,553	-	-
Total receivables recorded in current assets	194,142,492	-22,241,358	171,901,134	169,078,975	2,822,159	2,822,159

Net receivables reflect the allowance for uncollectible receivables set aside to reflect their expected realisable value. The table below shows changes in this allowance:

	Amount at beginning of the year	Utilisation	Provisions	Amount at end of the year
Provision for doubtful debt from customers	8,662,988	9,539	438,933	9,092,382
Total provision for doubtful debt	8,662,988	9,539	438,933	9,092,382

Detail of receivables from subsidiaries

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
Mrc Poland Sp.z.o.o.	530,555	539,901	1,070,456	1,070,456	-
Mrc France sarl	9,034	-	9,034	9,034	-
Mrc Deutschland	-	-	-	-	-
Mrc Do Brasil limitada	38,716,349	- 35,276,218	3,440,131	3,440,131	-
Marcegaglia India PVT. Ltd.	65,819	197	66,016	66,016	-
Mrc North Europe s.a.	192,151	2,566	194,717	22,717	172,000
Mrc Novero	483,520	826,586	1,310,106	814,106	496,000
Marcegaglia Central America	9,460	- 9,460	-	-	-
Total receivables from subsidiaries	40,006,888	- 33,916,428	6,090,460	5,422,460	668,000

Detail of receivables from associates

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
S.I.M. srl	562,417	237,769	800,186	800,186	-
Consorzio Absolute scarl	66,396	- 28,416	37,980	37,980	-
Total receivables from associates	628,813	209,353	838,166	838,166	-

Detail of receivables from parent companies

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
Marcegaglia Holding	9,729,094	2,171,130	11,900,224	11,900,224	-
Total receivables from parent companies	9,729,094	2,171,130	11,900,224	11,900,224	-

Receivables due from Marcegaglia Holding spa (the parent company) at 30 June 2020 refer to the intercompany items related to the tax consolidation scheme, with Marcegaglia Holding acting as consolidating entity.

Detail of receivables from companies subject to control of parent companies

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
Oskar Srl	1,085,450	- 526,739	558,711	558,711	-
Albarella	4,392	-	4,392	4,392	-
Euroenergy Group S.r.l.	-	31,169	31,169	31,169	-
Marcegaglia Ravenna	56,563	6,289,086	6,345,649	6,345,649	-
Marcegaglia Gazoldo Inox	2,701,105	2,503,566	5,204,671	5,204,671	-
Marcegaglia Romania	3,180,223	22,939	3,203,162	2,336,110	867,052
Marfin S.r.l.	5,861	23,253	29,114	29,114	-
Marcegaglia Buildtech Srl	67,369,937	222,882	67,592,819	38,103,375	29,489,444
Marcegaglia USA	590,831	- 590,831	-	-	-
Marcegaglia Specialties Spa	4,123,543	6,991,160	11,114,703	11,114,703	-
Marcegaglia Plates Spa	7,099	33,243	40,342	40,342	-
I.M.A.T. S.p.A.	215,306	- 215,306	-	-	-
Marcegaglia RU	51,822	254	52,076	52,076	-
Total receivables from companies subject to control of parent companies	79,392,132	14,784,676	94,176,808	63,820,312	30,356,496

Detail of receivables from others

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year
Receivables from factoring companies	10,424,170	1,400,521	11,824,691	11,824,691
Advances to suppliers	197,466	-73,489	123,977	123,977
Social security receivables	1,279,415	2,081,570	3,360,985	3,360,985
Advances to employees	32,702	-830	31,872	31,872
Receivables from credit institutions for customer collections	-	2,973,354	2,973,354	2,973,354
Other receivables	545,261	-192,587	352,674	352,674
Total receivables from others	12,479,014	6,188,539	18,667,553	18,667,553

Cash and cash equivalents

	Amount at beginning of the year	Changes during the year	Amount at end of the year
Bank and postal deposits	65,338,585	-39,066,497	26,272,088
Checks	-	-	-
Cash and cash on hand	13,858	4,373	18,231
Total cash and cash equivalents	65,352,443	-39,062,124	26,290,319

The balance at 30 June 2020 of bank and postal deposits includes the balance of certain term current accounts in favour of securitisation companies (Euro 25,032,026).

Accrued income and prepaid expenses

	Amount at beginning of the year	Changes during the year	Amount at end of the year
Accrued income	4,988	8	4,996
Prepaid expenses	550,618	-129,096	421,522
Total accrued income and prepaid expenses	555,606	-129,088	426,518

Notes to Financial Statements – Liabilities and shareholders' equity

Equity

Changes in shareholders' equity items

	Amount at beginning of the year	Use of previous year result		Other changes			Profit (loss) for the year	Amount at end of the year
		Dividend distribution	Other uses	Increases	Decreases	Reclassifications		
Share capital	396,218,598							396,218,598
Share premium reserve	6,859,343							6,859,343
Revaluation reserves	-							-
Legal reserve	1,981,831		- 1,981,831					-
Statutory reserves	-							-
Other reserves								
Extraordinary reserve	-							-
Contributions on future capital increase	20,000							20,000
Reserve for unrealised exchange gains	-							-
Reserve for equalization of profit in progress	-							-
Sundry other reserves	- 1			3				2
Total other reserves	19,999	-	-	3	-	-		20,002
Reserve for projected cash flow hedges	- 31,468				75,839			- 107,307
Profit (loss) carried forward	- 89,909,141		- 21,724,690					- 111,633,831
Profit (loss) for the year	- 23,706,521		23,706,521				- 39,623,726	- 39,623,726
Negative treasury share reserve	-							-
Total Equity	291,432,641	-	-	3	75,839	-	- 39,623,726	251,733,079

Breakdown of sundry other reserves

	Amount
Difference from rounding to the unit of Euro	2
Total sundry other reserves	2

Provisions for risks and charges

	Provision for post-retirement benefits and similar obligations	Tax provision, including deferred taxes	Financial derivatives reported as liabilities	Other provisions	Total provisions for risks and charges
Amount at beginning of the year	1,932,523	95,488,860	1,537,337	292,702	99,251,422
Changes during the year					
Provisions for the year	64,249	575,290	75,839	742,455	1,457,833
Usage for the year	77,318	3,918,454	1,505,869	183,132	5,684,773
Other changes	-	-	-	-	-
Total changes	-13,069	-3,343,164	-1,430,030	559,323	-4,226,940
Amount at end of the year	1,919,454	92,145,696	107,307	852,025	95,024,482

Breakdown of provision for post-retirement benefits and similar obligations

Description	Amount at beginning of the year	Usage for the year	Provisions for the year	Other changes	Amount at end of the year
Agents' severance indemnity provision	1,708,886	76,929	55,553	-	1,687,510
Indemnity provision for termination of agency agreement	223,637	389	8,696	-	231,944
Total	1,932,523	77,318	64,249	-	1,919,454

Breakdown of provision for taxes, including deferred taxes

Description	Amount at beginning of the year	Usage for the year	Provisions for the year	Other changes	Amount at end of the year
Provision for deferred taxes	95,488,860	3,918,454	575,290	-	92,145,696
Total	95,488,860	3,918,454	575,290	-	92,145,696

Deferred tax liabilities arose mainly from the transfer that took place in 2015 and relate to the difference between the market value of the tangible assets transferred and the tax basis of those assets in the transferor's books (from a tax point of view the transfer did not entail a gain, thus the market value attributed to the various assets in excess of the book value reported by the transferor has no tax implications).

The determination of these market values along with the related deferred taxes was supported by the valuation prepared by the expert as referenced in Art. 2465, paragraph 1, of the Italian Civil Code.

These deferred taxes shall be reabsorbed through the process of depreciation of the aforementioned higher values on the basis of the useful lives of the various assets indicated by the expert in the valuation. Over the period 1 January 2020 – 30 June 2020, the utilisation of the deferred tax provision in connection with the higher depreciation amount in the financial statement than depreciation for tax purposes, was Euro 3,393,916.

The remainder of utilisations and all provisions is in relation to deferred taxes related to the impact of foreign exchange translation gains reported in the income statement.

Detail of financial derivatives reported as liabilities

Description	Amount at beginning of the year	Usage for the year	Provisions for the year	Other changes	Amount at end of the year
Financial derivatives reported as liabilities	1,537,337	1,505,869	75,839	-	107,307
Total	1,537,337	1,505,869	75,839	-	107,307

The use of the fund is linked to the maturity of an IRS derivative that did not meet all the requirements to be considered as a hedge under OIC 32. As a counter-entry, a positive income component was recorded under item D 18) letter d) "Revaluations of financial derivatives" of the income statement. This write-back is associated with the payment of differentials during the period (equal to Euro 1,506,556 and recorded in item C 17) "Other financial charges" of the income statement).

The provision refers to the adjustment of the negative mark to market at 30 June 2020 of an IRS derivative stipulated in 2019, linked to the loan of an original Euro 5,600,000 granted in 2019 by Credit Agricole to support the investments made, pursuant to Law no. 100 of 1990. This derivative meets all the requirements to be considered as a hedge under OIC 32, therefore the "Reserve for projected cash flow hedges" has been adjusted to reflect the change in fair value.

Breakdown of other provisions

Description	Amount at beginning of the year	Usage for the year	Provisions for the year	Other changes	Amount at end of the year
Litigation risk provision	292,702	183,132		-	109,570
Employee performance bonus provision	-	-	742,455	-	742,455
Total	292,702	183,132	742,455	-	852,025

Employee severance pay

	Employee severance pay
Amount at beginning of the year	8,111,299
Changes during the year	
Provisions for the year	2,500,282
Usage for the year	2,899,284
Other changes	
Total changes	0
Amount at end of the year	7,712,297

Uses include the payments made to the Treasury Fund managed by INPS and to Pension Funds on the basis of choices made by the employees in connection with supplementary pension plans.

Payables

Changes and due dates of payables

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year	Portion due after the year	of which, portion with remaining term over 5 years
Bonds	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-
Payables to shareholders for loans	-	-	-	-	-	-
Payables to banks	32,925,144	15,344,009	48,269,153	42,669,153	5,600,000	2,800,000
Payables to other lenders	-	-	-	-	-	-
Advance payments	-	-	-	-	-	-
Trade payables	1,156,491,770	20,647,086	1,177,138,856	1,177,138,856	-	-
Payables consisting of debt securities	-	-	-	-	-	-
Payables to subsidiaries	11,567,298	- 162,083	11,405,215	11,405,215	-	-
Payables to associates	712,633	296,563	1,009,196	1,009,196	-	-
Payables to parent companies	200,853,312	- 60,208,070	140,645,242	140,645,242	-	-
Payables to companies subject to control of parent companies	3,364,498	8,317,086	11,681,584	11,681,584	-	-
Tax payables	10,725,729	1,036,309	11,762,038	11,762,038	-	-
Payables to welfare and social security organisations	7,454,400	213,657	7,668,057	7,668,057	-	-
Other payables	93,325,990	- 13,649,999	79,675,991	79,675,991	-	-
Total payables	1,517,420,774	- 28,165,442	1,489,255,332	1,483,655,332	5,600,000	2,800,000

As specified above, in 2019, a loan of Euro 5,600,000 was stipulated with the Credite Agricole bank in support of the investments made, pursuant to Law no. 100 of 1990, for the acquisition of two South American companies (Mexico and Colombia) operating in the refrigeration pipe sector; the repayment plan provides for a pre-amortisation period of three years and ten six-monthly instalments in constant capital instalments, the first of which expires in May 2023 and the last in November 2027. This loan, in line with the choices made last year, is recorded in the financial statements at nominal value; the amortised cost method was not used as the amount of the related accessory charges is insignificant (Euro 40,000), just as the effects of the application of this method on the representation of the company's financial situation would have been insignificant. As provided for by the OIC19, ancillary charges have been recorded under prepaid expenses and charged on an accrual basis to the income statement under financial expenses.

Below are details of medium/long-term bank debt.

Bank	Amount at end of the year	Portion due within the year	Total portion of debt due after the year	of which, portion with remaining term over 5 years	Debt maturity
Credite Agricole	5,600,000	0	5,600,000	2,800,000	18/11/2027
T O T A L	5,600,000	0	5,600,000	2,800,000	

Breakdown of payables to subsidiaries

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
Mrc Poland Sp.z.o.o.	87,036	- 15,859	71,177	71,177	-
Mrc UK	6,737,590	- 501,674	6,235,916	169,067	6,066,849
Mrc Deutschland GmbH	3,608,057	136,068	3,744,125	289,847	3,454,278
Mrc France sarl	354,635	225,432	580,067	580,067	-
Mrc Iberica sa	101,737	170,496	272,233	272,233	-
Mrc Benelux	-	-	-	-	-
Marcegaglia India PVT. Ltd.	-	3,999	3,999	3,999	-
Mrc North Europe s.a.	66,737	160,141	226,878	226,878	-
Mrc Novero	611,506	- 340,686	270,820	270,820	-
Total payables to subsidiaries	11,567,298	- 162,083	11,405,215	1,884,088	9,521,127

Breakdown of payables to associates

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
S.I.M. srl	704,495	300,601	1,005,096	1,005,096	-
Consorzio Absolute scarl	8,138	- 4,038	4,100	4,100	-
Total payables to associates	712,633	296,563	1,009,196	1,009,196	-

Breakdown of payables to parent companies

	Amount at beginning of the year	Changes during the year	Amount at end of the year	of which, trade payables	of which, financial payables
Mrc Steel	200,005,448	- 62,261,356	137,744,092	7,592,637	130,151,455
Finmar Srl	257,032	- 180,519	76,513	76,513	-
Marcegaglia Holding	590,832	2,233,805	2,824,637	2,824,637	-
Total payables to parent companies	200,853,312	- 60,208,070	140,645,242	10,493,787	130,151,455

Payables to the parent company Marcegaglia Holding spa refer to the intercompany transactions performed in connection with the tax consolidation scheme.

Breakdown of payables to companies subject to control of parent companies

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year
Oskar Srl	145,739	2,946	148,685	148,685
Made Hse S.r.l.	464,156	652,339	1,116,495	1,116,495
Marfin S.r.l.	- 448,255	1,246,348	798,093	798,093
Marcegaglia Specialties Spa	12,355,407	294,728	12,650,135	12,650,135
Marcegaglia Plates Spa	-	5,775	5,775	5,775
Marcegaglia Romania	58,851	76,895	135,746	135,746
Marcegaglia Ravenna	- 10,947,755	7,437,502	- 3,510,253	- 3,510,253
Marcegaglia Gazoldo Inox	845,930	- 602,892	243,038	243,038
Marcegaglia Buildtech Srl	811,232	- 799,658	11,574	11,574
Abaco Servizi S.r.l.	69,598	3,103	72,701	72,701
Pugnochiuso	9,595	-	9,595	9,595
Total payables to companies subject to control of parent companies	3,364,498	8,317,086	11,681,584	11,681,584

Breakdown of other payables

	Amount at beginning of the year	Changes during the year	Amount at end of the year	Portion due within the year
Payables to factoring companies	81,346,390	- 17,226,566	64,119,824	64,119,824
Payables to staff	11,201,591	3,697,951	14,899,542	14,899,542
Security deposits	-	-	-	-
Other payables	778,009	- 121,384	656,625	656,625
	-	-	-	-
Total other payables	93,325,990	- 13,649,999	79,675,991	79,675,991

Debt secured by collateral on corporate assets

	Debt secured by collateral				Unsecured debt	Total
	Debt secured by mortgages	Debt secured by liens	Debt secured by special liens	Total debt secured by collateral		
Bonds	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-
Payables to shareholders for loans	-	-	-	-	-	-
Payables to banks	-	23,293,473	-	23,293,473	24,975,680	48,269,153
Payables to other lenders	-	-	-	-	-	-
Advance payments	-	-	-	-	-	-
Trade payables	-	-	-	-	1,177,138,856	1,177,138,856
Payables consisting of debt securities	-	-	-	-	-	-
Payables to subsidiaries	-	-	-	-	11,405,215	11,405,215
Payables to associates	-	-	-	-	1,009,196	1,009,196
Payables to parent companies	-	-	-	-	140,645,242	140,645,242
Payables to companies subject to control of parent companies	-	-	-	-	11,681,584	11,681,584
Tax payables	-	-	-	-	11,762,038	11,762,038
Payables to welfare and social security organisations	-	-	-	-	7,668,057	7,668,057
Other payables	-	-	-	-	79,675,991	79,675,991
Total payables	-	23,293,473	-	23,293,473	1,465,961,859	1,489,255,332

Payables to banks secured by lien refer to amounts due to the securitisation companies secured by pledged current accounts.

Accrued expenses and deferred income

	Amount at beginning of the year	Changes during the year	Amount at end of the year
Accrued expenses	10,267	45,651	55,918
Total accrued expenses and deferred income	10,267	45,651	55,918

Notes to Financial Statements – Income Statement

Financial income and charges

Breakdown of interest and other financial charges by type of payable

	Interest and other financial charges
Bonds	-
Payables to banks	301,688
Other	11,401,299
Total	11,702,986

Line item “Other” is detailed below:

	Other
Interest due and expense on assignment of receivables for securitisation and factoring transactions	9,001,545
Financial charges on derivatives	1,517,116
Interest due to suppliers	155,148
Other interest and financial charges	727,490
Total other financial charges	11,401,299

Value adjustments of financial assets and liabilities

	Write-backs	Write-downs
Write-down of the equity investment in Mrc Do Brasil	-	11,600,000
Write-down of the equity investment in Mrc Novero	-	1,153,530
Write-down of the equity investment in Mrc India	-	120,009
of equity investments recorded as financial fixed assets	-	12,873,539
of financial derivatives	1,505,869	-
Total	1,505,869	12,873,539

The write-down of the subsidiary Marcegaglia Do Brasil was generated entirely by the effect of the devaluation of the Brazilian currency against the euro, which was partially implemented as it was not considered to be fully durable. In contrast, the Brazilian company generated a profit of approximately Euro 1 million in the first half of 2020. This analysis will be updated at the end of the financial year.

As already commented in the section on provisions for risks, the revaluations of derivative financial instruments refer to the maturity of an IRS derivative that did not meet all the requirements to be considered as a hedge pursuant to OIC 32

Current, deferred and prepaid income taxes for the year

Current, deferred and prepaid taxes reported as of 30 June 2020 have been calculated on the basis of the results for the period of 1 January 2020 to 30 June 2020. They represent the best estimate of the tax obligations for the period in question.

Considering that the company has opted to take part in the tax consolidation scheme, the current taxes reported in the income statement were entered as a debt with the parent company on the balance sheet. Prepaid taxes were recorded for all temporary differences found between taxable profit and profit before taxes under the assumption that there would be sufficient taxable profit to “absorb” the temporary differences, also through the tax consolidation scheme.

The estimates were made considering IRES [corporate income tax] and IRAP [regional tax on productive activity] rates of 24% and 3.9%, respectively.

Notes to Financial Statements – Other information

Analysis of operating results H1 2020

Although the period was strongly influenced by the COVID emergency, Marcegaglia Carbon, with finished product sales volumes of 1,747 kt, limited the decrease compared to 2019 to only - 11.5%. The differential on ex-work revenues was wider, falling to Euro 1,104 million (- 19.0% on 2019), where, however, the average reduction in sales prices linked to a lower cost of raw material (black coil) weighed heavily. In relation to the exceptional nature of the period, margins were well defended, with EBITDA of Euro 50.1 million, 4.53% of ex-works revenues (it was 5.97% in 2019). This figure was calculated excluding intra-group royalties and consolidating the EBITDA realised by the company Marcegaglia Ravenna, which operates exclusively on behalf of Marcegaglia Carbon Steel.

It should be noted that the loss incurred by the company in the first half of 2020 is mainly due to the effects of the pandemic caused by COVID 19, and has had the consequence of generating, cumulatively with past losses, the erosion of the share capital by more than one third pursuant to Article 2446, paragraph 1. However, the directors believe that in view of the exemptions introduced by Article 6 of Decree-Law No. 23 of 8 April 2020, converted into Law no. 40 of 5 June 2020 (the so-called Liquidity Decree), and in view of the fact that it is believed that the results for the H2 of 2020 may significantly mitigate the results for the first half of 2020, it is not necessary to urgently convene the Shareholders' Meeting for the necessary resolutions.

COVID-19 pandemic information

With reference to the state of emergency still in progress in Italy and around the world for the spread of COVID-19 and the consequent measures adopted by the competent governmental bodies, the Company constantly monitors the evolution of the situation and has put in place the necessary measures to ensure

the continuity of operations and the performance of work activities while ensuring the protection of its employees, customers and suppliers and any person who is in any capacity, likely to interact with it. However, based on the information available, we assessed the impact of the COVID-19 emergency, considering that it does not affect the Company's ability to continue to operate as a going concern. In view of the above, it is believed that this emergency, which is still ongoing at present, will certainly cause a reduction in turnover in 2020, albeit with a forecast of maintaining sufficient economic margins and cash flows to meet its commitments. In this regard, the Company will continue to monitor the evolution of the scenario in order to promptly take all appropriate actions to limit the impacts as far as possible.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

	Amount
Commitments	82,183,588
to companies subject to control of parent companies	1,358,932
Guarantees	1,716,854,792
of which collateral	497,777,815
Contingent liabilities	-

The table below provides details on existing commitments and guarantees at 30.06.2020.

	30/06/2020	31/12/2019	30/06/2019
RISKS TAKEN BY THE COMPANY			
Sureties			
- to associates	500,000	500,000	500,000
- to parent companies	1,201,005,366	1,201,005,366	1,103,492,866
- to other companies	17,571,611	17,571,326	2,765,558
Total sureties	1,219,076,977	1,219,076,692	1,106,758,424
Collateral			
- to parent companies	497,777,815	497,777,815	497,777,815
Total collateral	497,777,815	497,777,815	497,777,815
Total guarantees	1,716,854,792	1,716,854,507	1,604,536,239
COMMITMENTS ENTERED INTO BY THE COMPANY			
- commitments entered into with companies subject to parent companies' control	1,358,932	1,592,771	1,831,687
- other commitments	80,824,656	199,803,609	199,755,881
Total commitments entered into by the Company	82,183,588	201,396,380	201,587,568
Total	1,799,038,380	1,918,250,887	1,806,123,807

Collateral issued in the interest of parent companies refers to mortgages registered on properties at the Casalmaggiore (CR), Ravenna, Lomagna (LC), Gazoldo Degli Ippoliti (MN), Corsico (MI) and Lainate (MI) plants to guarantee a pooled bank loan stipulated in 2018 by the parent company Marcegaglia Steel spa.

The maximum amount conventionally guaranteed by the company is Euro 497,777,815. As a guarantee for the pooled bank loan, a special lien has been established on the movable assets present at the same establishments; the maximum amount conventionally guaranteed by the pool is Euro 173,259,743.

Commitments taken with companies subject to parent companies' control refer to expiring lease payments pursuant to the lease agreement for the plant in Osteria Grande entered into with Oskar srl, owner of the site.

In the financial years 2017/2018, the company entered into forward purchase agreements for raw materials, with final maturity in 2021. The commitments entered into in 2017 were executed during the first half of 2020; while the commitments entered into in 2018 provide for a purchase for a value of about 81 million, in monthly tranches starting from July 2021 until November 2021. This latter commitment is included in the table above under Other commitments.

This forward purchase cannot be considered as a derivative contract within the meaning of paragraph 3 of Art. 2426 of the Italian Civil Code and was set up to meet the company's procurement needs.

Information on financial derivatives pursuant to Art. 2427-bis of the Italian Civil Code

As already mentioned, in FY 2019, the company stipulated an IRS to hedge a loan obtained for Euro 5,600,000.00 to support the investments made, pursuant to Law no. 100 of 1990, by the company itself in 2019 for the acquisition of two South American companies (Mexico and Colombia) operating in the refrigeration pipe sector, whose final expiry date is November 2027, with a notional amount of the same amount and obviously the same amortisation plan. This IRS is to be considered as hedging in accordance with OIC no. 32, therefore the relative fair value, as done at 31/12/2019 has been entirely allocated to the Reserve for hedging transactions of expected cash flows as indicated in the tables below.

The IRS derivative already in the portfolio of the company for several years, is not a hedge within the meaning of OIC32, and in the first half 2020, it reached maturity. This led to the release of the existing provision for risks and charges - derivative financial instruments with the recognition of a positive income component recorded under item D) 18) d) of the Income Statement.

	Opening balance as at 31/12/2019	Increases		Decreases		Closing balance as at 30/06/2020
		Item D) 18) d) Revaluations of financial derivatives	with reserve as balancing entry	Item D) 19) d) Write-downs of financial derivatives	with reserve as balancing entry	
Non-hedge IRS	-1,505,869	1,505,869				0
Hedging IRS	-31,468				75,839	-107,307
Provisions for risks and charges – financial derivatives held as liabilities	-1,537,337	1,505,869	0	0	75,839	-107,307

Changes in reserve for hedges:

	Opening balance as at 31/12/2019	Increases	Decreases	Closing balance as at 30/06/2020
Total reserve for projected cash flow hedges	-31,468		75,839	-107,307

Detail of impact on income statement:

	30/06/2020
Change in fair value of non-hedging IRSs	1,505,869
Write-back of IRS non-hedging derivatives	1,505,869
Total item D) 18d - Revaluation of financial derivatives	1,505,869

The table below provides details of the derivatives in place at 30 June 2020:

Financial derivative	Fair value at year end	Notional amount	Nature	Maturity	Balance Sheet assets - C) III) Financial assets not held as fixed assets	Balance Sheet Liabilities – B) Provisions for risks and charges
Interest rate swaps	-107,307	EUR 5,600,000	hedging	18/11/2027	0	-107,307

Statement of financial statement compliance

These Notes, as well as the entire six-monthly financial statements of which they form an integral part, have been prepared in accordance with accounting standard OIC 30.

Gazoldo degli Ippoliti, 30 September 2020

Chairman of the Board of Directors
Antonio Marcegaglia