



ANNUAL FINANCIAL REPORT FINANCIAL YEAR 2024

Board of Directors
of 14 April 2025

KME Group S.p.A.

Registered and Administrative Office:
Foro Buonaparte, 44 – 20121 Milan - Italy
Share Capital Euro 200,154,177.66 (fully paid up)
Tax Code and Milan Business
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Social commitment

For 18 years, Dynamo Camp has been committed to guaranteeing the Right to Happiness for children with serious or chronic illnesses, neurodevelopmental disorders or disabilities who are either undergoing active treatment or have completed it within the last four years. This commitment extends to their families and siblings, too. The programmes offered by Fondazione Dynamo Camp ETS (the "Foundation") are entirely free and structured according to the **Dynamo® Recreational Therapy** model, based on fun and discovery. The objective of this method is to promote everyone's ability to renew **self-confidence and hope**, with **real and long-term benefits on the quality of life**.



"A weekend at Dynamo is worth all the holidays we could not take."

A mother

Also in 2024, in response to the need of families to have "Dynamo close to home", the Foundation **is committed to taking the programmes outside the Camp**, involving children and young people with illnesses in numerous cities across the country through the **Dynamo City Camp project, visits to hospitals** and hotel facilities in the **Dynamo Off Camps**.

In 2024, the **City Camp** project was carried out in Milan, Turin, Genoa, Florence, Rome, Termoli and Naples.

The **City Camp in Milan** is the first to be open all year round. This is a "company-owned" Camp located in the building that houses the offices of the Foundation and Dynamo Academy Srl Impresa Sociale in Via Bovio 6, Milan. During the summer weeks from June to September, Campers participate in daily sessions from 8:30 a.m. to 1:00 p.m. During the school year, morning activities are offered to young adults and schools, and afternoon activities to children and teenagers. Dynamo families are also welcomed on weekends for "*Relief Sundays*".



“These activities look as if they were made just for me!”

A girl

This is the impact that Dynamo Camp has had since 2007: a total of 251,000 experiences have been delivered to 78,993 children with serious or chronic illnesses, neurodevelopmental disorders or disabilities, and their families and siblings, through the **Dynamo® Recreational Therapy** programmes. The programmes are designed to be fun and entertaining, while also focusing on restoring confidence and hope. The Dynamo Camp network comprises 100 hospitals and 86 parent or illness associations throughout Italy, and is able to accommodate more than 75 illnesses.

Thanks to the new regulations applicable to the third sector, Dynamo Camp holds investments in several Dynamo benefit companies. These companies all work with the aim of contributing to the common good by caring for people, communities and nature. **Dynamo Academy** supports companies in training on *Diversity, Equity, Inclusion & Belonging* and social sustainability, as well as in planning concrete actions to support the community. **Arte Dynamo** promotes art as a tool for inclusion and personal expression. **Dynamo Sport** continues to expand the range of sports and leisure activities available in the Pistoia Apennines. **Oasi Dynamo** aims to excel in conservation and popularise scientific research while caring for nature. Together, these organisations complement and amplify the work of Dynamo Camp. **Dynamo the Good Company** enables us to promote the Dynamo style through a range of Apparel that helps to create a sense of belonging and brand identity. Job creation is at the heart of our entire business system.

A more welcoming and respectful society is possible. At Dynamo, we deliver care focused on excellent behaviour, beauty and attention to detail with passion and expertise, thanks to the combined efforts of people, institutions and companies. We would like to express our sincere thanks to all of them.

In addition to its mission, Dynamo aims to foster employment. Through its foundations, Social companies and B-Corps, it now has 161 full-time employees, 403 seasonal staff and 95 people, including associates and ongoing trainees, for a total of **659 people**. Furthermore, **1,579 volunteers** contributed their time, intelligence and commitment to make the project a success in 2024.

Company Bodies

Board of Directors (appointed by the shareholders' meeting of 22 May 2024)

Chairwoman	Diva Moriani ^B
Deputy Chairman	Vincenzo Manes ^B
Directors	Marcello Gallo
	James Macdonald
	Ruggero Magnoni
	Francesca Marchetti ^{A, C, D}
	Massimiliano Picardi ^{A, D}
	Alessandra Pizzuti ^{C, E}
	Serena Porcari
	Luca Ricciardi ^{A, C, D}

A. Independent Director

B. Executive Director

C. Member of the Control, Risk and Sustainability Committee (Chairman: Luca Ricciardi)

D. Member of the Related Party Transactions Committee (Chairman: Luca Ricciardi)

E: Co-opted by the Board of Directors on 24 January 2025

Board of Statutory Auditors (appointed by the shareholders' meeting of 22 May 2024)

Chairman	Gianluca Cinti
Standing Auditors	Giovanna Villa
	Alberto Villani
Alternate Auditors	Daniele Beretta
	Elena Beretta

Manager in charge of Financial Reporting

Giuseppe Mazza

Independent Auditors

(appointed by the shareholders' meeting of 31 May 2016)

Deloitte & Touche S.p.A.

Common Representative of Savings Shareholders

(appointed by the special shareholders' meeting of 22 April 2024)

Andrea Santarelli

Common Representative of the "KME Group SpA 2022– 2027" Bond Holders

Rossano Bortolotti

Common Representative of the "KME Group SpA 2024– 2029" Bond Holders

Rossano Bortolotti

2024 Report on operations

Dear Shareholders,

The reduction in demand in the reference sectors continued during 2024, with the first signs of a slowdown having been observed since the fourth quarter of 2022 and gradually increasing in the first few months of the second half of 2023.

This reduction clearly had an impact on the economic results of KME Group SpA (“KME” or the “Company”) and its subsidiaries (the “KME Group” or the “Group”).

The Group managed to reduce the negative effects of this economic trend thanks to the strategic actions taken in the past to bolster its market positioning.

In line with the Group strategy, management focused on new acquisitions that were also instrumental in recovering sales volumes. This led to the acquisition of Sundwiger Messingwerk GmbH (European leader in the semi-finished rolled bronze products sector as well as manufacturer of semi-finished rolled brass products), finalised in January 2025, and that of 75.76% of the share capital of Azienda Metalli Laminati SpA of which the Group already held 24.24%, finalised in July 2024.

The Group has also launched a careful cost containment and rationalisation policy, including by means of restructuring actions.

The operating results were penalised by market performance. Revenues net of raw material costs amounted to Euro 523.7 million, compared to Euro 608.1 million in the previous year, a decrease of 13.9%. Despite the significant reduction in sales, thanks to the profitability achieved, the EBITDA level came to Euro 99.7 million compared to Euro 134.5 million in the previous year, a drop of 26%.

The net loss before write-downs and IFRS impact was Euro 30.6 million. This result was affected by the Parent Company’s financial expense, while industrial activities broke even. The aforementioned break-even result, despite a 24.5% reduction in quantities sold, confirms the validity of the commercial strategy in place since last year.

From a financial standpoint, there was also a move to lengthen the average maturity of the Group's debt. During 2024, through two public exchange offers and two public subscription offers, the new “KME Group SpA 2024-2029” bond, with a rate of 5.75%, was placed for a total of Euro 138.8 million; this replaced the previous one maturing in February 2025. In the first few months of the current financial year, the repayment dates of the bond issued by the subsidiary KMH SpA have also been rescheduled: the repayment deadline has been moved from 31 December 2025 to 31 December 2027, and in 2025 an instalment of Euro 15.0 million is expected to mature in September.

As at 31 December 2024, the Group had a Reclassified Consolidated Financial Position of Euro 260.5 million, in line with the previous year. This figure does not consider financial liabilities pursuant to IFRS 16, including those deriving from sale and leaseback transactions, and financial instruments measured at fair value.

Due to the economic trend and the acquisitions carried out, it was considered preferable to postpone the completion of the delisting process started in 2023, therefore postponing the procedure relating to the reverse merger of KME Group SpA into the unlisted subsidiary KMH SpA, which would have absorbed financial resources due to the exercise of the right of withdrawal.

Considering the persistence of the climate of uncertainty with regard to the economic trend, a further lengthening of the timescales of the merger, already deferred to the second half year of 2025, is expected.

The delisting is considered by the Company as functional to the objective of concentrating its activities in the industrial management of the KME SE Group and to offering the Company greater flexibility in the pursuit of strategies aimed at strengthening its market position, also through external growth, taking into account that the market listing does not adequately reflect the value of the KME Group.

Indeed, in recent years the Company’s activities focused on managing the shareholding in KME SE and its subsidiaries, through several acquisitions and disposal operations that have created a new strategic configuration of the copper sector, focused mainly on the rolled copper segment (“Copper”).

The Copper sector offers interesting development prospects, both in terms of profitability and cash generation, reinforced by the increased competitive positioning of KME SE, in line with the expectations of most relevant markets.

Furthermore, the Company believes that the delisting, in addition to representing a corporate simplification with related cost savings, may make it possible to more effectively implement any opportunities for reorganisation and strengthening of the KME Group, more easily pursued as an unlisted company.

With reference to the macroeconomic context of the period, the Group is monitoring the evolution of the general political and economic situation, also in relation to the effects of the evolution of the conflict in Ukraine and other situations of conflict and international tension.

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Extraordinary finance transactions

Public Exchange Offer on Warrants

As previously announced, on 12 January 2024 the Company launched a partial voluntary Public Exchange Offer involving a maximum of 78,635,148 outstanding “KME Group SpA 2021-2024” Warrants (the “Warrants”), with a consideration of 10 Ordinary Shares, in the Issuer's portfolio, for every 23 Warrants subscribed, i.e. 1 Ordinary Share in the Issuer's portfolio for every 2.3 Warrants subscribed (the “Warrants PEO Consideration”), for a total of 34,189,630 Ordinary Shares, pursuant to the Ordinary and Extraordinary Shareholders' Meeting resolution of 12 June 2023 (the “Maximum Total Consideration” and, together, the “Warrant PEO” or the “Offer”). The Warrants subject to the Warrant PEO represented 94.42% of the 83,286,883 outstanding Warrants as at the Offer Document Date. The Warrant PEO was partial in nature, taking into account the limits imposed by the resolution of the Ordinary and Extraordinary Shareholders' Meeting of 12 June 2023, compared to the total number of outstanding Warrants.

On 16 January 2024, the Company, pursuant to article 102, paragraph 3, of the Consolidated Law on Finance, filed the Offer Document at CONSOB for carrying out the related investigation, which ended with CONSOB's approval of the Offer Document with resolution no. 23002 of 14 February 2024.

KME, by virtue of the provisions of article 1, paragraph 4, letter f) of Regulation (EU) 2017/1129 (the “Prospectus Regulation”) was exempt from the obligation to publish a prospectus for the offer of the Ordinary Shares set forth in article 3, paragraph 1, of the Prospectus Regulation, having prepared and published the Exemption Document together with the Offer Document, pursuant to articles 34-ter, paragraph 2, letter a), and 36, paragraph 3 of the Issuers' Regulation, in accordance with the Prospectus Regulation itself, as subsequently supplemented by Commission Delegated Regulation (EU) no. 2021/528 of 16 December 2020.

The Warrant PEO was held from 19 February to 8 March 2024. At the end of the offer period, a total of 76,545,610 Warrants were subscribed, representing 97.34% of the Warrants involved in the Warrant PEO and 92.07% of the outstanding Warrants at the closing date of the Offer. Quattrodue SpA (hereinafter also “Quattrodue”), controlling shareholder, subscribed all 73,680,892 of the Warrants it held to the Offer.

The delivery of the Ordinary Shares to be offered as Warrant PEO Consideration took place on 15 March 2024. A total of 33,280,700 Ordinary Shares (of which 32,035,170 in favour of Quattrodue), representing 10.70% of the ordinary share capital of KME at that date, were credited to the subscribers.

* * *

Issue of the “KME Group SpA 2024-2029” Bond

Also in anticipation of the maturity in February 2025 of the “KME Group SpA 2020-2025” Bond (the “2020 Bonds”) listed on the Electronic Bond Market organised and managed by Borsa Italiana S.p.A. (the “MOT”), on 20 May 2024, the Company's Board of Directors approved a transaction that envisaged:

- a total voluntary public exchange offer on 4,297,158 2020 Bonds outstanding, with a nominal unit value of Euro 21.60 and consideration represented by a maximum 92,818,548 new “KME Group SpA 2024-2029” Bonds, with a nominal unit value of Euro 1.00 (the “2024 Bonds”) for a total of Euro 92.8 million, listed on the MOT (the “Bond Exchange Offer”);
- a concurrent public subscription offer for 2024 Bonds for a total of Euro 57.2 million, which can be increased to a maximum of Euro 150 million in consideration of the level of subscription to the Bond Exchange Offer (the “Subscription Offer” and, jointly with the Bond Exchange Offer, also the “Offers”).

The 2024 Bonds, ISIN Code IT0005597874, have a 5-year maturity from the issue date (2 August 2024) and accrue interest at a fixed annual gross nominal rate of 5.75%. At the time of announcement of the Offers, the Board of Directors established a minimum rate of 5.25%, envisaging that the final rate would be established before the Offers were launched. The rate of 5.75% was set by the Board of Directors on 21 June 2024.

The 2024 Bonds are not backed by collateral or personal guarantees. No rating has been or is expected to be assigned to the 2024 Bonds. Starting from the end of the second year from the issue date, KME will have the right to fully or partially redeem the 2024 Bonds.

By letter dated 26 June 2024, protocol no. 0063689/24, Consob approved the Subscription Offer prospectus and the simultaneous admission to listing on the MOT of the 2024 Bonds. The Bond Exchange Offer was instead launched with exemption from the application of laws and regulations on takeover bids or exchange tender offerings pursuant to article 101-bis, paragraph 3.b) of the Consolidated Law on Finance (TUF) and in compliance with article 35-bis, paragraph 4 of the Issuers’ Regulation.

The Bond Exchange Offer was open from 1 July to 26 July 2024, and the Subscription Offer from 1 July to 31 July 2024. During the Offer periods, the original closing dates of 19 July and 23 July 2024, respectively, were extended.

As part of the Subscription Offer, applications were received for 56,198,624 2024 Bonds, for a total nominal value of Euro 56.2 million compared to Euro 57.2 million for the Offer itself.

As part of the Bond Exchange Offer, 1,291,910 2020 Bonds were subscribed, with a 30.0% subscription rate, and consideration represented by 27,905,256 2024 Bonds for a total nominal value of Euro 27.9 million. Consequently, as a result of the settlement of the Offers, the 2020 Bonds still outstanding and traded on the MOT numbered 3,005,248 for a total nominal value of Euro 64.9 million.

The settlement of the Offers and the MOT listing took place on 2 August 2024, with the issue of a total of 84,103,880 2024 Bonds for a total nominal value of Euro 84.1 million.

During the autumn months, the Company launched a new public subscription offer (the “New Public Subscription Offer”) of 2024 Bonds for a total of Euro 70.5 million in order to complete the debt funding envisaged with the July 2024 transaction. Moreover, to once again allow 2020 Bond holders to benefit from the opportunity to swap them for 2024 Bonds, the Company launched a new partial public exchange offer (the “New Public Exchange Offer” and together with the New Public Subscription Offer, the “New Offers”) for a total of Euro 45.4 million (corresponding to 70% of the 2020 Bonds still outstanding), under the same conditions as the previous offer. The New Public Subscription Offer could have been increased by up to a maximum of Euro 115.9 million depending on the performance of the New Public Exchange Offer.

By letter dated 29 October 2024, protocol no. 0100072/24, CONSOB approved the New Public Subscription Offer prospectus and the simultaneous admission to listing on the MOT of the additional 2024 Bonds. The New Public Exchange Offer was launched, as the previous one, with an exemption from the application of laws and regulations on takeover bids or exchange tender offerings pursuant to article 101-bis, paragraph 3-bis of the Consolidated Law on Finance (TUF) and in compliance with article 35-bis, paragraph 4 of the Issuers’ Regulation.

The New Public Exchange Offer was held from 4 November to 26 November 2024, and the New Public Subscription Offer from 4 November to 29 November 2024. During the New Offers periods, the original closing dates of 19 November and 22 November 2024, respectively, were extended.

As part of the New Public Subscription Offer, applications were received for 42,494,109 2024 Bonds, for a total nominal value of Euro 42.5 million.

As part of the New Public Exchange Offer, 565,095 2020 Bonds were subscribed, with a 26.9% subscription rate of the 2020 Bonds subject to the Offer itself, and consideration represented by 12,206,052 2024 Bonds for a total nominal value of Euro 12.2 million. Consequently, the 2020 Bonds still outstanding and traded on the MOT until 18 February 2025 – their original maturity and repayment date – numbered 2,440,153 for a total nominal value of Euro 52.7 million.

The settlement of the New Offers took place on 3 December 2024, with the issue of an additional 54,700,161 2024 Bonds, for a total nominal value of Euro 54.7 million.

Following the offers launched in July and November, there are now 138,804,041 outstanding 2024 Bonds for a nominal value of Euro 138.8 million.

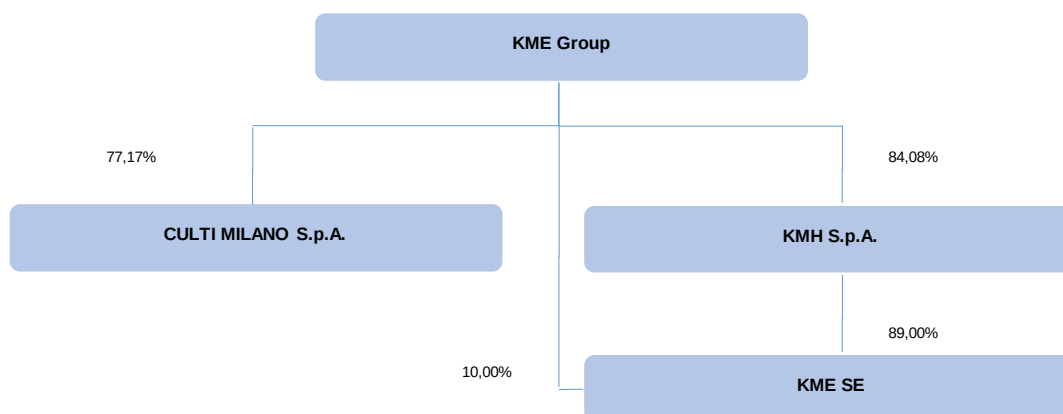
For more details on the transactions, please refer to the Press Releases available on the Company's website.

* * *

Summary of the corporate structure

Continuing the corporate rationalisation process and the Parent Company's progressive focus on Copper business operations, during the period under review KME Group SpA sold its investment held in Intek Investimenti SpA to its subsidiary KME SE.

The Group structure as at 31 December 2024 can be summarised as follows:



KME SE – held directly and indirectly through KMH – is the head of a global leading group in the production and marketing of semi-finished products in copper and its alloys focused on the Copper sector, following the transfer of control of the special products business (now headed up by the company *cunova GmbH*), in which it retains a 45% interest.

Culti Milano S.p.A., a company whose shares are listed on the Euronext Growth Milan market, is increasingly geared towards personal well-being, in addition to the consolidation of its traditional business in the environmental fragrance segment.

* * *

Macroeconomic framework

The year 2024 was also marked by geopolitical and economic uncertainty, with ongoing conflicts between Russia and Ukraine and in the Middle East. This climate of uncertainty was exacerbated by elections in many countries, leading to changes in the political landscape and the threat of a return to tariffs and customs barriers. In China, the ongoing crisis in the real estate market continued to impact domestic demand.

In 2024, the global economy was still estimated to grow by 3.2% on an annual basis. The decline in consumer price inflation led to an increase in household spending, which partially offset the negative effects of restrictive financial conditions and uncertainty related to the conflict between Russia and Ukraine, as well as the escalation of tensions in the Middle East.

In the second quarter of 2024, the US economy grew faster, thanks to an increase in real wages. This was partly due to a decline in inflation, which supported private consumption. Surveys of business economic trends suggest that activity in the services sector is strengthening, in contrast to the manufacturing sector. In the latter case, high inventory-to-turnover ratios in many major advanced economies could negatively impact production in the short term. Overall inflation continued to decline in most countries during the year, partly due to a further fall in food price inflation and a low or negative price index for goods and energy.

Global economic growth is expected to stabilise at 3.2% in 2025, maintaining the average pace of the second half of the previous year. In the advanced economies, the delayed impact of tighter monetary policy on economic growth is fading. Moreover, the further easing of monetary conditions, supported by the decline in inflation, will help sustain expenditures that are particularly sensitive to interest rate fluctuations. A further decline in inflation will boost real income growth and support private consumption in many economies.

Growth in the Eurozone was 0.8%, with a forecast of +1.0% by the end of 2025. Following its recovery in the first quarter of 2024, the EU economy continued to grow at a moderate but steady rate in the second and third quarters. Although the increase in employment and the recovery in real wages had a positive impact on household disposable income, consumption remained low. The high cost of living, uncertainty regarding exposure to extreme shocks, and incentives to save, driven by high interest rates, have led households to allocate an increasing share of their income to savings.

Investment, on the other hand, fell short of expectations, with a significant and widespread decline in most member states of the European Community. This was partly due to high levels of political uncertainty and fragile governments in countries such as Germany and France, and partly due to continued weakness in the manufacturing sector and increased idle capacity among major producers.

In terms of prices, the disinflation process that began at the end of 2022 continued, despite a temporary increase in inflation in October due mainly to higher energy prices. The ECB cut its reference interest rate twice (by 25 basis points in June and September), reducing the deposit rate to 3.50%. Nevertheless, it continues to rely entirely on data and has reiterated its stance of "not committing to a predetermined trajectory for interest rates". The labour market is also showing increasing disparities among the various countries. In July, the unemployment rate in the Eurozone reached a new record low of 6.4%, driven mainly by Italy and Spain. While the labour market in the Eurozone remains relatively tight overall, it appears to be easing.

* * *

Group results¹

The consolidated results as at 31 December 2024 are fully comparable with those of the last financial year, including both the income and cash flow statements of the consolidated companies for all twelve months. Therefore, we were able to overcome the limited comparability affecting the Group's financial statements following the launch of the new strategic approach announced by the Company on 22 April 2022, which had rendered the IFRS 10 consolidation exception for investment entities no longer applicable, with the subsequent

¹ The report on operations uses certain indicators identified as "Alternative Performance Indicators" ("APIs") pursuant to the CONSOB communication of 3 December 2015, which incorporated the "ESMA" ("European Securities and Markets Authority") guidelines of 5 October 2015. APIs are financial indicators of financial performance, financial position or historical or future cash flows other than the financial indicators defined or specified in the applicable rules on financial reporting. APIs are calculated by adding or subtracting amounts from the data presented in the financial statements drafted in compliance with the rules applicable to financial reporting. The APIs have remained consistent over time and were not redefined compared to preceding years.

obligation of line-by-line consolidation of controlling interests to be adopted prospectively from the date on which the change of status occurred.

For comments on the operating performance of 2024, please refer to what is indicated for the individual business sectors and in particular for the copper sector, which represents approximately 99% of Group revenues.

Invested Capital

The **Consolidated net invested capital** was as follows:

Consolidated net invested capital		
<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Net non-current assets	1,136,348	1,080,728
Net working capital	(346,888)	(178,949)
Net deferred taxes	(18,417)	(24,745)
Provisions	(133,203)	(148,928)
Net invested capital	637,840	728,106
Total equity	270,330	358,815
Net financial debt	367,510	369,291
Funding sources	637,840	728,106

"Net invested capital" is a financial indicator which is not defined by IFRS and should not be considered an alternative to the indicators defined by IFRS. Its components are given here below:

- *"Net non-current assets" consist of the sum of non-current assets except for deferred tax assets.*
- *"Net working capital" consists of the sum of the items "Trade receivables" net of "Trade payables" and "Other current assets/liabilities", except for the items considered in the definition of "Net financial debt".*
- *"Provisions" include the items "Retirement benefits" and "Provisions for risks and charges".*

Income Statement

The **Consolidated Income Statement** can be summarised as follows:

Consolidated Income Statement		
<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Revenues from sales and services	1,565,438	1,880,532
Change in inventories of finished and semi-finished products	338	(876)
Own work capitalised	2,171	1,463
Other income	60,917	25,411
Purchases and change in raw materials	(1,092,501)	(1,317,919)
Labour cost	(226,788)	(234,083)
Amortisation, depreciation, impairment and write-downs	(48,254)	(57,562)
Other operating costs	(240,340)	(264,124)
Operating profit/(loss)	20,981	32,842
Financial income	23,074	14,698
Financial expense	(102,487)	(85,649)
<i>Net financial expense</i>	<i>(79,413)</i>	<i>(70,951)</i>
<i>Result of investments</i>	<i>(10,454)</i>	<i>(8,388)</i>
Profit/(loss) before taxes	(68,886)	(46,497)
Current taxes	(5,526)	(7,384)
Deferred taxes	3,501	7,402
Total income taxes	(2,025)	18
Net profit (loss) for the year	(70,911)	(46,479)
Profit (loss) from discontinued operations	-	-
Net profit (loss) for the year	(70,911)	(46,479)
- non-controlling interests	(6,029)	(6,144)
- shareholders of the parent company	(64,882)	(40,335)
Comprehensive income	(1,864)	(14,341)
Comprehensive income pertaining to non-controlling interests	(6,311)	(6,677)
Comprehensive income of the shareholders of the Parent Company	(66,464)	(54,143)

Reclassified Income Statement

In order to provide a more significant representation of the operating results, a reclassified income statement is also presented which uses, at an interim level, economic and financial information taken from the Group's management systems and based on accounting standards that differ from IFRS, mainly in terms of measurement and presentation. The main components are reported below.

1. *In order to eliminate the impact of fluctuations in raw material prices, revenues are also presented net of raw material costs.*
2. *The cost of the base-stock component (i.e., inventories that will not be sold to customers) of year-end inventories in the copper and copper-alloy semi-finished products sector is determined on a LIFO basis. The stock that will be sold, on the other hand, is measured at its contractual selling price, which is deemed to be its realisable value. Under IFRSs, on the other hand, inventories are required to be measured at the lower of cost on a FIFO basis and net realisable value. IFRSs also require forward sales and purchase contracts as well as hedging contracts traded on the LME to be separately identified and reported in the financial statements at their fair values, as if they were financial instruments. By not permitting the LIFO measurement of year-end inventories that is used internally for management control purposes, IFRSs introduced an external component, the variability of which makes a consistent comparison of data for different periods impossible, as well as giving an accurate picture of the results of operations.*
3. *Non-recurring items are reported under EBITDA/EBIT.*

The table below shows the effects of the different methods of measurement and presentation for 2024.

Reclassified consolidated income statement			
<i>(in Euro million)</i>	<i>2024 IFRS</i>	<i>Reclassifications</i>	<i>2024 Reclassified</i>
Sales revenues	1,565.40	-	1,565.40
Cost of raw materials	-	(1,041.70)	(1,041.70)
Revenues, net of raw material cost	-		523.70
Labour cost	(226.80)	10.80	(216.00)
Other consumption and costs	(1,269.30)	1,061.30	(208.00)
Gross Operating Income (EBITDA) (*)	69.30	30.40	99.70
Depreciation/Amortisation	(48.30)	2.60	(45.70)
Net Operating Income (EBIT)	21.00	33.00	54.00
Net financial expense	(79.40)	0.90	(78.50)
Gross profit (loss) before non-recurring items	(58.40)	33.90	(24.50)
Non-recurring (expenses)/income	-	(1.60)	(1.60)
Current taxes	(5.50)	1.00	(4.50)
Result before IFRS valuation of inventories, forward contracts and equity-accounted investments	(63.90)	33.30	(30.60)
IFRS effect on the valuation of inventories and forward contracts	-	(32.30)	(32.30)
Tax effect of the IFRS valuation of inventories and forward contracts	-	7.10	7.10
Profit (loss) from equity-accounted investments	(10.50)	-	(10.50)
Deferred taxes	3.50	(8.10)	(4.60)
Consolidated net profit (loss)	(70.90)	(0.00)	(70.90)
Profit (loss) attributable to non-controlling interests	(6.00)		(6.00)
Net profit (loss) attributable to the shareholders of the Parent Company	(64.90)	(0.00)	(64.90)
Comprehensive income items	(1.90)	-	(1.90)
Comprehensive income	(72.80)	(0.00)	(72.80)
of which attributable to the shareholders of the Parent Company	(66.50)		(66.50)
of which attributable to non-controlling interests	(6.30)		(6.30)

The comparison with the previous year is as follows:

Reclassified consolidated income statement				
<i>(in Euro million)</i>	<i>2024 Reclassified</i>		<i>2023 Reclassified</i>	
Sales revenues	1,565.40		1,880.50	
Cost of raw materials	(1,041.70)		(1,272.40)	
Revenues, net of raw material cost	523.70	100.0%	608.10	100.0%
Labour cost	(216.00)		(220.90)	
Other consumption and costs	(208.00)		(252.70)	
Gross Operating Income (EBITDA) (*)	99.70	19.0%	134.50	22.1%
Depreciation/Amortisation	(45.70)		(55.20)	
Net Operating Income (EBIT)	54.00	10.3%	79.30	13.0%
Net financial expense	(78.50)		(64.70)	
Gross profit (loss) before non-recurring items	(24.50)	-4.7%	14.60	2.4%
Non-recurring (expenses)/income	(1.60)		(34.80)	
Current taxes	(4.50)		(2.10)	
Result before IFRS valuation of inventories, forward contracts and equity-accounted investments	(30.60)	-5.8%	(22.30)	-3.7%
IFRS effect on the valuation of inventories and forward contracts	(32.30)		(18.00)	
Tax effect of the IFRS valuation of inventories and forward contracts	(7.10)		4.40	
Profit (loss) from equity-accounted investments	(10.50)		(8.40)	
Deferred taxes	(4.60)		(2.20)	
Consolidated net profit (loss)	(70.90)	-13.5%	(46.50)	-7.6%
Profit (loss) attributable to non-controlling interests	(6.00)		(6.10)	
Net profit (loss) attributable to the shareholders of the Parent Company	(64.90)	-12.4%	(40.40)	-6.6%
Comprehensive income items	(1.90)		(14.30)	
Comprehensive income	(72.80)	-13.9%	(60.80)	-10.0%
of which attributable to the shareholders of the Parent Company	(66.50)		(54.10)	
of which attributable to non-controlling interests	(6.30)		(6.70)	

Financial performance

As at 31 December 2024, the Group had a Reclassified Consolidated Financial Position of Euro 260.5 million, compared to Euro 258.2 million as at 31 December 2023. This figure does not consider financial liabilities pursuant to IFRS 16, including those deriving from sale and leaseback transactions, and financial instruments measured at fair value.

The reconciliation between the Reclassified Consolidated Financial Position and Consolidated Net Financial Debt is provided below:

Reconciliation of Reclassified Net Financial Position		
<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Reclassified Net Financial Position	260,546	258,191
Financial liabilities for Sales and Lease Back transactions (*)	7,415	94,638
Financial liabilities pursuant to IFRS 16 (*)	62,630	12,944
Financial instruments measured at fair value	(17,148)	351
Non-current financial assets	54,067	3,167
	106,964	111,100
Total financial debt	367,510	369,291

(*) As at 31 December 2024, the financial liabilities for Sales and Lease Back transactions relating to the property in Osnabrück were reclassified as financial liabilities pursuant to IFRS 16, following the waiver of the repurchase option provided for in the contract, and the amount of Euro 7.5 million is equal to the liability arising from the sale and subsequent finance lease of the property in Milan, which is the Parent Company's headquarters.

The net financial debt (determined in compliance with the provisions of ESMA Document 32-382-1138 of 4 March 2021 – Guidelines regarding disclosure obligations pursuant to the prospectus regulation, as highlighted in CONSOB warning notice 5/21 of 29 April 2021) of the Group as at 31 December 2024 compared to 31 December 2023 can be summarised as follows:

Net financial debt		
<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
A Cash and cash equivalents	181,242	118,609
B Cash equivalents	-	-
C Other financial assets	79,324	94,012
D Cash and cash equivalents (A+B+C)	260,566	212,621
E Current financial debt	39,103	67,820
F Current portion of non-current financial debt	213,229	59,466
G Current financial debt (E+F)	252,332	127,286
H Net current financial debt (G-D)	(8,234)	(85,335)
I Non-current financial debt	176,790	223,916
J Debt instruments	198,954	230,710
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I + J + K)	375,744	454,626
M Total financial debt (H + L)	367,510	369,291

It should be noted that the “*Current portion of non-current financial debt*”, equal to Euro 213 million, includes a total of Euro 166.7 million represented:

- for Euro 54.8 million, by the principal amount and the accruing coupons of the KME Group 2020-2025 Bond, which was repaid on maturity (18 February 2025);
- for Euro 111.9 million, by the principal amount and the accruing coupons of the Bond issued by the subsidiary KMH (“*KMH SpA Up to Euro 135,100,000.00 Senior Guaranteed and Secured Fixed Rate Notes due 31 December 2025*”) amounting to Euro 110.8 million and that, as at 31 December 2024, envisaged maturities of Euro 73.9 million as at 28 February 2025 and Euro 36.9 million as at 31 December 2025. By virtue of subsequent agreements with the bondholder, the final maturity date of the bond was deferred until 31 December 2027, envisaging repayments of Euro 15.0 million in September 2025 and March 2026, Euro 45.0 million in March 2027 and a final instalment of Euro 35.8 million. There were no changes in the interest rate which, as from 1 March 2025, is equal to 15%. With the signing of the amending agreements – which involved the payment of a fee of Euro 1.7 million – the financial terms envisaged by the contract were also revised.

* * *

The Holding KME Group S.p.A.

Financial position and results of operations of the Parent Company

The Parent Company's financial highlights as at 31 December 2024, compared to 31 December 2023, are summarised below.

Condensed separate statement of financial position				
<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>		<i>31 Dec 2023</i>	
<i>KME SE investment</i>	<i>58,410</i>		<i>58,410</i>	
<i>KMH investment</i>	<i>480,000</i>		<i>480,000</i>	
<i>Other</i>	<i>2,965</i>		<i>(141)</i>	
Total KME	541,375	94.61%	538,269	91.07%
Culti Milano	37,981	6.64%	37,988	6.43%
Intek Investimenti	-	0.00%	13,518	2.29%
Other investments	1,574	0.28%	1,774	0.30%
Other assets/liabilities	(8,705)	-1.52%	(468)	-0.08%
Net investments	572,225	100.00%	591,081	100.00%
Outstanding bonds (*)	257,852		160,616	
IPO financing	132,401		115,186	
Net cash	(77,367)		17,701	
Holding company net financial debt	312,886	54.68%	293,503	49.66%
Total equity	259,339	45.32%	297,578	50.34%

Notes:

- Investments are expressed net of any outstanding Company's financial receivables/payables.
- (*) Including accruing interest.

Net investments

The net investments held by the Company amounted to Euro 572.2 million as at 31 December 2024 (Euro 591.1 million at the end of 2023), of which more than approximately 94% concentrated in KME SE.

Equity

The holding company equity amounted to Euro 259.3 million, compared to Euro 297.6 million as at 31 December 2023; the change is mainly related to the profit or loss for the year and the effects of the share and warrant purchase transactions.

As at 31 December 2024, the share capital amounted to Euro 200,154,177.66 and was divided into 284,442,812 shares, of which 270,231,550 were ordinary shares and 14,211,262 savings shares. The share capital increased compared to 31 December 2023 by Euro 49,468.46 following the exercise of 4,946,846 Warrants.

As required by the Shareholders' Meeting resolution of 22 May 2024, 45,114,520 ordinary treasury shares were also cancelled with no effect on total share capital.

Again as at 31 December 2024 the Company held 53,243,219 ordinary treasury shares in its portfolio, representing 19.70% of ordinary share capital and 18.72% of total share capital.

Financial management

Net financial debt of the holding company (excluding intra-group loans and lease liabilities) totalled Euro 312.9 million as at 31 December 2024. The balance as at 31 December 2023 was Euro 293.5 million.

The Parent Company's financial debt (*) as at 31 December 2024, compared to 31 December 2023, can be broken down as follows:

Financial debt		
	<i>(in Euro thousand)</i>	
	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
A Cash	27,356	3,214
B Cash equivalents	-	-
C Other financial assets	53,821	24,803
D Cash and cash equivalents (A + B + C)	81,177	28,017
E Current financial debt	6,781	37,749
F Current portion of non-current financial debt	53,704	10,521
G Current financial debt (E + F)	60,485	48,270
H Net current financial debt (G - D)	(20,692)	20,253
I Non-current financial debt	139,495	117,423
J Debt instruments	198,954	156,139
K Trade payables and other non-current payables	-	-
L Non-current financial debt (I + J + K)	338,449	273,562
M Total financial debt (H + L)	317,757	293,815

(*) Determined in compliance with the provisions of ESMA document ref. 32-382-1138 of 4 March 2021 – Guidelines on disclosure obligations under the prospectus regulation, as highlighted in CONSOB warning notice 5/21 of 29 April 2021.

Cash flows

Cash flows for the years 2024 and 2023 can be summarised as follows:

Statement of cash flows – indirect method			
<i>(in Euro thousand)</i>		<i>2024</i>	<i>2023</i>
(A) Cash and cash equivalents at the beginning of the year		3,214	508
Profit (loss) before tax		(28,186)	(16,374)
Depreciation and amortisation		996	659
Change in pension funds, post-employment benefits (TFR) and stock options		167	1,079
Change in provisions for risks and charges		(11)	769
Change in investments		11,206	7,000
Change in current receivables		1,854	4,162
Change in current payables		(3,090)	451
(B) Cash flow from operating activities		(17,064)	(2,254)
(Increases) in non-current property, plant and equipment and intangible assets		(11,548)	(426)
Decreases in non-current property, plant and equipment and intangible assets		2,202	9
Change in other non-current assets/liabilities		-	(1)
(C) Cash flow from investing activities		(9,346)	(418)
(Purchase) sale of treasury shares		-	(171,731)
Dividend distribution		-	(3,312)
Exercise of warrants		1,838	1,524
Change in current and non-current financial payables		77,630	138,082
Change in current and non-current financial receivables		(28,916)	40,815
(D) Cash flow from financing activities		50,552	5,378
(E) Change in cash and cash equivalents	(B) + (C) + (D)	24,142	2,706
(G) Cash and cash equivalents at the end of the year	(E) + (F)	27,356	3,214

Reclassified income statement

The reclassified income statement, in a format including sub-totals, shows the formation of net profit (loss) for the year by indicating the figures commonly used to provide a summary representation of business results.

Reclassified income statement		
<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Fair value changes and other gains/losses from investment management	1,475	796
Investment management costs	(83)	(177)
Gross profit/(loss) from investments	1,392	619
Commission income on guarantees given (a)	866	859
Net operating costs (b)	(6,138)	(5,675)
<i>Overheads (a) - (b)</i>	<i>(5,272)</i>	<i>(4,816)</i>
Reclassified operating profit (loss)	(3,880)	(4,197)
Net financial expense	(22,067)	(8,524)
Profit before tax and non-recurring items	(25,947)	(12,721)
Non-recurring income/(expenses)	(2,240)	(3,653)
Profit (loss) before tax	(28,187)	(16,374)
Taxes for the year	3,128	1,826
Net profit (loss) for the year	(25,059)	(14,548)

In the absence of significant income from investments, the economic performance for the year was negatively affected by financial expense relating to both outstanding bonds and borrowings from subsidiaries, in particular KMH SpA.

"*Reclassified operating profit/(loss)*" is defined as the result from the management of investments net of overheads and excludes net financial expense, non-recurring income/(expenses) and taxes for the year.

* * *

Trend in investments and operating segments

In continuity with the previous reports, detailed information is provided below on the main investments of the Company, specifically in KME SE and CULTI Milano S.p.A., respectively responsible for the Copper and Perfumes and Cosmetics operating segments.

* * *

KME SE

KME SE, the holding company of a group that is a global leader in the production and marketing of semi-finished products in copper and copper alloys, has for years now, as detailed previously, represented the Group's biggest industrial investment.

The KME SE group boasts a vast range of copper and copper-alloy products, as well as a highly structured and complex global organisational and production structure.

Over the last few years, the KME SE Group has been involved in various strategic transactions (acquisition of MKM, transfer of control of the special products business, sale of the Wires business, purchase of part of the flat rolled products segment of Aurubis AG and S.A. Eredi Gnutti Metalli SpA), with the objective of both creating and consolidating several businesses in a sector which for some years now has been affected by a process of rationalisation and concentration of the various markets undertaken by major global players.

In particular, the KME SE group's strategy is to concentrate on copper and copper-alloy rolled products, in which the group is the European leader and intends to focus its energy and future growth, given the appealing growth rates expected for the main reference markets.

In 2024, the following transactions were carried out to further develop production know-how and the product portfolio, to generate operating efficiencies and provide the best possible service to customers:

- in February 2024, KME SE signed a contract relating to the acquisition of 100% of the shares of Blackhawk Holding GmbH, a German holding company that holds 100% of Sundwiger Messingwerk GmbH ("Transaction"). Sundwiger Messingwerk GmbH ("SMW") is a European leader in the sector of semi-finished rolled bronze products as well as a manufacturer of semi-finished rolled brass products. With around 320 employees in Hemer (Rheinland), where the headquarters and the main plant are located, in 2023 SMW achieved a turnover of around Euro 198 million and an EBITDA of around Euro 16 million. Historically part of the Diehl Group, SMW was acquired about three years ago by a group of investors gathered in the company Blackhawk Holding GmbH. The expected acquisition price was approximately Euro 62 million (including the metal stock) of which Euro 41 million paid at closing and the remainder through a three-year interest-free vendor loan. The Transaction was finalised in early January 2025, after the German and Austrian antitrust authorities had completed the authorisation process;
- in July 2024, KME SE became the sole shareholder of Azienda Metalli Laminati SpA ("AML"), through KME Italy SpA, which completed the acquisition of the remaining 75.76% of AML share capital, and of KME Mansfeld GmbH, which already held 24.24%.

However, the project relating to the Business Combination Agreement signed in February 2024 jointly with Paragon and SDCL EDGE Acquisition Corporation, a special purpose acquisition company ("SPAC") with securities listed on the NYSE, involving the special products business of Cunova GmbH, in which KME SE currently holds an indirect investment of 45%, and the aerospace business, was not implemented. Given the strategic importance of integrating the two businesses, alternative solutions are being considered.

Operating performance

Europe is KME SE's main reference market and therefore all macroeconomic, political and other developments affecting this market directly affect its business.

After the 16% reduction in demand for rolled semi-finished products recorded in 2023, independent market research institutes indicated a further drop in demand of around 10-12% in 2024. Although the final figures are not known at the moment, it is clear that this ongoing trend has had a significant impact on the development of KME's volumes.

The drop affected practically all sectors in which the Group operates, but in particular the automotive, machinery and fittings, construction and export sectors (especially for customers based in Germany). The defence sector, on the other hand, had better performance.

Despite the drop in quantities sold (-24.5% compared to 2023), KME SE managed to keep the value of revenues per ton in line.

As part of its commercial transformation projects, KME SE carried out the following activities during 2024:

- continuous monitoring and fine-tuning of commercial actions and initiatives introduced in this period;
- continuous analysis of the cost elements in certain locations and their impact on sales prices;
- constant focus on achieving the unit value-added and EBITDA targets at Group level, for the entire group of products and customers;
- proactive approach to initiating negotiations with customers with the aim of guaranteeing profitable volumes for 2025;
- commercial integration of Azienda Metalli Laminati SpA (AML) acquired in July 2024.

In addition to the commercial actions mentioned above, cost optimisation projects were also enhanced at all Group plants. As part of these initiatives, the plan to end production at the Stolberg plant was announced in February 2025, to further optimise the Group's production footprint.

Copper price trends

In the fourth quarter of 2024, the average price of copper increased, compared to the same period of the previous year, by 12.69% in US dollars (from USD 8,159 to USD 9,194) and 13.40% in Euro (from 7,588 Euro/tonne to 8,605 Euro/tonne).

In terms of trend, average copper prices increased by 0.34% in dollars compared to the third quarter of 2024 (from USD 9,163 to USD 9,194) and by 2.69% in Euro (from 8,380 Euro/tonne to 8,605 Euro/tonne).

Compared to 2023, the average copper price increased by 8.44% in USD (from USD 8,478 to USD 9,194) and by 9.74% in Euro (from 7,842 Euro/tonne to 8,605 Euro/tonne).

The main results of KME SE for the year 2024, compared to the previous year, can be summarised as follows:

Key results of the copper sector					
<i>(in Euro million)</i>	<i>2024</i>		<i>2023</i>		<i>Change</i>
Revenues	1,540.8		1,858.0		-17.1%
Revenues (net of raw materials)	499.0	100.0%	585.6	100.0%	-14.8%
EBITDA	97.8	19.6%	135.5	23.1%	-27.8%
EBIT	54.3	10.9%	86.9	14.8%	-37.5%
Profit (loss) before non-recurring items	(0.3)	-0.1%	34.5	5.9%	-100.9%
Non-recurring income/(expenses)	8.4		(26.6)		
Result net of current tax payables before the IFRS measurement of inventories, deferred taxes and equity accounted investments	0.4		(0.4)		
Effect of IFRS measurement of inventories	(25.2)		(7.6)		
Profit (loss) from equity-accounted investments	(11.0)		(8.4)		
Deferred taxes	(5.0)		0.8		
Consolidated net profit (loss)	(40.9)		(21.6)		
Comprehensive income items	(1.8)		(4.5)		
Comprehensive income	(42.7)		(26.1)		
Net debt*	(27.2)		72.7		
Group equity *	204.3		250.6		

* Data as at 31 December

Consolidated revenues in the year 2024 amounted to a total of Euro 1,540.8 million, a decrease of 17.1% compared to 2023 (Euro 1,858.0 million).

Net of the value of raw materials, revenues fell from Euro 585.6 million to Euro 499.0 million (-14.8%).

Gross operating income (**EBITDA**) amounted to Euro 97.8 million, down by 27.8% compared to the 2023 figures (Euro 135.5 million).

Net operating income (**EBIT**) stood at Euro 54.3 million (Euro 86.9 million in 2023).

The **Loss before non-recurring items** came to Euro 0.3 million (profit of Euro 34.5 million in 2023).

The result for 2024 was positively affected by non-recurring income of Euro 8.4 million (expenses of Euro 26.6 million in 2023). At the end of December 2024, as a result of the early waiver of the possible exercise of the buyback option included in the Osnabrück Sale and Lease Back contract, the Group recorded income of Euro 32.8 million. By contrast, the result for 2024 was penalised by non-recurring expenses relating to: restructuring projects (Euro 10.9 million), M&A transactions (Euro 7.9 million) – mainly linked to consulting costs, and the write-down of a number of working capital assets for Euro 3.4 million – and, finally, expenses of Euro 2.4 million deriving from the additional expenses necessary for the management of the supply of material following the shutdown of a plant, following the fatal accident on 24 May 2024 at the Fornaci di Barga plant.

The **Profit net of current tax payables before the IFRS measurement of inventories, deferred taxes and equity-accounted investments** came to Euro 0.4 million (loss of Euro 0.4 million in 2023).

The **Net consolidated loss** amounted to Euro 40.9 million (loss of Euro 21.6 million in 2023).

The measurement of inventories and forward contracts net of taxes had a negative impact of Euro 25.2 million, compared to a negative impact of Euro 7.6 million recorded in 2023.

The **Group Comprehensive Consolidated Loss** was Euro 42.7 million (loss of Euro 26.1 million in 2023).

The **Reclassified Net Financial Position** as at 31 December 2024, excluding lease liabilities based on IFRS 16, the fair value measurement of financial instruments and the IFRS financial liability originating from the sale & leaseback transaction, carried out in December 2022 with reference to the Osnabrück properties, was positive for Euro 70.9 million compared to a positive Euro 35.2 million at the end of December 2023. The AML consolidation had a negative impact of Euro 22.2 million, of which Euro 7.5 million related to the purchase price of the investment.

Net Financial Debt shows a credit balance of approximately Euro 27.2 million compared to a negative balance of Euro 72.7 million as at 31 December 2023.

On 28 November 2023, the credit facility from the banking pool was extended to 30 November 2025, with the introduction of certain sustainability-related provisions, with an option for a further one-year extension with the consent of the lenders, for a total amount of up to Euro 460 million. In May 2024, the credit facility line was increased to Euro 485 million with the addition of another credit institution.

The credit facility was used through letters of credit for Euro 478.7 million (as at 31 December 2023: Euro 412.5 million) for the supply of metal. The relative supplier liabilities are recognised under trade/other payables.

The banking pool facility benefit from the following guarantees:

- a pledge, with reservation of voting rights, on the shares of KME Italy S.p.A.;
- a mortgage on the properties of KME Grundstuecksgesellschaft SE & Co. KG and on part of the plant equipment and machinery of KME Mansfeld GmbH and KM Copper Bars GmbH in Hettstedt;
- a pledge over the inventory, part of the non-factored trade receivables and short-term receivables of the main European industrial companies;
- a lien on some factoring and insurance contracts.

Also on 28 November 2023, the credit facilities of FactoFrance (non-recourse factoring and, partially, recourse factoring up to Euro 150 million to be used for the Group's foreign companies) with automatic extension of one year in the event of bank consortia/other factoring extensions, of Intesa Sanpaolo SpA, (non-recourse factoring credit facility and, partially, recourse factoring credit facility of up to approximately Euro 126.5 million intended mainly for Italian and French companies) and Targobank (non-recourse factoring credit facility of up to approximately Euro 100 million intended mainly for German companies) were extended until November 2025.

The FactoFrance and Targobank credit facilities have a built-in option to switch between the two credit facilities if necessary.

The liabilities deriving from recourse factoring vis-à-vis the factoring company amounted to Euro 9.1 million (Euro 7.2 million as at 31 December 2023).

The loans mentioned above contain similar financial covenants, subject to quarterly verification.

As at 31 December 2024, the KME SE group had fully respected all covenants.

As at 31 December 2024, **equity** was Euro 204.3 million.

Total investments amounted to Euro 43.3 million (Euro 34.0 million in 2023). A disinvestment of properties of Euro 14.2 million was made.

The number of **Employees** as at 31 December 2024 was 3,159 (3,358 at the end of 2023). The acquisition of control over AML resulted in an increase of 52 units.

* * *

CULTI Milano S.p.A.

The Group holds 77.17% of the share capital of CULTI Milano S.p.A. (hereinafter also "CULTI"), a company whose shares have been traded on the Euronext Growth Milan (EGM) market since July 2017. The investment has not changed compared to last year. It should be noted that CULTI holds 369,750 treasury shares. The percentage held by KME is 87.64%, net of treasury shares held by CULTI.

CULTI's business is focused domestically and internationally on the manufacture and distribution of high-end environmental fragrances, a specific luxury market segment, with particular attention to personal well-being: from fragrance for environments (home, car, boats, etc.) to personal products (perfumes, personal hygiene, cosmetics).

Despite a complex reference framework, the year ended 31 December 2024 was positive for the CULTI Milano group both in terms of growth in core turnover and in terms of excellent profitability.

Of particular importance, in December 2024, was the sale by CULTI of a part of its investment in the subsidiary BAKEL SpA (hereinafter also "Bakel") – in the meantime transformed from an Srl (Italian limited liability concern) into an SpA (Italian joint-stock company) – for a number of shares equal to 25.11% of its capital, essentially at the carrying amounts of the parent company CULTI and therefore for a total of Euro 1.26 million (the "Sale"). At the same time, Bakel launched the EGM market listing project, which is expected to be finalised in the first half of 2025 and the results of which may also benefit CULTI in relation to the investment sold. The Sale was carried out in two tranches, the first for a holding equal to 0.21% of the share capital of Bakel, with immediate payment of the consideration, and the second for a holding equal to 24.90% of the share capital of Bakel, with payment of the consideration by June 2028. The agreement envisages that the price of the second holding will increase to take into account the IPO value, as soon as it is known. Following the Sale, CULTI holds 24.90% of the share capital of Bakel, with 10.59% of the voting rights.

Following the loss of the majority holding in Bakel, the CULTI Milano group is made up, in addition to the parent company, of CULTI Asia Ltd and SCENT Company Srl.

The following are the main indicators of the CULTI Milano group (the income statement balances of the Bakel group, which is no longer part of the Group as at 31 December 2024, are not included):

- total sales: Euro 20.8 million (Euro 19.1 million in 2023), recording growth of 8.9%;
- sales achieved on the domestic market: Euro 5.7 million (Euro 5.2 million in 2023), registering an increase of 10%;
- sales achieved on international markets (equal to 72% of total turnover): these reached Euro 15.1 million (Euro 13.9 million in 2023), recording an increase of 8%;
- EBITDA of Euro 4.7 million (Euro 4.2 million in 2023), registering an increase of 11.9%;
- EBIT of Euro 4.2 million (Euro 3.7 million in 2023), up due to the rise in sales;
- consolidated net profit: Euro 4.0 million (Euro 1.6 million in 2023);
- net financial position: positive for Euro 0.2 million (negative for Euro 3.2 million as at 31 December 2023), improving mainly as a result of the deconsolidation of Bakel – which, as at 31 December 2023, had a negative net financial position for Euro 2.7 million – in addition to the increased gross operating margin of the CULTI Milano group.

* * *

Additional information

Related party transactions

Related party transactions, including intra-group transactions, were neither atypical nor unusual, in that they were part of the Group companies' day-to-day business and were all conducted on an arm's length basis or according to standard criteria or normal market conditions.

In 2024, there were no transactions that could be qualified as of greater importance pursuant to the "Procedure applicable to related party transactions". Note that the disclosure regarding the purchase of Management Warrants was prudently equated to a transaction of greater importance, with publication of an information document.

The breakdown of transactions with related parties is included in the Notes to the consolidated financial statements as at 31 December 2024.

Disputes

Below is an update on the most significant disputes involving KME Group.

As part of the civil disputes with some savings shareholders, dating back to the first half of 2016, the last two civil proceedings against the same savings shareholder and, in particular, the opposition to an injunction and the negative assessment proceedings, after their meeting, were settled with the Court of Bari ruling of 10 July 2024, which upheld KME's arguments in full and ordered the counterparty to reimburse legal costs. Note that the time limits for filing an appeal have now expired, meaning that the rulings have become final.

A civil suit is still pending at the Court of Messina, currently in the preliminary phase, introduced by the Bazia Gardens bankruptcy against Futura Funds Sicav PLC, Demetrio Porcino and Fabio Porcino, where the integration of the adversarial process was requested and obtained in respect of the KME Group and Immobiliare Picta as parties to a credit transfer that would have been the basis of the sale of the property (of which it is judge) located in Taormina between the defendants Porcino and Futura Funds and of which the Bankruptcy plaintiff asks for annulment by simulation/declaration of ineffectiveness by revocation. In the aforementioned proceedings, no direct questions were formulated against KME Group and/or Immobiliare Picta. The case was suspended due to the death of the defendant in default, Demetrio Porcino, and was then resumed by the Bankruptcy plaintiff, with a resumption hearing set for 18 February 2025. During this hearing, the Judge adjourned the case to the hearing of 23 September 2025, for the specification of the pleadings and for oral discussion pursuant to article 281-sexies of the Italian Code of Civil Procedure.

At Group level, there are no pending disputes that could have significant effects on the Group's equity and economic results.

Parent company and ownership structure

The Company is controlled by Quattrodedue S.p.A., with registered office in Milan – Foro Buonaparte, 44.

As at 31 December 2024, Quattrodedue held 177,813,368 ordinary shares of the Company (65.80% of the Company's voting share capital) and 1,424,032 savings shares (10.02% of the shares in this category). During the year in question, the ordinary shares owned by Quattrodedue increased by 32,035,170, following its subscription to the Warrant PEO.

Due to the increase in voting rights, Quattrodedue held a percentage of voting rights equal to 77.78% as at 31 December 2024.

KME Group S.p.A. holds no shares or units of the parent company and during 2024 it made no purchases or sales of such shares or units.

For any other information regarding ownership structures, the Company's governance and the fulfilment of any other obligations, refer to the specific report prepared for 2024 pursuant to article 123-bis of Italian Legislative Decree 58/98, which is included in the 2024 financial statements.

Treasury shares

As at 31 December 2023, the Company held 131,638,439 ordinary treasury shares.

During 2024, the Company did not purchase ordinary or savings shares. As part of the aforementioned Warrant PEO, 76,545,610 Warrants were subscribed, with consideration represented by 33,280,700 ordinary shares in the Company's portfolio.

As required by the Shareholders' Meeting resolution of 22 May 2024, 45,114,520 ordinary treasury shares were subsequently cancelled.

As at 31 December 2024, the Company therefore held a total of 53,243,219 ordinary shares in its portfolio (equal to 19.70% of shares in this category and 18.72% of the total capital).

Lastly, note that, as partial consideration for purchase of the total 37,500,000 Management Warrants, the Company has undertaken to deliver 5,650,000 ordinary treasury shares. Moreover, if the options granted under the KME Group's share incentive plan, which expires on 30 June 2027, are exercised, a further 12,500,000 ordinary treasury shares may be sold.

Governance Updates

As in previous years, we believe it is advisable to update the corporate governance information provided with the financial statements as at 31 December 2023, and the half-year financial statements as at 30 June 2024, with additional and specific details in the Report on corporate governance and ownership structures.

* * *

The Shareholders' Meeting of 22 May 2024 approved the Board of Directors' report on operations and the financial statements as at 31 December 2023, resolving to cover the entire loss for the year of Euro 14,547,728 through partial use of the Extraordinary Reserve.

During this Shareholders' Meeting, the corporate bodies were renewed, with appointment of the Board of Directors consisting of ten members (one of whom taken from the minority list) and the Board of Statutory Auditors (whose chairman and one alternate auditor were taken from the minority list). The new bodies will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026, except for Alessandra Pizzuti, co-opted by the Board of Directors during the meeting on 24 January 2025, whose term of office will expire at the next Shareholders' Meeting called to approve the financial statements as at 31 December 2024.

The ordinary and extraordinary Shareholders' Meeting held on 22 May 2024, also resolved:

- to approve the Report on 2024 remuneration policy and on remuneration paid in 2023, drawn up pursuant to article 123-ter of Italian Legislative Decree 58/98 as well as the “*KME Group 2024-2027 Share Incentive Plan*” for Executive Directors of KME Group and KME SE;
- to authorise the purchase, for a period of 18 months, and the disposal, without time limits, of ordinary and savings shares as well as of Warrants and Management Warrants;
- to amend the Extraordinary Shareholders' Meeting resolution of 12 June 2023, relating to the cancellation of the ordinary treasury shares of KME Group SpA.

* * *

Previously, on 22 April 2024, the Special Meeting of Savings Shareholders was held, which appointed the new common representative who will remain in office until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026.

* * *

Finally, the Shareholders' Meeting was held on 17 December 2024 and resolved:

- in ordinary session, on the basis of the reasoned proposal of the Board of Statutory Auditors, to appoint KPMG S.p.A. as the independent auditors and responsible for the sustainability reporting of KME Group S.p.A. and its subsidiaries for the financial years 2025 to 2033;
- in extraordinary session, to amend article 11 of the Articles of Association (Attendance and representation at Shareholders' Meeting), introducing the possibility that: (i) where specified in the notice of call, participation in the Shareholders' Meeting and the exercise of the right to vote may be exercised exclusively through the representative appointed by the Company pursuant to article 135-undecies.1 of the Italian Legislative Decree 58/1998 ("TUF"), to whom proxies or sub-proxies can also be granted pursuant to article 135-novies of the TUF, and (ii) the notice of call may provide for participation in the Shareholders' Meeting by means of telecommunications only.

* * *

Share capital

In 2024, due to the exercise of 4,946,846 Warrants, ordinary shares were issued with an increase in share capital of Euro 49,468.46.

As required by the Shareholders' Meeting resolution of 22 May 2024, 45,114,520 ordinary shares were also cancelled with no effect on total share capital.

As a result of these transactions, as at 31 December 2024, the share capital amounted to Euro 200,154,177.66, represented by 284,442,812 shares, of which 270,231,550 ordinary shares and 14,211,262 savings shares.

* * *

We would remind you that the Transparency Directive (Italian Legislative Decree 25/2016) came into effect on 18 March 2016. Among other things, it amended paragraph 5 of article 154-ter of the Consolidated Law on Finance (TUF), eliminating the obligation to publish interim reports, thereby granting a longer period of time for approval of the consolidated half-year report. Since 2016, and in consideration of its specific businesses, the Company has opted not to publish interim financial statements as at 31 March and 30 September.

The Company's Board of Directors, at its meeting of 14 September 2012, decided, among other things, to apply the exception envisaged in article 70, paragraph VIII, and article 71-*bis* of the Issuers' Regulation, which exempts the Company from publishing an Information Document in the case of significant mergers, demergers, share capital increases through transfers in kind, acquisitions and sales.

The Company has adopted the Organisational Model required by Italian Legislative Decree 231/01 and the related Code of Ethics, most recently updated during January 2024 following the implementation of whistle-blowing regulations.

Compliance with Section VI of the Markets Regulation – CONSOB Regulation no. 16191/2007

With reference to the provisions of articles 36, 37, and 38 of the Regulation in question, it should be noted that:

- with regard to the provisions of article 36, the KME Group does not hold relevant investments, pursuant to article 151 of CONSOB Issuers' Regulation, in non-EU Countries;
- the Company, although a subsidiary of Quattrodue S.p.A., considers itself not to be subject to management and coordination as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Markets Regulation, insofar as that:
 - it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
 - it does not participate in any centralised treasury arrangements operated by the parent Quattrodue or any other company under the parent's control;

- the number of independent directors (usually 3 out of 10) is such as to ensure that their opinion has a material influence on board decisions;
- with regard to the provisions of article 38, the Company does not fall within its scope of application, as its corporate purpose does not exclusively envisage investment activity in accordance with predetermined limits.

Research and development activities

Research and development activities are concentrated in the Group's industrial companies, with a focus on product improvement and sustainability.

Total Investments of the Group amounted to Euro 43.3 million (Euro 34.0 million in 2023).

Personnel

The number of employees of the Group as at 31 December 2024 was 3,239 (142 fewer than in 2023).

As at 31 December 2024, the Parent Company had 13 employees, of whom 2 were executives and 11 were office workers/middle managers. The following events occurred during the year: one employee resigned due to reaching retirement age; one executive was transferred to another Group company; and two employees were recruited.

* * *

As for the economic treatment and all other aspects of the remuneration of Key Management Personnel, reference should be made to the specific Report on the remuneration policy and on the compensation paid, prepared in compliance with the specific provisions issued by CONSOB and which will be published within the legal and regulatory terms.

Key Intangible Resources

In relation to articles 15 and 16 of Italian Legislative Decree 125, the following information is provided on key intangible resources. These are resources without physical substance on which the business model of the company fundamentally depends, and which are a source of value creation. Due to their nature, they are only partially recognised as assets in the financial statements.

The business model is developed to take into account these resources and their contribution to value creation, including: i) intellectual capital, understood as organisational capital, with its own knowledge, procedures, protocols and systems, and technical and technological capabilities related to the production and marketing of products that satisfy an increasingly demanding and complex market; ii) human capital, embodied in the skills of the workforce and permeated by shared ethical values, which enable unity of purpose and coordinated action in implementing the strategies reflected in the business plans; iii) social and relational capital, expressed in terms of the management of relationships with the supply chain and with workers in the value chain, as well as the ability to build relationships within the communities in which the Group operates and with various stakeholders.

The Report on Operations, and in particular the section on the Group's Consolidated Sustainability Report, provides some more detailed information on the resources described above and their contribution to the Group value creation.

Main risks and uncertainties to which KME Group S.p.A. is exposed and financial risk management

KME Group, as a holding company, is indirectly exposed to the risks of the companies in which it has ownership interests and, therefore, in particular to those of KME SE, considering its decision to concentrate its business on the copper semi-finished products sector.

The Company's financial results depend on the dividends distributed by its subsidiaries, and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the subsidiaries.

This Report contains some data and forecasts regarding the objectives set by the KME Group and some assumptions regarding the financial, equity and economic development of the Parent Company and of the subsidiaries.

The data and the forecasts on the activities and expected results of the Company and of the subsidiaries are based on the Company's estimates and assumptions regarding future and uncertain events, including the economic trend in the main European countries where the Group operates, the occurrence of which could lead, also with reference to the particular situation of economic activity caused by the developments related to the situation in Ukraine and the Middle-East, to potentially significant discrepancies with the forecasts made. It is not possible to guarantee that what has been forecast and is expected to happen will in fact happen. The KME Group is furthermore exposed to market fluctuations insofar as the shares held in its portfolio. The final results of the KME Group could be different from those forecasts owing to known and unknown risks, uncertainty and other factors.

Types of risk:

a) credit risk: there are no significant geographical concentrations of credit. Existing guidelines guarantee adequate assessment of customers' creditworthiness. This is achieved by selecting customers on the basis of historical experience and equity and/or financial position;

b) liquidity risk: it can arise from difficulties in raising finance for operating activities as and when required. The Group expects to meet its cash requirements for the repayment of short-term financial payables and capital expenditure through cash from operating activities, cash on hand and fresh or renewed bank borrowings;

c) currency risk: the Group is exposed to the risk that the fair value of the investments outside the Euro area will fluctuate with changes in the exchange rates;

d) interest rate risk: the interest rate risk to which the Group is exposed originates mainly from non-current financial liabilities. Floating rate liabilities expose the Group to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value;

e) risk of fluctuation of the share value: the Group is exposed to market fluctuations insofar as the listed shares it holds in its portfolio and changes in the market parameters used for determination of the value of investments through valuation techniques. The risk of fluctuations in the values of these equity interests, recognised under the item "Investments in equity interests and fund units" is not actively managed using financial hedging instruments.

* * *

Business outlook

The business outlook will be correlated to the demand trend in KME SE's reference sectors and therefore will also relate to the wider macro-economic dynamics.

There also remains a possibility for the Parent Company and the Group as a whole to benefit from the development of other equity investments or non-core activities in the copper sector, through disposal. If realised, these disposals could have a positive impact on the Group's debt.

* * *

Significant events after 31 December 2024

Please refer to the information already provided in this Report on Operations, with particular reference to:

- the finalisation of the acquisition of Sundwiger Messingwerk GmbH in January 2025;
- the repayment of the KME Group 2020-2025 Bond in February 2025;
- the deferral of the maturity date of the bond issued by the subsidiary KMH SpA.

* * *

Proposal to approve the 2024 financial statements

Approval of the Financial Statements for the year ended 31 December 2024; Directors' Report on the Company's situation and operating performance, also including the Report on Corporate Governance and Ownership Structures and Consolidated Sustainability Report; Report of the Board of Statutory Auditors; Independent Auditors' Report. Presentation of the consolidated financial statements as at 31 December 2024:

"The Ordinary Shareholders' Meeting of KME Group S.p.A., having acknowledged the Reports of the Board of Statutory Auditors and the Independent Auditors, and after having heard and approved the report of the Board of Directors

resolves

to approve the Report on Operations by the Board of Directors for the year ended as at 31 December 2024, including the Report on Corporate Governance and Ownership Structure and the Consolidated Sustainability Report, and the financial statements as a whole, and the individual entries and records with the provisions and uses proposed, which show a loss for the year of Euro 25,058,741".

** * **

Allocation of the loss for the year; inherent and consequent resolutions:

"The Ordinary Shareholders' Meeting of KME Group SpA, having regard to the results for the year as at 31 December 2024,

resolves

- 1. to cover the loss for the year of Euro 25,058,741 through partial use of the same amount of the Extraordinary Reserve;*
- 2. to authorise the Chairwoman and the Deputy Chairman, separately from each other, to implement this resolution".*

Consolidated sustainability report
pursuant to Directive (EU) 2022/2464 (CSRD)
and Italian Legislative Decree no. 125/2024

KME Group S.p.A.
Year 2024

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Appendix

Methodological notes

General disclosures

The consolidated sustainability report (hereinafter also referred to as "sustainability statement" or "sustainability report") was prepared in accordance with Directive (EU) 2022/2464 (hereinafter also referred to as "CSRD"), implemented in Italy by Italian Legislative Decree no. 125/2024, and the European sustainability reporting standards (ESRS) defined in Delegated Regulation (EU) 2023/2772 of the European Commission. Moreover, the information useful for the disclosure envisaged by Article 8 of Regulation 852/2020 (Taxonomy Regulation) and subsequent delegated regulations is reported.

KME Group's sustainability report aims to provide stakeholders with a fair and transparent view of significant environmental, social and governance impacts, risks and opportunities for 2024.

Basis for preparation of the sustainability report (BP-1)

The report was prepared using the same scope as the Company's consolidated annual financial statements; therefore, the data and information contained therein concern both the parent company and its subsidiaries consolidated on a line-by-line basis in the 2024 financial statements. As at 31 December 2024, there were no investments in associated companies and/or joint ventures subject to operational control. Therefore, the scope of consolidation of this report coincides with that of the Annual Financial Report, as illustrated in the paragraph "*Scope of Consolidation*" of the notes to the consolidated financial statements.

Reporting framework

The subsidiaries of KME Group are not required to report on sustainability on an individual or consolidated basis. Although there are no requirements under Directive 2022/2464/EU and national regulations, the main Group companies that manage industrial sites in the copper sector nevertheless voluntarily submit their own sustainability reports, to which reference should be made for specific information. Presenting the sustainability report is an act of transparency and social responsibility for the KME Group companies, even when not legally required. This report also serves as a tool for developing appropriate corporate strategies and new business models in the context of ecological transition and sustainable development. The reports relating to the 2024 financial year cover the following production sites and companies:

- Fornaci di Barga (KME Italy) with the service centres in Barcelona (KME Spain), Besançon (KME Rolled France), Mortara;
- Mansfeld (KME Mansfeld and KM Copper Bars) with the service centres in Dolny Kubin (KME SC SL);
- Osnabrück (KME Germany);
- Givet and Niederbruck (Trefimetaux) and Serravalle (SCT);
- Alessandria (Azienda Metalli Laminati);
- Zupthen (KME Netherlands) with the service centres in Birmingham (KME SC UK).

Value chain information

The report contains upstream and downstream value chain information, as required by ESRS 1. The assessment of impacts, risks and opportunities was carried out based on the available information. In addition to the qualitative disclosures described in the SBM-3 sections, the sustainability report also includes metrics derived from upstream and downstream value chain data, including estimates. In particular, the measurement of Scope 3 greenhouse gas (GHG) emissions is based on estimated figures when direct measurements are not available. The estimate of Scope 3 GHG emissions for the reporting year includes categories 1, 3, 4, 5 and 7 as classified by the GHG Protocol, and was carried out following a materiality analysis that identified the above categories and excluded others as not material or not applicable. For details on the methodologies and sources used, please refer to the information contained in the methodological note in the appendix. KME Group

is committed to further expanding the value chain information in the coming years, including assessments of impacts, risks and opportunities, as well as improving the accuracy of estimates.

Disclosures in relation to specific circumstances (BP-2)

Time horizons

As a general rule, KME Group uses the same definition of medium-term and long-term as the ESRS standards: medium-term is up to five years and long-term is more than five years. The targets set out in the sustainability strategy and policies are both medium-term and long-term, in line with international strategic guidelines and, in particular, with the European Union's climate and ecological transition policies, as well as with the UN's 2030 Agenda for Sustainable Development.

Sources of estimation and outcome uncertainty

In order to ensure the reliability of the information provided, the use of estimates has been limited as much as possible. Any estimates are based on the best available information, either in-house or publicly. In particular, the report contains data on the value chain that includes the use of estimates. The report of Scope 3 GHG emissions includes estimated figures and is therefore subject to greater implicit limitations due to the limited availability and accuracy of the information used for the calculation, as described in detail in the relevant methodological description (for further details, please refer to the note in the appendix "Greenhouse gas emissions and energy consumption"). Where figures are estimates, the sources used are generally indicated in the relevant methodological notes. When reporting forward-looking information, including future targets and objectives, uncertainties are inherent and therefore such information may be subject to change. Finally, Azienda Laminati Metalli (hereinafter also referred to as "AML") has been consolidated since 1 August 2024; therefore, the environmental data was estimated considering 5/12 of the annual base value reported by the subsidiary.

Over the next few years, KME Group will strive to further improve the accuracy of information and refine estimates, for example relating to the number of suppliers with certified data and the inclusion of additional categories in the calculation of Scope 3 GHG emissions.

Information derived from other legislation or other generally accepted sustainability reporting standards

Circularity indicators. Considering the importance of the KME Group's activities in the transition to a circular economy, in addition to the information provided in accordance with the ESRS, the report provides further information on its circularity performance, with reference to the circular economy monitoring framework published in May 2023 by the European Commission and the UNI/TS 11820:2024 technical specifications.

Intensity indicators. In order to enable an even more accurate assessment of environmental performance and more comprehensive monitoring of progress towards targets, intensity indicators (i.e. energy intensity, emissions intensity, etc.) are also calculated in relation to production, as well as in relation to net revenues based on the ESRS. This enables an even more accurate assessment of environmental performance, which is not subject to the variability of economic and financial factors.

Incorporation by reference

As explained in the paragraph "Basis for preparation of the sustainability report (BP-1)", the consolidation scope of this report is the same as that in paragraph "*Scope of consolidation*" of the Annual Financial Report. Moreover, the section "Material impacts, risks and opportunities and their interaction with business model, strategy and decision-making process (SBM-3)" includes a reference to the paragraph "*Trend in investments and operating segments*" in the Notes to the Consolidated Financial Statements.

Changes to the preparation or presentation of sustainability information and reporting errors in previous periods

As this is the first year of reporting based on ESRS, KME Group reports no changes to the preparation or presentation of the sustainability report, nor are there any errors to report in previous periods. The information contained in previous reports was based on the NFS Directive and the Global Reporting Initiative (GRI) standards. Changes in scope, thresholds, definitions, and others may cause differences in figures.

Compared to the previous sustainability report (Non-financial statement pursuant to Italian Legislative Decree 254/2016, relating to the 2023 financial year) the reporting scope includes some new companies (KME France; from 1 August 2024, Azienda Metalli Laminati; Intek Investimenti SpA), while KME Real Estate Germany, KME Recycle and two companies within the Culti scope are no longer included; moreover, KME SC Italy was merged by incorporation into KME Italy S.p.A). If a qualitative comparison is made between 2024 and 2023 in specific cases, these changes in the reporting scope must therefore be taken into account, as well as the fact that different reporting standards (GRI) were used in the previous year.

Use of the phase-in provisions in accordance with the ESRS 1

In preparing the report, KME Group focused on meeting the disclosure requirements for the first year as set out in the ESRS, using the phase-in provisions contained in the appendix to ESRS 1. In particular, it made use of this option in relation to the potential financial effects expected with regard to environmental and social topics. The information will be progressively expanded over the next few financial years to meet the requirements and further implement reporting. Moreover, as described in the environmental information section, the Group has not yet adopted a transition plan in line with the requirements of the standards.

GOVERNANCE

The role of the administrative, management and supervisory bodies (GOV-1)

To ensure the effective management of its sustainability strategy and policies, KME Group adopted a governance system that integrates responsibilities across both its governing bodies and organisational structure. Without prejudice to the functions and powers of the BoD of KME Group – as well as the administrative bodies of the individual companies included in the scope of consolidation – the Sustainability Department is responsible for coordinating the Group's policies on this matter. The sustainability strategy aims to engage, as much as possible, the supply chain through specific sustainability criteria, as well as stakeholders who can contribute to its implementation. The implementation of the strategy is supported by an assessment of impacts, risks and opportunities and is subject to periodic monitoring.

The attributions and rules of operation of the corporate bodies are governed by the provisions of law and regulations in force, the Articles of Association and a series of principles and procedures, which are periodically updated in line with regulatory developments, doctrinal and legal evolution, and the Board's orientations and guidance. The report on operations, which is published on the website, contains complete and detailed information on the adopted governance structure.

Composition of the highest governance body

Board of Directors	
Name	Offices held
Diva Moriani	Chairwoman
Vincenzo Manes	Deputy Chairman
Ruggero Magnoni	Director
Maria Serena Porcari	Director
Alessandra Pizzuti*	Director
Francesca Marchetti	Director
Massimiliano Picardi	Director
Marcello Gallo	Director
Luca Ricciardi	Director
James Macdonald	Director

(*) Alessandra Pizzuti, already a member of the board of directors as at 1 January 2024, resigned with immediate effect as from 20 November 2024. She was co-opted by the Board of Directors on 24 January 2025 as the personal reasons that had led to her resignation no longer applied.

Board of Statutory Auditors	
Name	Offices held
Gianluca Cinti	Chairman
Alberto Villani	Standing Auditor
Giovanna Villa	Standing Auditor
Elena Beretta	Alternate Auditor
Daniele Beretta	Alternate Auditor

Role of the highest governance body and organisational model with regard to sustainability topics

Thanks to the skills and experience of its executive and non-executive directors, the governance body in office has extensive knowledge of all three areas of sustainable development: environmental, social and governance. These elements, together with the vision of the executive directors, enabled important ESG milestones to be achieved, including the creation of the "Dynamo System" — an international best practice in social responsibility and the third sector.

Moreover, all executive directors, as well as certain non-executive directors, have gained significant experience in some of Italy's leading companies (both listed and unlisted) and third-sector entities, serving as members of the Board of Directors and related board committees in the most important industrial and financial contexts. This has further strengthened the wealth of knowledge, experience and networking that constitutes a distinctive feature and a source of value for accelerating the Group's sustainable development.

To ensure the effective management of its sustainability strategy, KME Group adopted a governance system that integrates responsibilities across both its governing bodies and organisational structure. In particular, the Board of Directors is responsible for pursuing sustainability targets, which are defined as the ability to create long-term value for shareholders while considering the environmental and social impacts and benefits for stakeholders. At the organisational level, the Sustainability Department is responsible for coordinating and managing the Group's sustainability aspects, based on an assessment of the risks and opportunities related to environmental and social sustainability, as well as preparing the consolidated

sustainability report, which is approved by the Board of Directors, also responsible for approving the information reported in the aforementioned document.

Performance assessment of the highest governance body

With regard to procedures for assessing the performance of the board of directors in managing the impact on the economy, the environment and people, the company has not yet established a formal assessment process. However, with the support of the Control, Risk and Sustainability Committee — so named as of 28 March 2023, when it expanded its remit to include sustainability issues — the main KPIs (relating to the copper sector) that reflect the Group's progress towards its 2030 targets are monitored annually as performance indicators of the governance body. The Group also launched further assessments to understand, analyse and adopt one or more metrics/tools for assessing the group ESG performance in the short term. By way of example, we refer to the BIA-B impact assessment procedure developed by B Lab, and the ratings assigned by MSCI, Sustainalytics and S&P Global ESG Scores. It should be noted that the aforementioned analysis is ongoing in order to determine which tool provides the best coverage and enhancement of the "S" dimension of the ESG acronym. This is an area in which our Group performs particularly well, partly thanks to the Dynamo system. The selection of an assessment tool will enable, among other things, the implementation of a monitoring process that may also support the assessment of the highest governance body.

Information provided to the administrative, management and supervisory bodies on sustainability matters (GOV-2)

KME Group defined measurable sustainability targets and implemented a specific internal monitoring system, involving the relevant management functions of the Group companies, for sustainability reporting. Monitoring enables progress to be measured and necessary revisions to be made to the sustainability strategy. It also provides a regular flow of information to the administrative, management and control bodies. KME Group is committed to further developing its control systems and specific procedures, in addition to those already in place, to monitor and manage impacts, risks and opportunities related to sustainability topics, engaging all Group companies and ensuring a structured flow of information with the active participation of all those performing functions in this area.

Reporting critical issues

Any critical issues are reported to the highest governance body in accordance with the established procedures.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Sustainability, also understood in terms of economic and financial sustainability of the Company, is taken into account by incentivising directors and managers to choose investments with medium- to long-term returns, rather than short-term monetisation for beneficiaries. With regard to sustainability, understood as the environmental and social profile, the Company started a process of analysis that will result in concrete Corporate Social Responsibility targets to which part of the variable remuneration of management may be linked.

Statement on due diligence (GOV-4)

KME Group is committed to developing a group-wide sustainability due diligence process covering the company's activities and value chain with their impact on people and the environment. This activity is based on actions that KME Group has already undertaken to mitigate its impact on the environment and people, with particular reference to the United Nations Guiding Principles (UNGP) on business and human rights. The main focus is on the supply chains of raw materials that have been identified as having the greatest potential impact on human rights. The due diligence approach aims to reduce the KME Group's exposure to risks and impacts and to seize opportunities. KME Group considers due diligence to be an ongoing and dynamic process for identifying and managing risks and negative impacts on the environment and people related to its own activities and those of its partners in the commercial chain. It integrates due diligence into management systems and procedures, thereby promoting alignment between different internal functions. The sustainability due diligence process will be further developed for its own activities and for its supply chains. Through its own sustainability reports and those of the main companies in the group, KME has been implementing a fair and transparent reporting system for some time now, communicating information and progress to stakeholders.

Risk management and internal controls over sustainability reporting (GOV-5)

KME Group identified and assessed the risks relating to the accuracy and timeliness of reporting, as well as the reporting process. The risks are mitigated by implementing the process of collecting information from group companies and the relevant KME Group corporate functions in such a way as to enable controlled sustainability reporting. Control activities comprise measures that ensure sustainability information is accurate and communicated correctly. The main control activities involve analysing sustainability information to ensure the reported data is both complete and accurate.

As part of its monitoring of sustainability topics, the Group also carefully maps non-financial risks – whether potential or current, direct or indirect – and the opportunities arising from the effective and efficient management of each topic. As part of the internal control and risk management system, risk assessment is carried out to identify potential risks arising from sources both inside and outside the Group. The companies of the Group adopt a system of delegated powers aimed at preventing risks and ensuring the effective organisation of occupational safety and environmental protection. Company management involves ongoing risk management by both delegated persons and top management, based on reports received from delegated persons and the supervisory board.

Processes to remediate negative impacts

The KME Group pays constant and growing attention to any impact that its business activities may have on stakeholders, thanks to the monitoring that allows appropriate remedial action to be taken. The activation of the remedy is guaranteed by specific processes that enable employees and third parties, such as customers, suppliers and other stakeholders, to report concerns and issues securely and confidentially and receive a response. The main whistle-blowing channel is accessible to both internal and external stakeholders via the website or a dedicated phone number, as indicated on the dedicated webpage (whistle-blowing procedure). Various processes and tools are also available to communities affected by our activities, as well as customer complaint and information channels via email and our website. The key elements of the whistle-blowing process ensure that it functions correctly and in line with industry best practices:

- anonymity;
- protection against any form of retaliation, threat, discrimination, or unlawful act that constitutes or may constitute a violation of – or inducement to violate – laws and regulations, the values and principles established in the KME Code of Conduct, and company policies and procedures;
- uniform treatment across the Group, guaranteed by the presence of an external focal point for managing reports.

Mechanisms for seeking advice and raising concerns

The mechanisms made available by the Group to request clarification on the implementation of the organisation's policies and practices for responsible business conduct, and to raise concerns about business conduct, are part of the whistle-blowing management process, as described in detail in the previous section ("Processes to remediate negative impacts").

Business model and strategy (SBM 1)

KME Group SpA is a holding company based in Milan that owns and manages industrial investments. Today, KME Group focuses on managing KME SE, its main subsidiary, which occupies a leading position in the global market for the production of semi-finished copper and copper alloy products, mainly in the production of rolled products. The industrial group has eight production sites and seven slitting and service centres located in Europe, as well as a network of commercial companies in Europe and in the main industrialised areas of the world. The holding company also has a controlling interest in Culti Milano SpA, a company operating in the home fragrance sector, with a particular focus on the "rattan diffuser" product, listed on the EGM segment of the Italian Stock Exchange since 2017.

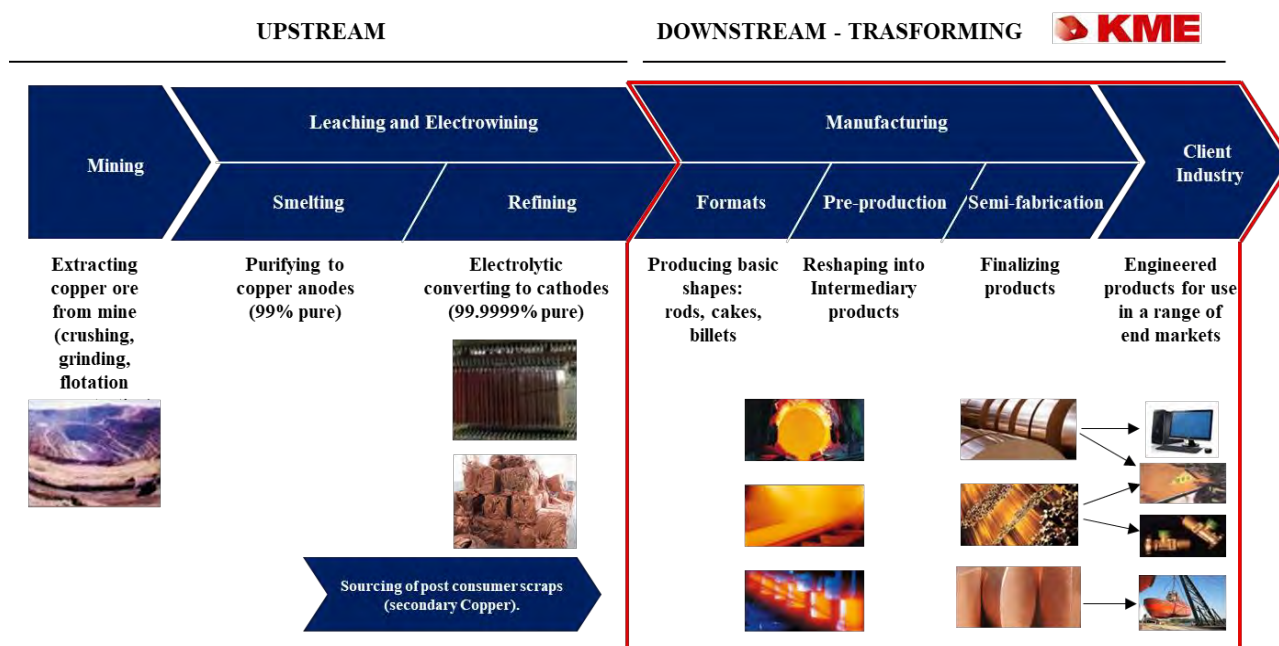
KME, a leading manufacturer of copper and copper alloys, is committed to contributing to the ecological transition and sustainable development. To this end, it aims to reducing greenhouse gas emissions in line with targets for climate neutrality. Its activities are largely based on the principles of the circular economy: its products are made using a high percentage of recycled materials and are recyclable and durable themselves. KME is also committed to protecting human rights, ensuring occupational safety, strengthening social inclusion and cohesion, conducting business in an ethical and responsible manner, and promoting sustainability throughout the value chain.

Value chain

KME operates in the value chain of copper production and transformation and is specifically positioned as a "transformer" by placing itself in the "downstream" section of the chain, as illustrated in the figure below. The upstream section includes producers of virgin raw materials from mining and also includes those involved in the other stages of refining following extraction, which are necessary for the production of copper cathodes or other virgin metals (e.g. zinc ingots) in the form required to start the transformation process. In addition to the virgin metal, suppliers of metal scrap (i.e. copper, brass, other alloys) are also identified downstream of the upstream section, which is the source of "post-consumer scrap", a secondary raw material originating from the end of its previous life cycle. In addition to metal, KME purchases energy (electricity, gas, fuel) as well as certain categories of goods and services from upstream suppliers, including product packaging materials and transport and logistics services.

As a pure transformer, KME starts with the melting and casting (continuous and non-continuous) of raw materials and is able to produce various forms of semi-finished products (pre-rolled materials), which are then used as input for the subsequent hot and/or cold rolling processes required to produce rolled metal strips with different technical specifications (alloy, thickness, width, length, etc.) to meet the requirements of the Group's customers. The pre-rolled material also serves as input for the pipe production process. KME products have a wide range of applications in end markets. KME's customers are distributors and/or manufacturers of industrial components, including large companies, which in turn serve other customers operating in various industries such as the electrical and electronics industry, renewable energy, power transmission, automotive, mechanical engineering, telecommunications, construction, architecture and thermo-hydraulics for pipes.

Value chain of copper production and processing



Relationships with stakeholders (SBM 2)

KME Group SpA considers it a priority to develop ongoing and transparent relationships with all its stakeholders, working to create economic value for shareholders through strategies that aim to ensure social, environmental and economic sustainability. To this end, the individual companies within the Group also engage in ongoing dialogue with their stakeholders and carry out engagement activities. The publication of the Sustainability Report is an essential element of transparent disclosure of its activities in environmental, social and governance areas, also with a view to strengthening dialogue with stakeholders. In 2023, KME Group SpA approved a specific policy for managing dialogue with investors (Stakeholder Engagement Policy), published on the website, to which reference should be made for further information.

In order to manage its activities in accordance with sustainability criteria, KME considers the impact of its activities on its stakeholders, understood as all individuals, entities or institutions that influence or are influenced by the Group, or that in some way have an interest in the achievement of its targets. Identifying the Group's main stakeholders is essential for implementing a strategy that is concretely oriented towards sustainable development, creating value and having a positive impact not only on KME's economic performance, but also on its environmental and social performance. It is also crucial for the development of stakeholder engagement.

Main stakeholders of the KME Group

- *Shareholders*
- *Employees and trade union representatives*
- *Industrial and financial partners*
- *Customers*
- *Suppliers*
- *Public administration, public institutions, regulatory authorities*
- *Investors and the financial community*
- *Local communities*
- *Third-sector associations*
- *Research centres*

Stakeholders also include the following industrial and sector associations representing the interests of member companies, as well as the following institutions, at international level and in the countries where the Group companies operate.

- *Assometalli – Confindustria*
- *Copper Association Germany*
- *Economic Association Metals*
- *Economic Association of Metals, Metals Pro*
- *Economic Association of Metals, Metal Alliance for Responsible Sourcing*
- *Economic Association of Metals, WVM+ Energy Efficiency*
- *Economic Association of Metals, Safety and Health Initiative*
- *Copper Mark*
- *International Wrought Copper Council, IWCC*
- *European Copper Institute (REACH Consortium)*
- *German Institute for Standardization, Berlin*
- *German Society for Materials Science (DGM)*
- *Society for Mining, Metallurgy, Resource and Environmental Technology, GDMB*
enplify eG
- *BUJ – Federal Association of Corporate Lawyers*
- *BPM – Federal Association of Personnel Managers*
- *Association of German Metal Traders (VDM)*
- *Federal Association of Materials Management (BME)*
- *GDD (Society for Data Protection and Data Security)*
- *Saxony-Anhalt Metal and Electrical Industry Association, VME*
- *Industrial Employers' Association Osnabrück – Emsland – Grafschaft Bentheim e. V.*
(IAV)
- *Chamber of Industry and Commerce Halle Dessau*
- *Osnabrück Chamber of Commerce and Industry*

Relations with institutional investors, shareholders and bondholders

The "Policy for managing dialogue with institutional investors, shareholders and bondholders" of KME Group defines the operating procedures aimed at establishing and maintaining a transparent and ongoing dialogue with investors (institutional investors, financial analysts and holders of financial instruments issued by the Company, including proxy holders), characterised by symmetry of information, in order to enable them to exercise their rights. To provide investors with useful information on the activities of the Company and its subsidiaries, and on the corporate governance system, KME Group SpA has set up specific sections on its website containing information and documents deemed to be of interest to investors. The Shareholders' Meeting provides an additional opportunity for dialogue and discussion between the Company's directors and shareholders. To facilitate dialogue with investors, a dedicated email inbox has been set up to receive requests for information.

Material impacts, risks and opportunities and their interaction with business model, strategy and decision-making process (SBM-3)

KME Group has integrated sustainability into its strategy. KME Group's values are aligned with strategies aimed at mitigating climate-related risks and seizing the opportunities associated with the transition to a low-carbon, circular and resilient economy, with particular reference to the European Union's Green Deal and Clean Industrial Deal. The identified impacts, risks and opportunities, particularly those related to climate change and the circular economy, influence KME Group's business model, fostering product and production process innovation as well as the adoption of clean technologies. In the value chain, sustainability factors are essential for promoting resilience and improving supply chain practices. The commitment to promoting the principles of the circular economy mitigates risks in the supply of resources and strengthens environmental sustainability throughout the value chain.

Decision-making processes include criteria for compliance with laws and regulations. KME Group is committed to maintaining high ethical standards and to complying with the laws and regulations in force in the countries in which it operates, and honouring the agreements and commitments it has entered into.

With regard to the financial impacts and risks relating to the health and safety of its employees, as stated in the paragraph "*Trend in investments and operating segments*" of the report on operations, it should be noted that the 2024 results for the copper segment were affected by non-recurring costs relating to higher expenses necessary for managing the supply of materials, following the shutdown of an operating section of the Fornaci di Barga plant due to the fatal accident that occurred on 24 May. No other significant financial impacts relating to identified risks and opportunities have been observed.

The table below shows the material impacts.

MATERIAL IMPACTS

Topic	Subtopics	Impact	Positive/ Negative	Actual/ Potential	Value chain/ Own operations	Time horizon
ESRS E1 Climate change	Climate change mitigation	Reducing the environmental impact of its sites through green revamping of plants, machinery and buildings	Positive	Actual	Own operations	Long-term
	Climate change adaptation Climate change mitigation Energy	Selection of suppliers with environmental management system certification. Self-production and purchase of certified renewable energy (scope 2)	Positive	Actual	Value chain	Medium-term
	Climate change adaptation Climate change mitigation Energy	Emissions generation (Scope 1)	Negative	Actual	Own operations	Medium-term
	Climate change adaptation Climate change mitigation	Generation of supplier-linked indirect emissions (Scope 3)	Negative	Actual	Value chain	Medium-term
ESRS E2 Pollution	Pollution of air water soil	Emissions of air pollutants from copper smelting and refining	Negative	Actual	Own operations	Short-term
	Pollution of air water soil	Impact generated by the production of virgin raw materials by VC suppliers	Negative	Actual	Value chain	Short-term

	Pollution of air water soil	Promote awareness of, and commitment to, reducing the pollution produced by the Company.	Positive	Potential	Own operations	Medium- term
ESRS E3 Water and marine resources	Water - <i>Water consumption</i>	Increase in direct environmental impact due to plant malfunction and the use of water resources	Negative	Actual	Own operations	Short-term
	Water - <i>Water consumption</i>	Reduction in the water withdrawn thanks to the recycling systems in the plants	Positive	Actual	Own operations	Medium- term
	Marine resources - <i>Water discharges into the oceans</i> - <i>Extraction and use of marine resources</i>	Marine water contamination caused by the discharge of process water containing heavy metals and chemicals	Negative	Actual	Value chain	Medium- term
ESRS E5 Resource use and circular economy	Resources inflows, including resource use Waste	Increased direct environmental impact due to the failure to implement policies and/or procedures promoting the responsible use of resources and proper waste management.	Negative	Actual	Own operations	Medium- term
	Waste Outflow	Increase the use of secondary raw materials to promote the circular economy (copper scrap and other alloys to replace virgin raw materials) and waste recycling	Positive	Actual	Own operations	Medium- term
ESRS S1 Own workforce	Working conditions - <i>Health and safety</i>	EMPLOYEES Damage to workers resulting from accidents and occupational diseases.	Negative	Actual	Own operations	Medium- term
	Working conditions - <i>Health and safety</i>	Pressures related to productivity and long working shifts	Negative	Potential	Own operations	Medium- term
ESRS S2 Workers in the value chain	Working conditions - <i>Secure employment</i> - <i>Working time</i> - <i>Adequate wages</i> - <i>Social dialogue</i> - <i>Freedom of association, the existence of works councils</i> - <i>Collective bargaining</i> - <i>Work-life balance</i> - <i>Health and safety</i>	Violation of workers' rights by using suppliers who do not protect them (e.g. adequate wages, secure employment, health and safety, etc.)	Negative	Potential	Value chain	Medium- term
	Equal treatment and opportunities for all - <i>Gender equality and equal pay for work of equal value</i> - <i>Training and skills development</i> - <i>Employment and inclusion of persons with disabilities</i> - <i>Measures against violence and harassment in the workplace</i> - <i>Diversity</i>	Lack of development of young talent, promotion of gender equality and inclusive and non- discriminatory practices towards workers in the value chain.	Negative	Potential	Value chain	Medium- term

ESRS S3 Affected communities	Communities' economic, social and cultural rights - Adequate housing - Adequate food - Water and sanitation - Land-related impacts - Security-related impacts	Socio-economic development of the affected communities through support initiatives, partnerships with third parties, donations and/or sponsorships	Positive	Actual	Own operations	Medium-term
	Communities' civil and political rights - Freedom of expression - freedom of association - Impacts on human rights defenders	Contribution to the promotion of civil and political rights relating to freedom of expression and association that has a positive impact on affected communities (e.g. human rights defenders).	Positive	Actual	Own operations	Medium-term
ESRS G1 Business conduct	Corporate culture Protection of whistle-blowers	Promoting a culture of fairness and ethics among employees and in the market	Positive	Actual	Value chain	Medium-term
	Political engagement and lobbying activities	Participation in organisations involved in political causes with negative impacts related to corruption, bribery, undue influence on public opinion and the political process.	Negative	Potential	Own operations	Short-term

Double materiality analysis (IRO-1)

Process for identifying and assessing impacts, risks and opportunities

The materiality analysis made it possible to identify the relevant sustainability topics in accordance with the double materiality approach. Impacts, risks and opportunities were identified by assessing, on the one hand, the company's impact related to sustainability topics on people and the environment and, on the other hand, the risks and opportunities that may arise for the company in relation to sustainability topics.

The report considered the macro-phases that characterise the Group's core business and its main activities. The negative, positive, actual and potential impacts can be:

- direct: as part of the activities and operations directly managed by the Group companies;
- indirect: along the upstream and downstream value chain, connected on the one hand to the supply chain and on the other to the development of finished products and their life cycle.

KME Group undertakes to periodically update its materiality analysis in order to incorporate any future methodological updates and assess the resulting changes to the list of material topics, also with reference to developments in the scenario in which it operates, trends and emerging topics in the sector. For details on the process of identifying and assessing impacts, risks and opportunities, please refer to the methodological note published in the appendix "Double materiality analysis".

Material impacts, risks and opportunities resulting from the double materiality assessment

The production of copper and copper alloys, and the related supply chain, require significant amounts of energy and raw materials, contributing to GHG emissions with a negative impact on climate change. The volatility of energy and raw material prices can pose financial risks to the company's business; however, further initiatives aimed at increasing energy efficiency and self-production of renewable energy create opportunities to reduce energy consumption and related costs. KME Group mitigates its impact by using recycled raw materials and trying to reduce emissions and improve energy efficiency. The use of recycled raw materials has a positive impact as it reduces dependence on virgin raw materials, carbon emissions and other impacts caused

by mining. Financial risks could arise from increases in the price of carbon, problems with the availability of recycled raw materials and the impact of decarbonisation strategies. At the same time, the essential role of copper in the energy transition and the efficient use of resources through the adoption of business models inspired by the principles of the circular economy has the potential to create financial opportunities and increase KME's competitiveness. Detailed assessments of the impacts, risks and opportunities associated with climate change are contained in the chapter on environmental information.

Production processes and extraction operations in the supply chain can have a negative impact on the environment. These potential impacts are mainly caused by emissions into the air and waste generation, if not properly mitigated. Any tightening of regulations and increase in waste disposal costs could potentially increase risks for the company. However, the advantages related to the copper's durability and recyclability can have a positive impact, ensuring sustainability and safety in applications downstream of production processes. The recycling of raw materials and the recovery of by-products and production waste, which are reintroduced into the production cycle, represent additional financial opportunities.

While water itself does not impact or pose risks to marine resources, it is considered relevant from the perspective of water withdrawal, partly due to its association with both the risks arising from climate change and opportunities for efficient and circular use of the resource.

In production plants, employees may encounter potential health and safety risks. The Group is committed to ensuring high safety standards, as well as to providing employee benefits and training. This not only protects workers' rights, but also creates financial opportunities by helping to improve performance and professional skills.

Copper has a complex global value chain with suppliers that may be located in countries where working conditions could have a negative impact. By adopting criteria for the protection of human rights in the supply chain, KME Group can have a positive impact on the sustainability of the supply chain and create financial opportunities thanks to greater transparency towards its stakeholders and improved business resilience.

Should there be any failure to comply with the law or any instance of misconduct, KME Group will face legal, financial and reputational consequences. The company adopted a Code of Ethics and specific procedures to ensure the correctness of its conduct, working to ensure that its business partners also maintain similar standards.

MATERIAL RISKS AND OPPORTUNITIES

Topic	Subtopic	Risk / opportunity	Description	Value chain / Own operations	Time horizon
ESRS E1 Climate change	Climate change adaptation	Risk	Operational risk Disruption of the supply chain due to extreme weather events. Climate change is increasing the frequency and intensity of extreme weather events. The following are more likely to occur: - damage to infrastructure - interruptions in the transport of raw materials or finished products - energy supply issues	Own operations	Short-/Medium-term
	Climate change adaptation Climate change mitigation	Risk	Reputational Risk Copper processing is an energy-intensive process that often involves significant GHG emissions both for the company and along the value chain, with particular regard to raw material extraction. As public awareness of climate change grows, this could result in criticism from the public, pressure from investors to become more sustainable, and a potential loss of customers	Value chain	Short-/Medium-term
	Climate change adaptation Climate change mitigation Energy	Opportunities	Expansion into the market of renewable energy and electrification technologies. There is an increasing demand for materials used in renewable energy and electrification technologies.	Own operations	Medium-/Long-term
ESRS E2 Pollution	Pollution of air Pollution of water Pollution of soil	Risk	Operational Risk Copper processing operations generate pollution of air, water and soil. These operations can have environmental impacts, including the emission of dust containing heavy metals, the release of toxic gases, water contamination, and the accumulation of metals in the soil	Own operations	Medium-/Long-term
	Pollution of air Pollution of water Pollution of soil	Risk	Reputational Risk Potential damage to the company's image and reputation stemming from public perception of its negative impact on the environment through the pollution of air, water and soil	Own operations	Medium-/Long-term
	Pollution of air Pollution of water Pollution of soil	Risk	Reputational Risk Potential damage to the company's image and reputation stemming from public perception of its negative impact on the environment through the pollution of air, water and soil	Value chain	Medium-/Long-term
	Pollution of air Pollution of water Pollution of soil	Opportunities	Opportunity to establish a leading position in the market through the development and implementation of innovative technologies and processes that minimise pollution and promote more sustainable copper production.	Own operations	Medium-/Long-term
ESRS E3 Water and marine resources	Water - <i>Water consumption</i> - <i>Withdrawals</i>	Risk	Operational Risk Excessive use of local water resources. Copper production can result in unsustainable water consumption causing impacts on the environment and local communities.	Own operations	Medium-/Long-term
	Water - <i>Water consumption</i> - <i>Withdrawals</i>	Risk	Operational Risk Malfunction of the recycling plant and increased need to draw water from third-party sources	Own operations	Short-term
	Water - <i>Water consumption</i> - <i>Withdrawals</i>	Risk	Reputational risk The company's copper production activities can be perceived negatively by stakeholders and investors due to the excessive exploitation of local water resources	Own operations	Medium-/Long-term

	Water - <i>Water consumption</i> - <i>Withdrawals</i>	Opportunities	Innovation in water-saving technologies through the development of low water consumption transformation processes and the creation of advanced water recycling and reuse systems	Own operations	Medium-/Long-term
ESRS E5 Resource use and circular economy	Resources inflows, including resource use Waste Resource outflows	Risk	Operational risk Environmental contamination related to the leakage or infiltration of waste material and the dispersion of dust containing heavy metals from waste storage areas (i.e. during the storage and handling of scrap metal)	Both	Medium-term
	Waste	Risk	Operational risk Increased operating costs for waste disposal and treatment and the need for significant investments to upgrade infrastructure	Own operations	Medium-term
	Resource outflows Waste	Opportunities	Increased use of recycled materials other than metal	Own operations	Short-/Medium-term
	Resources inflows, including resource use	Opportunities	Generation of added value through the continuous growth in the use of scrap (secondary raw material) in the production process of copper and copper alloy rolled products	Own operations	Short-/Medium-term
ESRS S1 Own workforce	Working conditions - <i>Secure employment</i> - <i>Working time</i>	Risk	Regulatory risk Violation of labour legislation, suboptimal management of employment relationships and failure to ensure a safe working environment	Own operations	Short-term
	Working conditions - <i>Secure employment</i> - <i>Working time</i>	Risk	Operational risk Risk of shortage of personnel due to work-related accidents and expenses related to claim management	Own operations	Short-term
	Working conditions: - <i>Adequate wages</i> - <i>Social dialogue</i> - <i>Freedom of association, the existence of works councils and the information, consultation and participation rights of workers</i> - <i>Collective bargaining, including the rate of the undertaking's workforce covered by collective agreements</i> - <i>Work-life balance</i> Equal treatment and opportunities for all - <i>Gender equality and equal pay for work of equal value</i>	Risk	Reputational risk Potential legal actions relating to the level of working conditions (request for adequate working time, guarantee of social dialogue and freedom of association, compliance with collective bargaining agreements, protection of health and safety conditions) remuneration, allowances and employment relationships (dismissals, illegal transfers, fatalities, illnesses, etc.) for employees and/or non-employees	Own operations	Short-term
	Equal treatment and opportunities for all - <i>Training and skills development</i>	Opportunities	Promote a culture of caring for people, both inside and outside the organisation, as well as the concept of the common good, thanks in part to the successful "Dynamo" initiative (known as the Dynamo system) promoted and supported by the KME Group.	Own operations	Medium-term
	Working conditions: - <i>Social dialogue</i>	Opportunities	Promote initiatives that can improve dialogue and the development of relationships across different business functions (see Benevolent fund)	Own operations	Medium-term
ESRS S2 Workers in the value chain	Working conditions - <i>Secure employment</i> - <i>Working hours</i> - <i>Adequate wages</i> - <i>Social dialogue</i> - <i>Freedom of association, the existence of works councils</i> - <i>Collective bargaining</i> - <i>Work-life balance</i> - <i>Health and safety</i>	Risk	Reputational risk Presence of suppliers along the value chain whose employees have initiated legal actions regarding working conditions (adequate working time, guarantee of social dialogue and freedom of association, compliance with collective bargaining agreements, protection of health and safety conditions), remuneration, allowances and employment relationships (dismissals, illegal transfers, fatalities, illness, etc.)	Value chain	Medium-term

	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value - Training and skills development - Employment and inclusion of persons with disabilities - Measures against violence and harassment in the workplace - Diversity	Risk	Reputational risk Presence along the value chain of commercial relationships with entities that: - do not have adequate measures/policies in place for the prevention of violence and harassment, inclusion and diversity, employment and inclusion of persons with disabilities, training activities, ensuring equal treatment and opportunities, gender pay gap ; - do not have an inclusive working environment	Value chain	Medium-term
	Working conditions - Secure employment - Working hours - Adequate wages - Social dialogue - Freedom of association, the existence of works councils - Collective bargaining - Work-life balance - Health and safety	Opportunities	Updating and improving the Group's rules for selecting suppliers and business partners to include social and environmental performance assessments for all	Value chain	Medium-term
ESRS S3 Affected communities	Communities' economic, social and cultural rights	Risk	Operational/reputational risk Social unrest or dissatisfaction could damage the Company's reputation and the trust of the affected communities	Own operations	Medium-term
	Communities' economic, social and cultural rights	Risk	Operational Risk Supply chain disruption due to plant closures impacting external communities	Value chain	Medium-term
	Communities' economic, social and cultural rights	Opportunities	Collaborations with local organisations, industry and professional associations, and community groups to create sustainable and impactful programmes	Own operations	Medium-term
ESRS G1 Business conduct	Corporate culture	Risk	Compliance risk Failure to update the internal regulations in line with the expansion of the regulatory framework concerning corporate culture and the protection of whistle-blowers	Own operations	Medium-term
	Protection of whistle-blowers				
	Political engagement and lobbying activities	Risk	Reputational risk Exposure to potential conflicts of interest arising from its exposure and political influence	Own operations	Short-term
	Management of relations with suppliers, including payment practices	Opportunities	Improvement of payment processes by defining internal policies and system automation	Own operations	Medium-term

Topics identified as non-material

- **Biodiversity and ecosystems** (ESRS E4). In the double materiality analysis, the topic was not considered material in terms of impacts and risks with regard to the protection of biodiversity in the areas where the plants are located. However, the report provides information on the activities of Natural Capital, a company belonging to the KME Group, as they have a significant positive impact on biodiversity and the enhancement of natural capital.
- **Consumers and end users** (ESRS S4). The topic was not considered material as KME is a Business-to-Business operator and its products do not reach consumers or end users directly. KME's products also comply with European and international standards that guarantee their quality and safety.

ESRS table of contents and table of contents from other EU legislation (IRO-2)

ESRS table of contents

DISCLOSURE REQUIREMENTS AND RELATED DATAPOINT	Chapter/paragraph Sustainability statement	Notes
ESRS 2 – GENERAL DISCLOSURES		
ESRS 2 BP-1 General basis for preparation of the sustainability statement	General disclosures – General basis for preparation of the sustainability statement (BP-1)	
ESRS BP-2 Disclosures in relation to specific circumstances	General disclosures – Disclosures in relation to specific circumstances (BP-2)	
ESRS 2 GOV -1 The role of the administrative, management and supervisory bodies	Governance – The role of the administrative, management and supervisory bodies (GOV- 1)	
ESRS 2 GOV -2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Governance – Information provided to the administrative, management and supervisory bodies on sustainability matters (GOV-2)	
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	Governance – Integration of sustainability-related performance in incentive schemes (GOV-3)	
ESRS 2 GOV-4 Statement on due diligence	Governance – Statement on due diligence (GOV-4)	
ESRS 2 GOV-5 Risk management and internal controls over sustainability reporting	Governance – Risk management and internal controls over sustainability reporting (GOV-5)	
ESRS 2 SBM-1 Strategy, business model and value chain	Business model and strategy (SBM 1)	
ESRS 2 SBM-2 Interests and views of stakeholders	Relationships with stakeholders (SBM 2)	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities and	

	their interaction with business model, strategy and decision-making process (SBM-3)	
ESRS 2 IRO-1 Description of the process to identify and assess material impacts, risks and opportunities	Double materiality analysis (IRO-1)	
ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the sustainability statement	ESRS table of contents and table of contents from other EU legislation (IRO-2)	
ESRS 2 MDR-P Policies adopted to manage material sustainability matters	KME Group for sustainability – Sustainability policy	
ESRS 2 MDR-A Actions and resources in relation to material sustainability matters	KME Group for sustainability – Actions and targets of the sustainability strategy	
ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets	KME Group for sustainability – Targets and KPIs	
ESRS E1 – CLIMATE CHANGE		
E1-1 Transition plan for climate change mitigation	Environmental information – Climate change (ESRS E1) – Transition plan for climate change mitigation (E1-1)	
ESRS 2 IRO-1 SBM-3 Impacts, risks and opportunities	Environmental information – Climate change (ESRS E1) – Impacts, risks and opportunities and their interaction with business model – Resilience analysis (ESRS 2 SBM-3)	
E1-2 Policies related to climate change mitigation and adaptation	Environmental information – Climate change (ESRS E1) – Climate policies and actions (E1-2 E1-3)	
E1-3 Actions and resources in relation to climate change policies	Environmental information – Climate change (ESRS E1) – Climate policies and actions (E1-2 E1-3)	
E1-4 Targets related to climate change mitigation and adaptation	Environmental information – Climate change (ESRS E1) – Main targets (E1-4)	
E1-5 Energy consumption and mix	Environmental information – Climate change (ESRS E1) – Energy consumption (E1-5)	
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions – Emission intensity	Environmental information – Climate change (ESRS E1) – GHG emissions (E1-6)	
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	Environmental information – Climate change (ESRS E1) – GHG emissions (E1-7)	<i>No carbon credits are purchased for offsetting purposes.</i>
E1-8 Internal carbon pricing	Environmental information – Climate change (ESRS E1) – Carbon pricing (E1-8)	<i>Not applicable</i>
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	<i>Phase-in</i>

ESRS E2 – POLLUTION		
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information – Pollution (ESRS E2) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information – Pollution (ESRS E2) – Impacts, risks and opportunities	
E2-1 Policies related to pollution	Environmental information – Pollution (ESRS E2) – Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-2 Actions related to pollution	Environmental information – Pollution (ESRS E2) – Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-3 Targets related to pollution	Environmental information – Pollution (ESRS E2) – Policies, actions, targets (E2-1 E2-2 E2-3)	
E2-4 Pollution of air, water and soil	Environmental information – Pollution (ESRS E2) – Emissions (E2-4)	
E2-5 Substances of concern and substances of very high concern	Environmental information – Pollution (ESRS E2) – Substances of concern and substances of very high concern (E2-5)	
E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities	-	<i>Phase-in</i>
ESRS E3 – WATER AND MARINE RESOURCES		
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information – Water (ESRS E3) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information – Water (ESRS E3) – Impacts, risks and opportunities	
E3-1 Policies related to water	Environmental information – Water (ESRS E3) – Policies, actions, targets (E3-1 E3-2 E3-3)	
E3-2 Actions related to water	Environmental information – Water (ESRS E3) – Policies, actions, targets (E3-1 E3-2 E3-3)	
E3-3 Targets related to water	Environmental information – Water (ESRS E3) – Policies, actions, targets (E3-1 E3-2 E3-3)	
E3-4 Water consumption, water recycled and reused, intensity	Environmental information – Water (ESRS E3) – Water consumption (E3-4)	
E3-5 Anticipated financial effects from material water and marine resources-related risks and opportunities	-	<i>Phase-in</i>

ESRS E4 – BIODIVERSITY AND ECOSYSTEMS		
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-2 Policies related to biodiversity and ecosystems	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-3 Actions related to biodiversity and ecosystems	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-4 Targets related to biodiversity and ecosystems	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-5 Impact metrics related to biodiversity and ecosystems change	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Environmental information – Biodiversity and ecosystems (ESRS E4)	<i>Non material</i>
ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY		
ESRS 2 IRO-1 Impacts, risks and opportunities	Environmental information – Resource use and circular economy (ESRS E5) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information – Resource use and circular economy (ESRS E5) – Impacts, risks and opportunities	
E5-1 Policies related to resource use and circular economy	Environmental information – Resource use and circular economy (ESRS E5) – Policies and actions (E5-1 E5-2)	
E5-2 Actions related to resource use and circular economy	Environmental information – Resource use and circular economy (ESRS E5) – Policies and actions (E5-1 E5-2)	
E5-3 Targets related to resource use and circular economy	Environmental information – Resource use and circular economy (ESRS E5) – Targets (E5-3)	
E5-4 Resource inflows	Environmental information – Resource use and circular economy (ESRS E5) – Resource inflows (E5-4)	
E5-5 Resource outflows	Environmental information – Resource use and circular economy (ESRS E5) – Resource outflows (ESRS E5-5)	
E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	<i>Phase-in</i>

ESRS S1 – OWN WORKFORCE		
ESRS 2 IRO-1 Impacts, risks and opportunities	Social information – Own workforce (ESRS S1) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Social information – Own workforce (ESRS S1) – Impacts, risks and opportunities	
S1-1 Policies related to own workforce	Social information – Own workforce (ESRS S1) – Policies, actions and targets (S1-1)	
S1-2 Processes for engaging with workers about impacts	Social information – Own workforce (ESRS S1) – Processes for engaging with workers (S1-2)	
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	Social information – Own workforce (ESRS S1) – Processes to remediate negative impacts and channels to raise concerns (S1-3)	
S1-4 Taking action on material impacts, risks and opportunities related to own workforce	Social information – Own workforce (ESRS S1) – Taking action on material impacts on own workforce (S1-4)	
S1-5 Targets related to managing material impacts, risks and opportunities related to own workforce	Social information – Own workforce (ESRS S1) – Targets related to managing negative impacts (S1-5)	
S1-6 Characteristics of the employees	Social information – Own workforce (ESRS S1) – Employees (S1-6)	
S1-7 Characteristics of non-employees	Social information – Own workforce (ESRS S1) – Non-employees (S1-7)	
S1-8 Collective bargaining coverage and social dialogue	Social information – Own workforce (ESRS S1) – Collective bargaining and social dialogue (S1-8)	
S1-9 Diversity metrics	Social information – Own workforce (ESRS S1) – Diversity and equal opportunities (S1-9)	
S1-10 Adequate wages	Social information – Own workforce (ESRS S1) – Adequate wages (S1-10)	
S1-11 Social protection	-	<i>Non material</i>
S1-12 Persons with disabilities	Social information – Own workforce (ESRS S1) – Disability (S1-12)	
S1-13 Training	-	<i>Non material</i>
S1-14 Health and safety	Social information – Own workforce (ESRS S1) – Occupational health and safety (S1-14)	
S1-15 Work-life balance	-	<i>Non material</i>
S1-16 Remuneration	Social information – Own workforce (ESRS S1) – Remuneration (S1-16)	
S1-17 Incidents, complaints and severe human rights impacts	Social information – Own workforce (ESRS S1) – Cases of discrimination and non-compliance with human rights (S1-17)	

ESRS S2 – WORKERS IN THE VALUE CHAIN		
ESRS 2 IRO-1 Impacts, risks and opportunities	Social information – Workers in the value chain (ESRS S2) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Social information – Workers in the value chain (ESRS S2) – Impacts, risks and opportunities	
S2-1 Policies related to value chain workers	Social information – Workers in the value chain (ESRS S2) – Policies, actions, targets (S2-1 S2-4 S2-5)	
S2-2 Processes for engaging with value chain workers about impacts	Social information – Workers in the value chain (ESRS S2) – Processes for engaging with value chain workers about impacts (S2-2)	
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	Social information – Workers in the value chain (ESRS S2) – Processes to remediate impacts on value chain workers and channels for raising concerns (S2-3)	
S2-4 Taking action on material impacts, risks and opportunities on value chain workers	Social information – Workers in the value chain (ESRS S2) – Policies, actions, targets (S2-1 S2-4 S2-5)	
S2-5 Targets related to managing material impacts, risks and opportunities for workers in the value chain	Social information – Workers in the value chain (ESRS S2) – Policies, actions, targets (S2-1 S2-4 S2-5)	
ESRS S3 – AFFECTED COMMUNITIES		
ESRS 2 IRO-1 Impacts, risks and opportunities	Social information – Affected communities (ESRS S3) –	
S3-1 Policies related to affected communities	Social information – Affected communities (ESRS S3) – Policies and actions (S3-1 S3-2)	
S3-2 Processes for engaging with affected communities about impacts	Social information – Affected communities (ESRS S3) – Policies and actions (S3-1 S3-2)	
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	
S3-4 Taking action on material impacts, risks and opportunities for affected communities	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	
S3-5 Targets related to managing material impacts, risks and opportunities for affected communities	Processes to remediate negative impacts, interventions and targets for affected communities (ESRS S3-3, S3-4, S3-5)	
ESRS S4 – CONSUMERS AND END USERS		
ESRS IRO-1 Impacts, risks and opportunities		<i>Non material</i>

S4-1 Policies related to consumers and end-users		<i>Non material</i>
S4-2 Processes for engaging with consumers and end-users about impacts		<i>Non material</i>
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns		<i>Non material</i>
S4-4 Taking action on material impacts, risks and opportunities for consumers and end-users		<i>Non material</i>
S4-5 Targets related to managing material impacts, risks and opportunities for consumers and end-users		<i>Non material</i>
ESRS G1 – BUSINESS CONDUCT		
ESRS IRO-1 Impacts, risks and opportunities	Governance information – Business conduct (ESRS G1) – Impacts, risks and opportunities	
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Information on governance – Business conduct (ESRS G1) – Impacts, risks and opportunities	
G1-1 Business conduct policies	Governance information – Business conduct (ESRS G1) – Business conduct policies (G1-1)	
G1-2 Management of relationships with suppliers	Governance information – Business conduct (ESRS G1) – Relationships with suppliers (G1-2)	
G1-3 Prevention of corruption and bribery	Governance information – Business conduct (ESRS G1) – Prevention of corruption and bribery (G1-3)	
G1-4 Confirmed incidents of corruption or bribery	Governance information – Business conduct (ESRS G1) – Incidents of corruption and bribery (G1-4)	
G1-5 Political influence and lobbying activities	Governance information – Business conduct (ESRS G1) – Political influence and lobbying activities (G1-5)	
G1-6 Payment practices	Governance information – Business conduct (ESRS G1) – Payment policies (G1-6)	

List of datapoints that derive from other EU legislation

Disclosure requirements and related datapoints	SFDR Reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/Non material
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table 1 of Annex 1	N/A	Commission Delegated Regulation (EU) 2020/1816, Annex II	N/A	Material
ESRS GOV-1 Percentage of board members who are independent paragraph 21 (e)	N/A	N/A	Delegated Regulation (EU) 2020/1816, Annex II	N/A	Material
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table 3 of Annex 1	N/A	N/A	N/A	Material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013: Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II	N/A	Non Material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table 2 of Annex 1	N/A	Delegated Regulation (EU) 2020/1816, Annex II	N/A	Non Material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table 1 of Annex 1	N/A	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	N/A	Non Material

KME policies, actions and targets

In order to address the challenges of our time, there is a need for sustainable development in line with the goals set out in the United Nations 2030 Agenda. An environmentally sustainable development to preserve ecological balance and combat climate change, accelerating the ecological transition. A socially sustainable development to guarantee human rights and strengthen inclusion and cohesion, which is also economically sustainable, thanks to companies capable of creating value for stakeholders. KME Group is working in this direction, aware that this represents a challenge for continuous innovation and, at the same time, a responsibility towards the environment, society and future generations.

The copper industry – a sector in which KME is one of the leading players – plays an important role in the transition to a sustainable economy, so much so that the European Union has classified copper as a "strategic raw material", considering it necessary for 78% of key technologies in key strategic sectors (digital, renewable energy, electric mobility, space economy). Copper is an essential material for the energy transition because it is vital for renewable energy, energy efficiency, sustainable mobility, and electricity distribution networks. Moreover, due to its potentially infinite recyclability and durability, it plays an essential role in the transition to a more circular economy.

Sustainability policy

The KME Group Sustainability Policy was updated and approved by the Board of Directors at its meeting on 14 April 2025. It establishes the strategies, guidance and targets of the entire group, with a particular focus on industrial companies in the copper sector. It is based on two fundamental pillars – environmental sustainability and social sustainability – and is supported by an adequate governance system for sustainability topics. The Group's policy is focused on the sustainability of its production activities, while also working to promote sustainability throughout the value chain.

Environmental sustainability is both a value and a strategic driver for KME Group in the context of ecological transition. Contributing to the growth of an environmentally sustainable economy is essential, but ensuring ever greater efficiency in the use of resources is an even more strategic choice because it makes it possible to reduce costs, increase economic competitiveness, and promote and stabilise long-term profitability. Sustainable innovation represents a significant opportunity for growth, particularly in a sector such as copper, which is vital for the energy transition. KME is particularly committed to the following targets:

- contribute to the transition to a circular economy by further developing the already high circularity performance of its production processes, increasing the use of secondary raw materials and recovering by-products and production waste, ensuring the durability and recyclability of products, and using material, energy and water resources efficiently;
- increase the portion of energy from renewable sources, including through self-production plants, and improve the energy efficiency of its production processes;
- reduce GHG emissions in line with the European Union's strategies and targets for achieving climate neutrality by promoting the use of low-carbon technologies and production processes;
- use the best technologies to protect the environment and health by preventing pollution risks, minimising environmental impact and managing waste correctly;
- implement a proper environmental management in compliance with the laws and regulations in force, aiming to guarantee higher standards than those required by the regulations, including through voluntary certification systems, and ensuring monitoring and continuous improvement actions to achieve sustainability targets.

KME Group is committed to pursuing social sustainability, starting with its relationship with its employees and local communities. The actions are primarily aimed at ensuring respect for workers' rights, combating all forms of discrimination and promoting equal opportunities, providing a safe and healthy working environment with the aim of achieving "zero accidents". KME Group takes concrete action to strengthen social inclusion and cohesion through the Dynamo System, and promotes relationships with local communities by

supporting social and cultural initiatives. Moreover, by strictly complying with the Code of Conduct, KME Group undertakes to:

- ensure that the group conducts its business, its relations with stakeholders and its dealings with business partners in a fair, transparent and ethical manner;
- respect international conventions on human rights;
- comply with regulations relating to the environment, health and safety, and corporate social responsibility;
- promote sustainability throughout the value chain by adopting sustainability criteria in the selection of suppliers.

Actions and targets of the sustainability strategy

KME established and updated its sustainability strategy, setting a series of targets (which take into account the starting conditions) to be achieved by 2032, with intermediate targets for 2027 and 2030. KME's strategy is based on four main guidelines and is implemented through a series of actions that, although they may differ between different production and geographical contexts (being focused, for obvious reasons, on the copper industry), involve all Group companies and contribute to the achievement of the targets set.

The sustainability strategy aims to engage, as much as possible, the supply chain through specific sustainability criteria, as well as stakeholders who can contribute to its implementation. The implementation of the strategy is supported by an assessment of impacts, risks and opportunities and is subject to periodic monitoring. Without prejudice to the functions and powers of the BoD of KME Group – as well as the administrative bodies of the individual companies included in the scope of consolidation – the Sustainability Department is responsible for coordinating the Group's sustainability policies.

Guidelines

1. Maximum use of recycled raw materials and development of the circular economy

KME has always aimed to maximise the use of recycled metals, not only for the significant environmental benefits but also for the obvious economic advantages. This choice was subject to certain challenges, such as the ongoing availability of scrap on the market and the technological challenges associated with its use in the production process. Market difficulties have decreased significantly in recent years thanks to positive factors such as growing awareness of, and attention to, the recovery of raw materials, easier transport of goods due to more organised logistics, industrial development in certain global areas and the resulting greater availability of secondary raw materials.

KME has made further decisive progress in the field of scrap refining and recovery technologies since the 2000s. Copper is one of the few materials that can be recycled repeatedly without losing its quality. Although there is no difference between recycled and extracted copper, using scrap to obtain raw materials with the same characteristics as those obtained from virgin materials requires significant investment and specific know-how. For KME, this translates into: investments (made and planned) of over Euro 60 million; the development of Research Centres (two in Germany and one in Italy); over 100,000 hours of specific training. This allows KME to use high percentages of recycled material in its operations. Advanced know-how and technology are the basis of this competitive advantage, which will be further enhanced over the next decade.

Investments are underway to build new foundries that can operate using recycled materials, thereby expanding the range of scrap that can be used. However, it should be noted that it is not possible to use 100% recycled material. This is due to the production mix consisting of different families of alloys with technical limitations, maximum quotas for the percentage of scrap that can be used in the production process and administrative limitations imposed by the bodies that regulate products sold in relevant markets.

The development of circular business models and the increased use of recycled raw materials, which aims to reach 66% by 2030 (excluding additional internal recovery processes within the plants) and 80% when

metals recycled through internal recovery processes are also considered, contributes to the development of the circular economy and significantly reduces greenhouse gas emissions.

In line with the European Commission's proposals to make products on the EU market more sustainable and circular throughout their life cycle, KME is committed to reducing CO₂ emissions across its product portfolio. This portfolio already includes products made almost entirely from recycled metals for use in sectors such as automotive and telecommunications.

2. Optimisation of production processes and resource use

This involves a series of complex and innovative activities that involve the digitalisation of the company. All data, including process data and data that was previously disregarded due to a lack of adequate tools, is stored on a cloud platform and managed using specific algorithms. The data management system enables the constant optimisation of all resources and the possibility of standardising processes at group level, with the clear advantage of being able to quickly and widely implement any improvements achieved in one or more of the group's plants.

The results of these activities are full control and reduction:

- in the consumption of raw materials, process materials and packaging;
- in energy consumption;
- in water consumption;
- in waste production;
- in GHG emissions;
- in pollutants.

These activities also lead to significant improvements in occupational safety, resulting in further improvements in the indicators of frequency (Frequency Rate) and severity (Gravity index) of accidents. The ultimate goal is to achieve "zero accidents".

3. Decarbonisation of processes and reduction of GHG emissions

In addition to the measures already described (development of circularity and digitalisation), this target will be achieved through three main actions:

- conversion of some of the methane-fuelled smelting furnaces to electric furnaces where possible, while aiming at the same time to increase the use of renewable energy;
- construction of energy platforms for self-consumption powered by renewable energy;
- certification projects for electricity purchased from third-party suppliers and offsetting CO₂ emissions.

4. Continued growth and evolution of the social impact

KME is committed to carrying out solidarity projects and initiatives with a significant social impact through a series of activities that go beyond the boundaries of the company. Since its inception, it has supported the households of its employees, the communities in which its factories are located, and children from all over the world. In 2007, it established Dynamo Camp, Italy's first recreational therapy camp, which provides free holiday periods with qualified assistance for children and young people with serious or chronic illnesses and their families. Dynamo lies at the heart of a social economy system – a "new social enterprise" – which is an additional activity of KME. In 17 years of operation, it has created a sustainable economic system by providing ongoing support in various forms, including investment, donations of resources and assets, support for current expenses, and donations of expertise. Through Dynamo, which is now a solid and independent organisation, KME has combined its commitment to sustainability with new social businesses: it provides practical support for children and households affected by serious illnesses, works to preserve the community's natural heritage, and trains thousands of people and professionals on issues relating to the common good. Therefore, the Dynamo system is a fundamental pillar of the Group's sustainability strategy. KME will ensure its ongoing development characterised by a constant focus on innovation and the creation of new models capable of maximising social impact.

Targets and KPIs

The following table shows the targets that need to be achieved by 2032, along with the interim targets for 2027 and 2030 relating to the industrial scope.

KPIs	2024	2027	2030	2032
USE RECYCLED METALS ¹ (%)	53.3%	58%	66%	68%
USE RECYCLED AND RECOVERED METALS ² (%)	64%	69%	80%	82%
USE RENEWABLE ENERGY ³ (%)	43%	55%	70%	85%
CO ₂ EMISSIONS PER UNIT OF PRODUCT ⁴ (t CO ₂ /t _{prod})	2.03	-5%	-10%	-12%
WASTE SENT FOR RECOVERY (%)	74.8%	80%	83%	87%
OCCUPATIONAL SAFETY (Rate of work-related accidents – Frequency rate) ⁵	7.6	<5	<3	0

1- Percentage of metals from recycling in relation to total metals used

2- Percentage of metals from recycling and internal recovery in relation to total metals processed

3- Percentage of renewable energy (purchased and self-generated) in relation to total electricity consumption

4- CO₂e emissions (scope 1, scope 2 market based, scope 3) per unit of product (tonne)

5- Number of accidents with more than 1 day of absence/total hours worked x 1,000,000

It should be noted that previous reports already contained a series of KPIs with related targets, but given the introduction of new reporting standards and some updates to the methodology used to calculate metal circularity rates, the 2024 financial year must be adopted as the new baseline. At the same time, in order to enable a comparison of indicators relating to the efficient and circular use of resources, it is considered appropriate to note that, had the same calculation methodology been used as in previous years, the ratio of recycled metals to total metals used would have been 47.1% in 2024, compared to 42.9% in 2023 and 38.7% in 2022. Similarly, the ratio of recycled and recovered metals to total metals processed would have been 54% in 2024, compared to 60% in 2023 and 55.7% in 2022.

Projects completed in 2024 or currently underway

- **KME Italy**

In the second half of 2024, construction work commenced on a photovoltaic system at the KME Italy plant in Fornaci di Barga to be installed on the roofs of most of the site's warehouses and on some undeveloped areas of the site. The system, which will have a total capacity of 15 MWp, will be connected to the grid partly by the first half of 2025 and partly by the second half of this year. It will cover approximately 15% of the factory's energy requirements, which are currently met almost exclusively by electricity, thanks to the energy transition process completed in recent years aimed at replacing gas with electricity for powering the smelting furnaces. In addition, KME has submitted a request to the Tuscany Regional Administration for an environmental impact assessment of a project involving the possible addition of another electric furnace to those currently in operation.

- **KME Germany**

New smelting furnace. A new copper smelting and refining furnace is scheduled to come into operation at the beginning of the second quarter of 2025. The investment will support the increased use of copper scrap in place of virgin metals, while also allowing for a broader range of scrap types to be utilised — including certain categories that previously contained a copper content too low to be processed by the Group's plants. The aim is to integrate the new furnace into the existing plant while maintaining the total smelting capacity of 45 tonnes per hour. The modernisation of the production plants in Osnabrück is a strategic step towards optimising resource use and reducing the ecological footprint at the same time. The innovative refining furnace will enable selective fire refining of copper scrap, allowing unwanted impurities to be removed more effectively. The investment of approximately Euro 15 million strengthens KME's commitment to environmental sustainability.

Hydrogen project. One of the technological options for pursuing climate neutrality is to replace natural gas with hydrogen as a fuel gas for thermal processes such as the smelting of copper and copper alloys. A consortium consisting of three industrial partners (KME, SMS-group, Aurubis) and three institutes (INEMET, IKFVW, IEC) from the Technical University Bergakademie Freiberg (TUBAF) is addressing the issue of replacing natural gas with hydrogen. Taking ecological, technical and economic aspects into account, it should be possible to evaluate the extent to which hydrogen can be transferred to industrial use in large-scale plants by the end of the assessment period (2027).

- **KME Netherlands**

The construction of a hydrogen production plant using electrolysis is expected to begin at the KME Netherlands BV industrial plant near Zutphen. The plant will have an initial capacity of 5 MW, scalable up to 10 MW, with a production capacity of approximately 18 kg per hour of green hydrogen. The Dutch plant currently consumes over 10 tonnes of grey hydrogen per year, used in the production process as a protective gas in combination with nitrogen, which will be replaced by green hydrogen produced on site. KME Netherlands is also considering the possibility of partially replacing its natural gas consumption, amounting to approximately 300,000 m³, with green hydrogen produced on site. The hydrogen production plant is expected to start in the first half of 2026.

Sustainability of the supply chain

KME adopts sustainability criteria in the organisation of its commercial processes. The corporate guidelines define binding standards for all companies operating within the Group. When selecting suppliers, criteria are adopted that qualify potential partners in terms of their organisational, environmental and social performance. For the supply of products and services, environmental management system certifications (ISO 14001 or EMAS), safety management system certifications (BS OHSAS 18001) and quality system certifications (ISO 9001) are preferred, although not mandatory.

KME's supply chain mainly involves primary metals (copper, zinc, nickel, tin), scrap (copper, zinc, brass) and energy (electricity, gas, fuels). Notably, the supply of goods and services includes packaging materials and transportation. As regards the supply of metals, given the specific nature of the raw materials, purchases are made according to market availability and making extensive use of secondary raw materials (scrap). Energy suppliers are usually national companies, and preference is given to those that produce a higher proportion of energy from renewable sources. For purchases of other goods and services, where possible preference is given to local suppliers, based on quality/price criteria.

KME does not source any minerals from regions affected by armed conflict for use in its products. Due to the complex supply chain and the many steps involved in metal processing, KME – aware that it is not always possible to fully track the materials purchased, especially recycled materials – considers participation in EICC-GesiConflict-Free (an initiative of the Electronic Industry Citizenship Coalition and Global e-Sustainability) an essential requirement when selecting new suppliers.

Social and environmental criteria for selecting new suppliers

Human rights – and in particular labour practices, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, protection of workers' privacy and relations with communities – are essential aspects of the KME Group's assessment when selecting new suppliers. In line with the update of the regulatory framework governing the supply chain assessment, the Group is updating its supplier assessment processes and procedures to formalise activities that are currently carried out in accordance with established company practices but are not part of a formal, structured process.

Suppliers are not selected based solely on environmental criteria, but in the process of selecting new suppliers, the KME Group works with them to define criteria, technical requirements and solutions in order to further strengthen circularity and environmental sustainability standards within the supply relationship. The profile of the potential supplier is also assessed in terms of climate-changing emissions.

100% target

KME wants to further consolidate the principle of sustainability throughout the entire value chain. By 2030, the entire capital expenditure on material supplies must be with suppliers that are certified or subject to sustainability checks.

Environmental information

Environmental management

Companies producing copper and semi-finished copper products must operate in compliance with European Union environmental regulations and domestic laws. Environmental authorisations are regulated by the Industrial Emissions Directive 2024/1785/EU (to be implemented into national law by 2025), which, by amending the previous Directive 2010/75, sets emission limits and requires the use of the best available technologies (BAT) to reduce polluting emissions into the air and water, support the transition to climate neutrality and the circular economy, strengthen health and environmental protection, and improve transparency and public access to environmental data. The copper industry is subject to the Emissions Trading Scheme (ETS) for the reduction of CO₂ emissions. They are also directly or indirectly affected by European Union legislation on chemicals, such as the REACH Regulation and the RoHS and WEEE Directives, which aim to protect the environment, human health and consumer safety.

As part of its careful and rigorous management of all environmental aspects, KME adopted voluntary certification systems, including ISO 14001:2015 (protection of the environment) and ISO 50001:2018 (energy management), in order to guarantee even higher environmental protection standards than those required by regulations, pursuing targets of continuous improvement.

The KME Group companies have the necessary environmental authorisations and are committed to operating in compliance with the provisions thereof, adopting procedures to identify, control, measure and reduce the environmental impact of their activities.

During the reporting period, there were no violations or penalties regarding compliance with environmental regulations and with product safety, and labelling standards and regulations.

CLIMATE CHANGE (ESRS E1)

Transition plan for climate change mitigation (E1-1)

As part of its sustainability strategy, KME has committed to defining a detailed Transition Plan for climate change mitigation. Although this Plan has not yet been formally approved and adopted, KME has been developing measures aimed to reduce GHG emissions for some time, in line with international agreements and European Union targets.

Impacts, risks and opportunities and their interaction with business model – Resilience analysis (ESRS 2 SBM-3)

Mitigation and adaptation strategies

Combating climate change is one of the most important challenges facing the world today. In this regard, the main reference is the agreement signed by 185 countries at the World Climate Conference in Paris in 2015, with the aim of limiting global temperature rise to below 2°C compared to pre-industrial levels, and if possible to 1.5°C. As part of its Green Deal for the ecological transition, the European Union has set itself the goal of achieving climate neutrality by 2050, with an interim emission reduction target of 55% by 2030. According to the latest estimates, 2024 was the hottest year ever recorded globally: the European Copernicus Centre

(Copernicus Climate Change Service-C3S) estimates that the average temperature exceeded the pre-industrial level (defined as the period between 1850 and 1900) by 1.5°C. The international scientific community shows (2024 IPCC report) that without significant reductions in emissions in the short term, it will not be possible to limit global warming to 1.5°C or 2°C, with a high probability of reaching levels that are extremely critical for human and natural ecosystems. It is already clear that the growing concentration of greenhouse gases in the atmosphere is linked to an increase in extreme weather events, such as heavy rainfall, flooding, heatwaves and prolonged droughts, becoming more intense and frequent. In terms of the economic and financial impacts of climate change, it should be noted that economic losses due to extreme weather events in the EU have averaged Euro 26 billion per year over the last decade (Eurostat, Climate-related economic losses). A conservative estimate suggests that if the European Union economy were exposed to global warming of between 1.5 and 3°C above pre-industrial levels, there would be an annual economic loss of between Euro 42 billion and Euro 175 billion (JRC, Economic analysis of selected climate impact). The "Global Risks" report of the World Economic Forum, as well as an increasing number of analyses and reports from financial authorities, economic entities, study centres and scientific institutions, provides authoritative evidence of how awareness of the importance of risks has increased. The European Central Bank identified climate risks as one of the main factors to be monitored under the European Single Supervisory Mechanism, as the physical damage caused by climate change can have significant impacts on the real economy and the financial sector.

In this context, accelerating mitigation actions aimed at reducing GHG emissions is necessary in order to achieve climate neutrality. However, even in the best-case scenario, this will only prevent the worst consequences for human and natural ecosystems; it will not reverse the effects of climate change that are already underway. Therefore, adaptation measures that complement the mitigation actions are also necessary to reduce vulnerability as much as possible and increase resilience. Alongside adequate and effective planning by governments and public institutions at all levels, all this also requires appropriate strategies and actions by businesses and economic operators. The National Climate Change Adaptation Plan for Italy highlights that, alongside a series of opportunities related to the ecological transition, industrial sectors are also exposed to multiple risks. In addition to risks related to higher costs affecting competitiveness, including changes in the taxation of emissions, the most significant risks are related to the increase in the frequency and intensity of extreme weather events (violent rainfall, floods and landslides, droughts and forest fires) that can directly impact industrial activities and infrastructure located in the most vulnerable areas. According to data collected in the insurance sector and reported by the European Environment Agency, the number of natural disasters in EU countries has increased since 1980 and approximately two-thirds of economic losses attributable to natural disasters were caused by extreme precipitation and floods. Although it is currently difficult to accurately determine the proportion of losses attributable to climate change, an increase is nevertheless expected in the light of the foreseeable impacts and risks, particularly with regard to flood-related losses. Global warming will intensify the hydrological cycle, increasing the frequency of floods across much of Europe. It may also impact the quantity and quality of water resources by altering hydrogeological cycles and systems.

KME Group strategy and resilience of the business model

Climate change also increases the risks and potential impacts on production in the countries and areas where KME Group operates. In this context, it is essential to increase the resilience of the corporate business model in order to prevent and mitigate risks. Emission reduction strategies and technological innovations for environmental sustainability are equally important in seizing the opportunities of the ecological transition and strengthening corporate competitiveness. To contribute to achieving climate neutrality and mitigating the effects of climate change, the KME Group, as described in more detail in other sections, develops strategies for reducing emissions and decarbonising industrial processes, in line with the objectives of the 2015 Paris Agreement and the European Union's "Net Zero" target. KME's commitment is structured on several levels:

- reduction of direct emissions (scope 1) generated by its industrial activities;
- increase in energy efficiency;
- reduction of indirect emissions related to electricity consumption (scope 2), with an increase in the use of renewable energy;
- reduction of indirect emissions in the value chain (scope 3), further increasing the use of secondary raw materials for its productions, recycling as much waste as possible, and selecting suppliers based on environmental criteria;
- investments and innovative technologies;

- resilience of the business model;
- adaptation measures for risk prevention and mitigation;
- partnerships and shared initiatives.

Analysis of risks and opportunities

Although there is inevitably an element of uncertainty, it is essential to identify the most significant climate change-related risks in order to prevent or at least minimise them through adaptation measures, and to strengthen business resilience in the short, medium and long term. In line with the recommendations of the Task Force on Climate-related Financial Disclosures, which focuses on the risks and opportunities of climate change and on the actions to be taken as a result, as well as on the main types of risks and opportunities and their impact on the business are grouped into two categories:

- **physical risks**, i.e. both acute risks related to extreme weather events and chronic risks related to gradual but structural climate changes;
- **risks and opportunities** deriving from the evolution of ecological transition scenarios relating to regulatory changes, limits on emissions and carbon pricing, energy and raw material costs, carbon-free technological development trends, investments for innovative activities and new markets, sustainable finance measures to support ecological transition, etc.

Based on general analytical and forecasting data available at the European level¹, as well as the analytical data available at company level regarding potential physical risks in the areas where the Group's activities are located, and the assessment of the risks and opportunities associated with the ecological transition in the copper industry, KME Group is committed to carrying out analyses that are as detailed as possible and periodically updated in order to implement mitigation actions, strengthen adaptation measures and ensure adequate risk management. The disclosure of risks and opportunities will be progressively expanded and deepened from year to year in consideration of the changed operating environment resulting from climate change (which also requires changes in established management decisions) and its impact on cost structure, financial decisions and creation of corporate value.

The climate change adaptation strategy is based on a set of complementary approaches and measures for managing the main risks primarily related to the possibility of extreme weather events and their consequences, as was the case in 2021 with the flooding that affected the North Rhine-Westphalia region of Germany, causing material and operational damage to the KME plant in Stolberg.

The companies of the KME Group are committed to defining possible measures to prevent and mitigate these risks, in line with the guidelines of the adaptation plans prepared or being prepared by the competent local, regional and national authorities. For example, KME Italy has already carried out some works along an embankment of the Serchio river near the industrial area and the town of Fornaci di Barga. The mitigation and adaptation measures also include nature restoration and natural capital conservation initiatives carried out by the subsidiary Natural Capital Italia.

At the same time, by analysing and identifying opportunities related to the ecological transition that can contribute to growth and competitiveness, KME Group integrates the results of this analysis into its corporate strategy. In particular, considering the essential role of copper in the energy transition and the promotion of the circular economy, KME Group adopts strategies aimed at fully seizing the opportunities related to these areas, combining them with operational best practices. The strategic objective of KME, in relation to the risks deriving from climate change and the opportunities related to the ecological transition, is to mitigate the risks and maximise the opportunities with a positioning that takes into account the medium- and long-term outlook.

1- using institutional tools for monitoring and forecasting information, data and models currently available at the European level to improve the hydro-climatic assessment and the environmental protection at national, regional and local level.

Physical risks

The assessment of physical risks is made more complex by the lack of a unified and comprehensive European framework for evaluating the potential impacts of climate change on industrial operations and infrastructure. The current limitations in knowledge are marked by a lack of detailed impact scenario studies at the territorial level, making it difficult to analyse risks to the production system. This is further compounded by the absence of a structured

system for gathering and organising information on issues, best practices, available options at both local and national levels, and their associated costs. Despite the limited knowledge and inevitable uncertainties involved in forecasting, KME Group and its subsidiaries work to identify potential risk factors, especially those relating to water risk in the event of severe weather. This risk is related to physical events that could damage companies' operating assets and properties, thereby limiting their operations, even for extended periods of time, and causing impairment losses. The analysis of potential flood risks in areas where KME's industrial plants are located is carried out using mapping carried out by EEA² on behalf of the European Commission in implementation of the Floods Directive (<https://discomap.eea.europa.eu/floodsvviewer/>). In this context, with regard to Italy, the assessment also refers to information provided by the IdroGEO platform developed by ISPRA (Italian National Institute for Environmental Protection and Research) on the basis of data provided by the basin authorities (<https://idrogeo.isprambiente.it/app/>).

With regard to chronic physical risks – with particular reference to drought and the consequent availability of water resources – the forecast scenarios related to climate change show that the risks arising from drought and desertification mainly affect southern European countries. According to the European Drought Risk Atlas, with varying intensity depending on the level of global warming, the Mediterranean area (in particular, with regard to the areas where KME Group's plants are located, i.e. Italy, the Iberian Peninsula and the southern and western parts of France) will be the area most affected by water scarcity in the soil as a result of changes in precipitation and evapotranspiration. In any case, the KME Group companies are not considered to be at significant risk of water shortages, partly because their industrial plants already use operating systems that allow for high levels of water recycling and reuse, thereby limiting withdrawals and consumption; in addition, some plants have systems for collecting and using rainwater. The KME Group's strategy also aims to further increase the levels of recycling and reuse of water resources, minimising withdrawals and water requirements.

In addition to the above information, the following table shows the water stress levels (World Resources Institute-Water Risk Atlas) of the areas where the Group's industrial plants and service centres are located. Water stress measures the ratio between total demand for water (for domestic, industrial, irrigation and livestock uses) and renewable surface and groundwater reserves available.

WATER STRESS	Production plants and service centres
LOW	KME Netherlands (Zutphen) SCT (Serravalle) KME Rolled France (Besancon) KME SC SL (Dolny Kubin)
MEDIUM-LOW	KME MANSFELD (Hettstedt) KME SC UK (Birmingham) TMX (Niederbruck)
MEDIUM-HIGH	KME Italy (Fornaci di Barga) KME Germany (Osnabruck) AML (Alessandria) TMX (Givet)
HIGH	KME Mansfeld (Mansfeld) KME Spain (Barcelona)
EXTREMELY HIGH	-

2- Member States define what constitutes a potentially significant flood risk in accordance with their particular circumstances and their approaches to flood risk management. For example, some countries include existing flood protection measures in their calculations, while others do not. Therefore, it is not advisable to make direct comparisons between Member States. Member states may designate areas at risk of significant flooding as points, lines or polygons. Identifying areas at risk of potentially significant flooding is just one step in the flood risk management process.

Transition risks

Transition risks refer to the inevitable uncertainties and complex challenges that KME Group must face when transitioning to a low-carbon economy. KME's strategy aims to minimise, on the one hand, these risks through careful risk management, and on the other, to maximise the economic opportunities and benefits related to technological innovation and the resilience of the business model. With regard to the risks related to the ecological transition, which are often intertwined with those arising from geopolitical tensions and changes in international trade relations, the following should be noted in particular:

- **Risks related to regulatory policies and measures, legal risks**

The general risk of regulatory change for the manufacturing industry of semi-finished copper and copper alloy products must be considered in several areas: (i) first and foremost, the risks related to the renewal and confirmation of authorisations and licences necessary for operating production plants must be considered. Any changes in regulations, whether national or supranational, could have a significant financial impact, jeopardising the continuity of operations of the plants (it should be noted that the KME Group considers this risk to be very remote); (ii) a second area is related to the European Union Emissions Trading Scheme (EU ETS), which is currently one of the European Union's main measures for reducing emissions in industrial sectors with the greatest impact on climate change; any changes to GHG emission thresholds could have a negative financial impact, resulting in higher costs than those currently incurred; (iii) there are also legal risks inherent in new regulations that could introduce the payment of "appropriated taxes", such as a carbon tax designed to tax each tonne of carbon dioxide emitted at an ad-hoc rate, thereby introducing an additional tax burden. Other potential risks related to insurance requirements complete the picture, increasing operating costs for insurance companies. For example, Italian companies have recently been required to insure themselves against natural disasters and catastrophes, and therefore to extend the scope of their existing policies or take out a policy that protects the company against damage caused by such events.

- **Market risks**

With reference to any market risks relating to sales volumes caused by the effects of climate change, it should be noted that the expected growth in demand for copper and copper alloy products in the medium to long term, with regard to the rolled products family, which is the company's core business, related both to their central role in electrification and energy transition

and to the sustainability and circularity requirements that copper products guarantee to consumers, makes it possible to exclude significant risks from the point of view of market outlets for the Group's products. However, the situation is different when it comes to the market risks related to purchase of products and services by the Group: (i) the expected increase in electricity demand, together with taxes and restrictions that could affect electricity generated from fossil sources, especially in Europe, could push up energy prices, generating a negative impact that could become significant on the Group's economic and financial performance; (ii) a similar scenario could also occur for gas, which could experience price increases caused, among other things, by certain effects of climate change. To mitigate these risks, the Group — classified as an energy-intensive entity in both Italy and Germany and therefore entitled to specific economic benefits — has begun constructing renewable energy plants for the self-generation of electricity at certain facilities. In Germany in particular, the Group is evaluating medium- to long-term alternatives to natural gas for powering its smelting furnaces, including the potential use of hydrogen. In parallel, it continuously monitors gas and energy market trends, entering into price-hedging contracts for specific volumes to mitigate exposure and reduce price volatility; (iii) there are also market risks related to the metal supply chain, which is the Group's main cost component. Estimates of global copper demand show an increase in consumption in the medium term, which could rise from the current level of over 20 million tonnes to around 30 million tonnes, driven by the transition effect to a green economy, although this effect is not yet identifiable. The growing demand for metal, together with potential restrictive effects introduced by regulations aimed at improving the environmental impact of companies engaged in mining, could lead to a significant increase in the price of the material. This effect could also be seen in the price of copper scrap, which is directly related to the value of virgin metal. In this scenario of rising prices for both virgin metal and scrap, there is a risk of becoming increasingly dependent on certain areas of the world for the procurement of virgin metal, as well as limited availability of the secondary raw materials needed to replace primary materials. The Group considers this risk to be remote, as the availability of raw materials does not present any critical issues for both types of metal. Moreover, the company's business model is not directly affected by the dynamics listed above, as the metal component of the sales price is passed through to the customer, with whom the price is fixed at the time of order placement in order to avoid any impact from market fluctuations. Moreover, the Group also operates on a tolling basis, an operating model that involves only the processing of virgin raw materials purchased directly from the customer, who governs the terms and conditions of purchase and sends the metal to KME's plants for processing only.

- **Technological risks**

The emission reduction target requires constant innovation based on BAT (best available technologies). The Group's investment strategy is based on the best available technologies, thereby seeking to minimise the risk profile in question. As a result, no particular technical or technological risks have been identified.

- **Reputational risks**

With regard to reputational risks, it is also appropriate to refer to the two areas described below: (i) risks related to the value chain, including the risk of selecting suppliers (mainly related to the categories of purchases, metal and energy) that do not comply with the relevant regulations on sustainability topics (i.e. environment, emissions, occupational health and safety); this risk, which the Group considers remote, is mitigated and countered by supplier selection procedures and processes that are not based solely on cost-effectiveness but include a broader assessment that also takes into account other evaluation factors; (ii) risks related to own operations, consisting of non-compliance with general disclosures and reporting requirements on sustainability in the broad sense, as well as reporting requirements in relation to specific topics (i.e. ETS). KME Group fulfils its reporting requirements correctly; therefore, there are no risks in this regard. The company is committed to reducing emissions (in relation to production volume) and to achieving the targets set out in its sustainability policies in order to contribute to the achievement of the progressive decarbonisation targets set at a European level; working consistently to achieve these targets is also essential from a reputational standpoint, avoiding the risk of losing the trust of investors and other stakeholders, including local communities.

Opportunities

Thanks to its properties, copper plays an important role in the ecological transition. Firstly, because it is an essential material for the energy transition: its electrical conductivity and its mechanical properties make it indispensable for technologies related to renewable energy, energy efficiency systems, sustainable mobility and electrification in general. Secondly, due to its infinite recyclability and the durability of its products, it plays an important role in the transition to a circular economy, which is essential for achieving climate neutrality and, at the same time, a factor in contributing to greater resource efficiency, cost reduction and economic competitiveness for businesses. Therefore, the copper industry is among those that can best seize development opportunities linked to products and markets that play a crucial role in the ecological and digital transition. It is no coincidence that the European Union has classified copper as a "strategic raw material". Also with reference to these scenarios and in order to seize all the opportunities they present, the KME Group further focused its activities and strategy in the copper sector, particularly on flat products. Indeed, in recent years the Company's activities have focused on managing the shareholding in KME SE and its subsidiaries, carrying out several acquisitions and disposal operations that have created a new strategic configuration of the copper sector, focused mainly on the rolled products sector. The copper industry also offers interesting medium-term development prospects, both in terms of profitability and cash generation, reinforced by the increased competitive positioning of KME SE, in line with the expectations of most relevant markets. Further opportunities may arise in relation to the Clean Industrial Deal, presented by the European Commission on 26 February 2025, with the aim of supporting businesses in the ecological transition, and the related Sectoral Action Plan presented on 19 March 2025, which sets out specific measures for the metallurgical industry (ferrous and non-ferrous metals).

Climate policies and actions (E1-2 E1-3)

KME Group, aware of the crucial role that the metallurgical sector plays in the ecological transition, adopted a climate policy based on clear commitments and concrete measures aimed at mitigating the environmental impact of its activities and adapting to the effects of climate change. This policy is an integral part of the broader Sustainability Policy approved by the Board of Directors, which ensures its strategic supervision and periodic updating. The Sustainability Department is responsible for its implementation, working in coordination with the Group's various corporate functions and subsidiaries in Italy and abroad.

KME is committed to reducing its GHG emissions through improved energy efficiency, the adoption of low-carbon technologies, the use of certified renewable sources, and the self-production of green energy. In particular, the Group promotes the green revamping of plants wherever possible, with the aim of reducing the use of natural gas. These actions are accompanied by the voluntary adoption of the ISO 50001 standard for energy management, demonstrating a systematic and transparent commitment to decarbonisation.

The Group's climate policies also include adaptation measures with the aim of reducing pollution produced by Group companies through an efficient management of the materials used and waste produced, both within their premises, promoting circular economy practices and the use of secondary raw materials, and through waste reduction and recycling initiatives. Finally, the monitoring of both direct and indirect emissions is an integral part of the climate strategy and is carried out with the aim of measuring and reducing the impact per unit of product, including through initiatives involving suppliers. In defining its climate policy, KME has considered the interests and expectations of its main stakeholders – including customers, local communities, investors and public authorities – through structured stakeholder engagement activities and an annual double materiality update process. The contents of the policy are made public via the Group's official channels, including the company website and reporting documents, thus promoting full transparency towards all stakeholders.

The transformation of production methods and related operating processes lies at the heart of KME's climate-neutrality strategy. The KME Group develops initiatives to reduce emissions and decarbonise industrial processes, in line with the targets of the 2015 Paris Agreement and with the Business Plan for the European Union Green Deal. KME's commitment is structured on several levels:

- reduction of direct emissions generated by its industrial activities;
- reduction of indirect emissions related to electricity purchased and consumed;

- CO₂ offsetting measures;
- innovative technologies and projects for decarbonisation;
- use of secondary raw materials from recycling and development of circularity;
- partnerships and shared initiatives.

KME FOR THE CLIMATE

KME's business focuses on copper. Thanks to its properties, copper is essential for energy transition and for achieving climate neutrality. Moreover, the fact that this material can be recycled indefinitely makes it particularly climate-friendly.

Energy Management

KME's ISO 50001-certified energy management system is an important step towards the efficient use of resources.

Copper recycling

Several measures were already implemented for the use of innovative technologies for using secondary raw materials.

Ecological copper

KME offers the market a material with a particularly climate-friendly CO₂ balance, guaranteed by the exclusive use of secondary raw materials (100% copper scrap). This allows us to avoid the use of new metals, the extraction and processing of which are highly energy-intensive and generate significant climate-changing emissions.

Energy transition

KME works constantly to optimise processes in order to reduce energy consumption, with continuous improvement in energy efficiency in all areas of operation, to progressively replace fossil fuels with renewable energy sources and to recover heat.

Metals pro Climate

KME is a member of Metals pro Climate, an initiative of leading companies from the non-ferrous metals industry committed to climate protection.

Use of hydrogen for climate neutrality

KME Germany, together with Georgsmarienhütte, Q1, EWE and the KNI logistics network, intends to implement hydrogen projects in the Osnabrück area, thereby promoting the region's transition to climate neutrality. To this end, a memorandum of understanding was signed in 2022 between the partners, who are planning, among other things, the construction of a hydrogen production plant with a hydrogen pipeline network to connect Georgsmarienhütte and KME, as well as the construction of hydrogen refuelling stations at the Q1 sites. Thanks to its central geographical location, the region has grown to become a major economic hub, attracting large industrial companies, small- and medium-sized enterprises, and start-ups. In the long term, the use of hydrogen is set to play an important role in making production and logistics more sustainable and climate-neutral. With this project, the KME group further strengthens its commitment to the ecological transition, with the goal of achieving zero climate impact.

Further actions

- CO₂ emission values are recorded and reported transparently. Taking part in various benchmarking projects in the copper industry ensures an accurate assessment.
- By engaging in the Science-Based Targets Initiative (SBTi), we are committed to setting a science-based climate target to reduce our CO₂ emissions, which will contribute to limiting global warming to 1.5°C in accordance with the Paris Agreement and to becoming climate neutral by 2050.
- To help achieve the goal of climate neutrality, KME collaborates with competent partners. Customers and suppliers are also involved in order to achieve the best possible results.

Energy efficiency and self-production of renewable energy

The KME Group is committed to continuously improving energy efficiency. Using energy efficiently is important not only from an environmental perspective to reduce GHG emissions, but also from an economic perspective to reduce operating costs. KME adopted the ISO 50001:2018 certification for continuous improvement in the performance of energy use. Energy efficiency is improved through management innovations and measures to make plants more efficient, particularly by streamlining processes, rationalising production procedures and implementing technological measures. Other actions concern energy efficiency in buildings and workplaces, with improvements to the efficiency of heating and air conditioning systems, including through computerised remote control systems and the use of LED lighting. Photovoltaic systems are also being installed for the self-production of energy from renewable sources.

Voluntary sustainable forest management initiatives and estimation of climate benefits

With the aim of contributing to the reduction of the Group's carbon footprint, the Group's main industrial companies (KME Italy, KME Mansfeld and KME Germany) launched, as from 2022, a voluntary (non-certified) initiative to absorb CO₂ emissions in collaboration with Natural Capital Italia S.p.A., an Italian holding company committed to the protection and enhancement of natural capital (water, air, soil, biodiversity) through sustainable forest management projects. Based on internal methodologies and recognised technical and scientific references (IPCC, FAO), it is estimated that this initiative generated in 2024 a climate benefit equivalent to approximately 11,000 tonnes of CO₂ absorbed during the expected life cycle of the greenery. The activities take place at Oasi Dynamo, a nature reserve covering approximately 1,000 hectares affiliated with the WWF and located in the Pistoia Apennines. The area is subject to a sustainable forest management plan, aimed at maximising the CO₂ absorption capacity of the greenery through the active and responsible care of the forest heritage. The offsets described are not certified by third parties and are therefore not recognised as reductions in emissions in the official scope 1, 2 or 3 balances, but are reported solely for disclosure and transparency purposes. These activities are an integral part of the KME Group's proactive approach to ecological transition and the enhancement of natural capital.

Main targets (E1-4)

KME Group aims to reduce its GHG emissions (defined as total scope 1, 2 and 3 emissions per unit of product, taking 2024 as the baseline) by 5% by 2027, 10% by 2030 and 12% by 2032. Among the actions aimed at achieving this target, those aimed at increasing the use of renewable electricity (self-generated and purchased) are particularly important: in this area, the aim is to move from 43% in 2024 to 55% in 2027, 70% in 2030 and 85% in 2032.

Remuneration of directors in relation to climate targets

In relation to the ESRS 2 GOV-3 disclosure requirement (Integration of sustainability-related performance in incentive schemes), please note that, to date, company performance relating to climate change mitigation targets does not affect the remuneration of directors.

Metrics

KME Group reports its GHG emissions in accordance with the main international standards and ESRS requirements. For Scope 1 emissions, the energy flows considered are: natural gas; extra light O.C. (heating gas oil); LPG (also referred to as propane); biomass (such as charcoal); petrol; diesel. The consumption of petrol and diesel is divided between instrumental use and mixed use: it was assumed that 100% of instrumental use and 70% of mixed use fall within the scope 1 business consumption. For Scope 2 emissions, the energy flows considered are: electricity purchased, broken down by supplier (from contract with supplier renewable energy certificates/from contract with supplier with partial certified renewable sources and with a specific energy mix and emissions other than the “residual mix”/from contract with supplier based on the “residual

mix”); electricity self-generated from renewable sources (of which self-consumed/of which released to the grid). Emissions are considered according to market-based and location-based approaches. The energy mixes used for the ESRS E1 data on energy consumption are based on a market-based approach. Scope 3 emissions are reported in accordance with the classification provided by the GHG Protocol, based on a materiality analysis that identified the main impact categories in the value chain. KME Group operates in sectors with a high climate impact and energy consumption refers to these sectors. Energy intensity is calculated not only in relation to net revenues but also in relation to industrial production. For further details on the reporting methods used and sources, please refer to the methodological note published in the appendix.

Energy consumption (E1-5)

In 2024, energy consumption amounted to 488,405 MWh, almost entirely concentrated (99.8%) in companies in the copper sector. Compared to 2023, there has been a significant reduction in energy consumption. 50.4% of total consumption consists of electricity, 47.9% of natural gas, and 1.7% of other fuels (LPG, diesel, petrol, biomass, extra light oil). 76% comes from fossil sources, 22% from renewable sources, and 2% from nuclear sources.

Total energy consumption		Industrial companies	Other companies	Total
	Unit of measurement	2024	2024	2024
<i>Fuel consumption from crude oil and petroleum products</i>	MWh	7,167	207	7,374
<i>Fuel consumption from natural gas</i>	MWh	233,720	289	234,009
<i>Consumption of coal and coal products</i>	MWh	-	-	-
<i>Fuel consumption from other fossil sources</i>	MWh	-	-	-
<i>Consumption of electricity, heat, steam or cooling purchased or purchased from fossil sources</i>	MWh	129,169	533	129,702
Total energy consumption from fossil sources	MWh	370,056	1,029	371,085
Total consumption from nuclear sources	MWh	9,912	26	9,938
<i>Consumption of fuels from renewable sources, including biomass (including industrial and municipal waste of biological origin), biofuels, biogas, hydrogen from renewable sources</i>	MWh	842	-	842
<i>Consumption of electricity, heat, steam and cooling from purchased or acquired renewable sources</i>	MWh	106,296	43	106,339
<i>Consumption of self-generated non-combustible renewable energy</i>	MWh	202	-	202
Total energy consumption from renewable sources	MWh	107,340	43	107,383
Total energy consumption	MWh	487,307	1,098	488,405

Generation of energy		Industrial companies	Other companies	TOTAL
Generation of energy	Unit of measurement	2024	2024	2024
Generation of energy from non-renewable sources	MWh	-	-	-
Generation of energy from renewable sources	MWh	236	-	236

Energy intensity

With revenues from sales and services amounting to Euro 1,565.4 million, energy intensity is 312 MWh per million euro. When compared to industrial production, energy intensity is 2.12 MWh per tonne (up from the previous year). It should be noted that KME Group operates in sectors with a high climate impact and energy consumption refers to these sectors.

ENERGY INTENSITY in relation to revenues from sales and services	2024
Total energy consumption (MWh)	488,405
Revenues from sales and services (million euros)	1,565.4
Energy intensity (MWh/million euros)	312.0

ENERGY INTENSITY in relation to production (industrial companies)	2024
Energy consumption (MWh)	487,307
Production (t)	229,836
Energy intensity (MWh/t_{prod})	2.12

GHG emissions (E1-6)

Direct emissions (scope 1)

Scope 1 direct emissions amounted to 53,251 tonnes of CO₂e. They derive almost entirely (99.9%) from the activities of industrial companies. Compared to last year, there has been a slight increase. Biogenic emissions from biomass combustion amounted to 340 tonnes of CO₂e.

The intensity of Scope 1 emissions is equal to 34 t of CO₂e per million euros of net revenues. When compared to industrial production, it was equal to 0.23 CO₂ per tonne (up from the previous year).

Greenhouse gas emissions (Scope 1)				
		2024		
	Unit of measurement	Industrial companies	Other companies	Total
Gross GHG emissions (scope 1)	tCO ₂ e	53,163	88	53,251
Scope 1 GHG emissions from regulated emission trading schemes	tCO ₂ e	36,452	-	36,452
% of Scope 1 GHG emissions from regulated emissions trading schemes	%	68.6%	-	68.5%

Biogenic emissions	2024
t CO ₂ e	340

Scope 1 EMISSION INTENSITY to net revenues	2024
tCO ₂ /million euros	34

Scope 1 EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /t _{prod}	0.23

GHG refrigerant gases

The is no use of GHG refrigerant gases with dispersion.

Indirect emissions (scope 2)

Indirect emissions linked to the generation of purchased electricity amounted to 73,257 t CO₂e according to the location-based approach and 91,213 t CO₂e according to the market-based approach. Compared to 2023, there has been a reduction in location-based emissions, while market-based emissions remain essentially unchanged.

The intensity of Scope 2 emissions is equal to 46.8 t CO₂e (location-based) and 58.3 t CO₂e (market-based) per million euros of net revenues. When compared to the production of industrial companies, it was equal to 0.32 t CO₂e/t location based (similar to the previous year) and 0.40 t CO₂e/t market based (an increase compared to the previous year).

Greenhouse gas emissions (Scope 2)	2024			
	Unit of measurement	Industrial companies	Other companies	Total
Gross Scope 2 GHG emissions (location based)	t CO ₂ e	73,132	125	73,257
Gross Scope 2 GHG emissions (market based)	t CO ₂ e	90,990	224	91,213

Scope 2 EMISSION INTENSITY to net revenues	Unit of measurement	2024
Location based emissions	tCO ₂ /million euros	46.8
Market based emissions	tCO ₂ /million euros	58.3

Scope 2 EMISSION INTENSITY to production (industrial companies)	Unit of measurement	2024
Location based emissions	tCO ₂ /t _{prod}	0.32
Market based emissions	tCO ₂ /t _{prod}	0.40

Indirect emissions (Scope 3)

Following the significance analysis included in the methodological note in the appendix "Greenhouse gas emissions and energy consumption", categories 1, 3, 4, 5, 7, and 9 were included as significant.

Greenhouse gas emissions (Scope 3)	Unit of measurement	2024
Gross Scope 3 GHG emissions	tCO₂e	324,567
Category 1 Purchased goods and services	tCO ₂ e	271,896
Category 2 Capital Goods	tCO ₂ e	Not significant
Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO ₂ e	30,971
Category 4 Upstream transportation and distribution	tCO ₂ e	7,590
Category 5 Waste generated in operations	tCO ₂ e	128
Category 6 Business travel	tCO ₂ e	Not significant
Category 7 Employee commuting	tCO ₂ e	1,651
Category 8 Upstream leased assets	tCO ₂ e	Not applicable
Category 9 Downstream transportation and distribution	tCO ₂ e	12,332
Category 10 Processing of sold products	tCO ₂ e	Not significant
Category 11 Use of sold products	tCO ₂ e	Not significant
Category 12 End-of-life treatment of sold products	tCO ₂ e	Not significant
Category 13 Downstream leased assets	tCO ₂ e	Not applicable
Category 14 Franchises	tCO ₂ e	Not applicable
Category 15 Investments	tCO ₂ e	Not significant

Greenhouse gas emissions (Scope 3)	Industrial companies	Other companies	Total
tCO ₂ e	324,301	266	324,567

Scope 3 EMISSION INTENSITY to net revenues	2024
tCO ₂ /million euros	207.3

Scope 3 EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /t _{prod}	1.41

TOTAL EMISSIONS	unit of measurement	2024
Scope 1	t CO ₂	53,251
Scope 2 location based	t CO ₂	73,257
Scope 2 market based	t CO ₂	91,213
Scope 3	t CO ₂	324,567
TOTAL location based	t CO ₂	451,075
TOTAL market based	t CO ₂	469,031

TOTAL EMISSION INTENSITY to net revenues	2024
tCO ₂ /million euros (location based)	288.2
tCO ₂ million euros (market based)	299.6

TOTAL EMISSION INTENSITY to production (industrial companies)	2024
tCO ₂ /t _{prod} (location based)	1.96
tCO ₂ /t _{prod} (market based)	2.03

Carbon credits (E1-7)

KME Group did not purchase any carbon credits in 2024.

Carbon pricing (E1-8)

KME Group does not adopt internal carbon pricing systems.

POLLUTION (ESRS E2)

Impacts, risks and opportunities

The description of impacts, risks and opportunities related to pollution is contained in the section General Disclosures (ESRS 2).

Policies, actions, targets (E2-1 E2-2 E2-3)

KME operates in compliance with current regulations and is committed to adopting the best available techniques in its industrial plants. Protecting air, water and soil quality by minimising the impact of polluting emissions is essential for protecting the environment and human health. The recent Industrial Emissions Directive 2024/1785/EU (to be implemented into national law by 2025), amending the previous Directive 2010/75, sets emission limits to be complied with and requires the use of best available techniques (BAT) in order to reduce polluting emissions into the air and water, support the ecological transition, strengthen health and environmental protection and improve transparency and public access to environmental data. According to this directive, industrial installations must implement the updated best available techniques (BAT) by 2028. KME Group's aim is to minimise the environmental impact of air emissions by reducing them further, protect water quality through adequate purification systems, and prevent and avoid all forms of soil pollution.

Emissions (E2-4)

Substances	unit of measurement	2024		
		Air	Water	Soil
Non-methane volatile organic compounds (NMVOCs)	kg/y	26,760	0	0
Nitrogen oxides (NOx/NO ₂)	kg/y	37,381	6,737	0
Sulphur oxides (SOx/SO ₂)	kg/y	6,244	35,232	0
Total nitrogen	kg/y	0	4,294	0
Total phosphorus	kg/y	0	51	0
Arsenic and compounds (such as As)	kg/y	12	0	0
Cadmium and compounds (such as Cd)	kg/y	1	0	0
Chromium and compounds (such as Cr)	kg/y	1	89	0
Copper and compounds (such as Cu)	kg/y	161	168	0
Mercury and compounds (such as Hg)	kg/y	2	0	0
Nickel and compounds (such as Ni)	kg/y	6	101	0
Lead and compounds (such as Pb)	kg/y	26	11	0
Zinc and compounds (such as Zn)	kg/y	54	358	0
Halogenated organic compounds (such as AOX)	kg/y	0	18	0
PCDD + PCDF	mg/y	8.8	0	0
PCB	mg/y	0.4	0	0
Tetrachloroethylene (PER)	kg/y	555	0	0
Benzene	kg/y	53	0	0
Ethylbenzene	kg/y	1	0	0
Organotin compounds (such as total Sn)	kg/y	1	4	0
Polycyclic aromatic hydrocarbons (PAHs)	kg/y	15	0	0
Toluene	kg/y	11	0	0
Total organic carbon (TOC) (such as total C or COD/3)	kg/y	3,194	3,375	0
Xylenes	kg/y	3	0	0
Chlorides (such as total Cl)	kg/y	0	19,593	0
Chlorine and inorganic compounds (such as HCl)	kg/y	621	1	0
Fluorine and inorganic compounds (such as HF)	kg/y	677	0	0
Hydrogen cyanide HCN	kg/y	0.2	0	0
Particulate matter (PM10)	kg/y	12,840	0	0

Microplastics

No microplastics are used or generated.

Substances of concern and substances of very high concern (E2-5)

Substances of concern	2024	
	Unit of measurement	Emissions
Arsenic and compounds (such as As)	kg/y	12
Cadmium and compounds (such as Cd)	kg/y	1
Chromium and compounds (such as Cr)	kg/y	90
Mercury and compounds (such as Hg)	kg/y	2
Nickel and compounds (such as Ni)	kg/y	107
Lead and compounds (such as Pb)	kg/y	38
PCB	mg/y	0.4
Tetrachlorethylene (PER)	kg/y	555
Benzene	kg/y	53
Ethylbenzene	kg/y	1
Toluene	kg/y	11
Hydrogen cyanide (HCN)	kg/y	0.2

Substances of very high concern	Unit of measurement	2024
		Emissions
Cadmium and compounds (such as Cd)	kg/y	0.5
Lead and compounds (such as Pb)	kg/y	37.6
PCDD + PCDF (dioxins and furans)	mg/y	8.8

REACH compliance

REACH is an European Union regulation that has been in force since 2017, designed to protect people and the environment from the potential risks posed by chemicals. KME supplies copper and copper alloy products in the form of hot- and cold-rolled sheets and strips, as well as pressed and drawn tubes, profiles, bars and perforated parts. These products are considered to be within the scope of the REACH Regulation. All materials or preparations contained in the products have either been registered or pre-registered by either KME or another party within the supply chain. KME is a downstream user of substances contained in copper or copper alloy products. These substances are subject to registration as substances subject to a transitional regime, whose use in the production of copper and copper alloys is being considered for registration. With regard to semi-finished products made of copper and copper alloys, according to REACH regulation, these products are not subject to the legal requirement for a safety data sheet. In any case, KME's intention is to provide its customers with the information contained in the safety data sheets by making these product information documents available. The data sheet is a voluntary document and does not set out the formal requirements of REACH regulation. The compliance with the REACH requirements is coordinated centrally by KME.

RoHS compliance

The European RoHS (2011/65/EU) and WEEE (2012/19/EU) Directives impose restrictions on the use of hazardous substances in electrical and electronic equipment with the aim of contributing to the protection of human health and the environment, including the environmentally sound recovery and disposal of electrical and electronic equipment waste. KME operates in compliance with these directives and issues specific declarations.

WATER (ESRS E3)

Impacts, risks and opportunities

The description of impacts, risks and opportunities related to the use and management of water resources is contained in the section General Disclosures (ESRS 2).

Policies, actions, targets (E3-1 E3-2 E3-3)

Water is a precious resource that KME is committed to using efficiently, avoiding any possible waste as well as recycling and reusing it in the production cycle. KME aims to minimise the amount of water drawn from various sources (surface water, wells, water networks, etc.), also by using rainwater collection. Moreover, thanks to a series of technological and plant engineering solutions, a significant amount of water is recycled and reused in industrial processes. Water discharges are processed in water treatment plants before being returned to the ecosystem. There are no interactions with marine resources.

KME aims to further increase efficiency in the use of water resources, which is all the more necessary in view of the risks related to climate change and in areas of high water stress, as well as to achieve even higher levels of water recycling and reuse.

Water consumption (E3-4)

In 2024, 4,194,322 m³ of water were withdrawn (a slight increase compared to 2023). Of these, 48.7% were groundwater, 23.2% rainwater, 19.9% surface water and 8.2% water from water networks. The volume of water discharged was 3,310,073 m³ (+16% compared to 2023). Consumption amounted to 884,249 m³, a significant reduction compared to the previous year. The volume of recycled and reused water amounted to 27,280,822 m³; in relation to the total water used (water withdrawn plus recycled and reused water), this represents a percentage of 86.7%, a significant increase compared to the previous year.

WATER WITHDRAWN		
Sources	Unit of measurement	2024
Surface water	m ³	851,364
Fresh water	m ³	851,364
Other waters (with average annual salinity <0.5%)	m ³	0
Groundwater	m ³	2,027,949
Fresh water	m ³	2,027,949
Other waters (with average annual salinity <0.5%)	m ³	0
Seawater	m ³	0
Fresh water	m ³	0
Other waters (with average annual salinity <0.5%)	m ³	0
Rainwater collected at the production site	m ³	971,500
Fresh water	m ³	971,500
Other waters (with average annual salinity <0.5%)	m ³	0
From public or private organisations (e.g. Municipality)	m ³	343,509
Fresh water	m ³	343,457
Other waters (with average annual salinity <0.5%)	m ³	52
TOTAL WITHDRAWALS	m ³	4,194,322
of which fresh water	m ³	4,194,270
of which other waters	m ³	52

Water discharges	Unit of measurement	2024
Total volume	m ³	3,310,073

WATER STORAGE	Unit of measurement	2024
Total volume	m ³	616

WATER CONSUMPTION	Unit of measurement	2024
TOTAL WATER CONSUMPTION	m ³	884,249
<i>of which fresh water</i>	m ³	884,197
<i>of which other waters</i>	m ³	52

RECYCLED AND REUSED WATER	Unit of measurement	2024
TOTAL VOLUME OF RECYCLED AND REUSED WATER	m ³	27,280,822
<i>of which reused (with no or minimal treatment)</i>	m ³	20,724,581
<i>of which recycled (with a higher-level physical or chemical treatment)</i>	m ³	6,556,241

RECYCLING AND REUSE OF WATER	2024		
	RECYCLED AND REUSED WATER	WATER USED*	% RECYCLED WATER
m ³	27,280,822	31,475,144	86.7%

* The total volume of water used includes both the withdrawn water and the recycled and reused water within production plants.

WATER INTENSITY to net revenues		
TOTAL WATER CONSUMPTION	m ³	884,249
Net revenues	million euros	1,565.4
Water intensity	m ³ /million euros	564.9

WATER INTENSITY to production (industrial companies)		
TOTAL WATER CONSUMPTION	m ³	884,249
Production	tonnes	229,836
Water intensity	m ³ /t _{prod}	3.8

BIODIVERSITY AND ECOSYSTEMS (ESRS E4)

Although it was not identified as a material topic in the materiality analysis – partly because KME takes the necessary measures to prevent damage to biodiversity when managing its industrial activities, and does not generate significant risks or impacts in this regard – it is worth noting that the KME Group works to protect and enhance biodiversity through its benefit company, Natural Capital Italia.

Natural Capital is a holding company that manages, coordinates and finances investments aimed at preserving natural capital. If environmental sustainability is pursued through the company's main mission, namely the conservation of natural systems, economic sustainability is developed through services aimed at conserving natural capital, experiences within the oases and a management model aimed at improving biodiversity protection, also promoting coexistence with the maintenance and development of organic farming.

The company, which has the WWF as a partner, aims to manage, coordinate and finance investments intended for the conservation of some of Italy's most beautiful natural oases. This innovative approach seeks to reconcile the protection of natural capital with economic profitability. The mission can be summarised as follows:

- promotion and development of nature-based tourism, with the aim of raising environmental awareness through experiences involving contact with nature and outdoor activities;
- development of sustainable agriculture and projects aimed at preserving the natural heritage;
- harmony with the naturalistic management that characterises the WWF's mission, in compliance with existing protocols and supporting modern forms of conservation.

Alongside the CO₂ emission offsetting measures already mentioned in the report, the agreement between the main industrial companies of the KME Group and Natural Capital Italia also includes measures relating to the conservation and enhancement of the forest and rural heritage in the "Oasi Dynamo" area (located in the heart of Tuscany, in the Pistoia Apennines, it is a nature reserve affiliated with the WWF). These include biodiversity conservation measures, maintenance of the hydrographic network and water regulation services, soil conservation through eco-friendly agricultural practices and maintenance of the oasis's structures. This area is home to animal and plant species included in the Red List of the International Union for Conservation of Nature (IUCN).

RESOURCE USE AND CIRCULAR ECONOMY (ESRS E5)

Impacts, risks and opportunities

The description of impacts, risks and opportunities related to resource use and circular economy is contained in the section General Disclosures (ESRS 2).

Policies and actions (E5-1 E5-2)

KME Group works to contribute to the transition towards a more circular economy. Its production is already largely based on circularity principles, using recycled and recovered metals. KME is committed to continuously improving its efficiency in the use of material, energy and water resources; this commitment is also developed through projects aimed at process and product innovation, as well as through the training of the professional skills required to develop circular business models.

KME ranks among the leading companies in the adoption of circular practices. It has been working for a long time to reduce its dependence on virgin raw materials. This also contributes to improving economic

resilience, particularly during periods of geopolitical crisis and commercial uncertainty. The adoption of circular models can reduce dependence on global supply chains and mitigate risks related to raw material price volatility. As part of its sustainability strategies and in the context of the transition to a circular economy, the ongoing improvement in the efficient use of materials is a priority for KME. To this end, actions are developed and measures adopted to reduce production waste and promote its recovery within production processes, to increase the use of secondary raw materials from recycling instead of virgin raw materials, to develop process and product innovations according to business models consistent with the principles of the circular economy.

KME products, used in a wide range of industrial applications, must meet extremely high durability and recyclability requirements. This is because, thanks to its characteristics, copper is a truly "permanent" material that can be recycled without losing its properties, and is therefore highly consistent with the principles of the circular economy. This also offers significant opportunities in relation to European Union strategies, with particular reference to the Circular Economy Action Plan adopted in 2020, the Ecodesign Regulation approved in 2024, the Clean Industrial Deal presented in February 2025 and the Action Plan for Steel and Metals presented in March 2025.

The transition to a circular economy requires investments in research and development, training, and technological innovation in processes and products. KME is committed to achieving this goal by carrying out projects that are consistent with the principles of circularity. Two specific projects involving KME Italy and KME Germany are illustrated below by way of example:

- KME Italy has set up the Circular Academy, a training, research and innovation centre dedicated to the circular economy. The activities, carried out in collaboration with the Scuola Universitaria superiore Sant'Anna (Sant'Anna School of Advanced Studies) in Pisa, aim to: provide functional knowledge to interpret the role of circular economy manager in an informed and innovative way; develop the ability to manage companies in a circular manner; address transformation processes according to the principles of the circular economy throughout all business processes, including design, supply chain management, production and marketing.
- KME Germany is implementing a project that aims to contribute to the transition to a circular economy and to the reduction of CO₂ emissions by means of a new copper smelting and refining furnace. The investment is aimed at increasing the use of copper scrap over virgin metals. The aim is to integrate the new furnace into the existing plant while maintaining the total smelting capacity of 45 tonnes per hour. The modernisation of the production plants in Osnabrück is a strategic step towards optimising resource use and reducing the ecological footprint at the same time. The innovative refining furnace enables selective refining of copper scrap, allowing unwanted impurities to be removed more effectively. In this way, the Osnabrück site aims to set an example for sustainable and efficient resource use.

Targets (E5-3)

KME Group aims to further improve its circularity performance and the levels of efficiency in the use of resources. As regards the use of recycled metals, which accounted for 53.3% of metals used in 2024, the target is to reach 58% in 2027, 66% in 2030 and 68% in 2032. If internal recovery is also considered, the aim is to increase the circularity rate of total processed metals from 64.3% in 2024 to 69% in 2027, 80% in 2030 and 82% in 2032. Moreover, KME Group intends to increase the proportion of waste sent for recovery from 74.7% in 2024 to 80% in 2027, 83% in 2030 and 87% in 2032.

Resource inflows (E5-4)

In 2024, inflows of materials amounted to 239,501 tonnes* (down on the previous year). To calculate the materials actually used and processed, 97,194 tonnes from internal recycling and 55,833 tonnes of semi-finished products from plants within the KME scope must also be added.

** the reported data refers to companies in the copper sector (plants and service centres). Moreover, Culti and its subsidiaries used 202 tonnes of materials (approximately 90% of which consisted of packaging).*

Type of resource inflows	Unit of measurement	2024
Metals	t	110,438
Metals from recycling	t	87,534
Semi-finished products	t	15,868
Packaging	t	5,816
Other process materials	t	19,845
TOTAL inflows of materials	t	239,501

Processed materials		2024
Inflows of materials	t	239,501
Metals from internal recovery	t	97,194
Semi-finished products within the KME scope	t	55,833
TOTAL materials processed	t	392,528

Recycled materials

KME makes extensive use of recycled materials. These consist mainly of copper scrap, classified as "end of waste" (meaning it ceases to be considered waste) in accordance with European Union Regulation 715/22013. In addition, internal recycling processes within the plants allow production residues and waste to be reused, thus returning them to the production cycle.

In 2024, the percentage of recycled materials out of the total materials used was 47.7%. If only metals are considered, this percentage rises to 53.3%. A significant proportion of production residues and waste is also reused through recovery processes within the production cycle (internal recycling). This allows for a further reduction in the consumption of virgin raw materials and scrap, reducing waste and increasing efficiency in the use of materials. If we also consider materials reintroduced into the production cycle through internal recycling processes, the percentage of metals from recycling and internal recycling is 64% of the total metals processed.

To calculate the recycling rate, the estimated recycled content of products containing recycled material is calculated. It has been assumed that the recycled content of copper, the primary material consisting mainly of cathodes, is 24.9% (as reported in European Copper Institute 2023: *Copper the Pathway to net zero*). As a precaution, a recycled content rate of 44% was assumed for semi-finished products declared as containing recycled content (mainly intercompany semi-finished products), equal to the proportion of scrap in the total amount of scrap and metal used by KME.

Recycled content in purchased materials	Unit of measurement	2024
Purchased materials	t	239,501
Recycled content in purchased materials	t	114,267
Percentage of recycled content in purchased materials	%	47.7%

Recycled content in processed materials	Quantity (t)	Recycled content (t)	Percentage
Packaging from primary material	5,529	0	0
Process materials from primary material	19,845	0	0
Recycled packaging	287	287	100%
Recycled process materials	0.4	0.4	100%
Metal (primary copper cathode)	99,417	24,755	25%
Other primary metal	11,021	0	0
Scrap	87,534	87,534	100%
Semi-finished products (<i>internal and external</i>)	71,701	25,247	35.2%
Internal recycling	97,194	97,194	100%
Total	392,528	235,018	59.9%

Recycled content in processed metals	Unit of measurement	2024
Metals purchased	t	213,840
Recycled content in purchased metals (1)	t	113,980
Percentage of recycled content in purchased metals	%	53.3%
Total metals processed (including KME intercompany semi-finished products and internal recycling)	t	366,867
Recycled content in processed metals (including internal recycling and intercompany semi-finished products) (2)	t	234,730
Percentage of recycled content in processed metals compared to the total processed metals	%	64%

(1) Recycled content in purchased metals, scrap and semi-finished products

(2) Recycled content in purchased metals + recycled content in internal semi-finished products + internal recycling

Renewable materials

As part of the materials used, 5,446 tonnes are renewable materials, i.e. of biological origin (wood, paper and cardboard), used for packaging.

Renewable (biological) materials	Unit of measurement	2024
Renewable materials (packaging)	t	5,446
Total inflows of materials	t	239,501
Percentage of renewable materials out of total materials	%	2.3%
Total packaging materials	t	5,816
Percentage of renewable materials out of total packaging	%	93.7%

Microplastics

No primary microplastics are used.

Resource outflows (ESRS E5-5)

Products and materials

The sales volumes recorded in 2024 amounted to 162,265 tonnes of copper and copper alloy products. In the same year, gross production, which also includes intercompany transfers and processing, amounted to 229,836 tonnes.

Production (tonnes)	2024
industrial plants	214,934
service centres*	14,902
Total	229,836

* The service centres carry out cutting to size, packaging and shipping to customers. Some of them, such as the service centre in Besançon (France), also carry out surface treatment by electrolytic tin plating and are able to treat surfaces on copper and copper alloy strips.

Sales (tonnes)	2024
industrial plants	154,951
service centres	7,314
TOTAL	162,265

KME manufactures copper and copper alloy intermediates, which undergo further processing before the finished product is placed on the market, with the exception of perfumery business. The durability and recyclability values for metals refer to the material produced by KME, not the final finished product (which is not determinable). Copper and copper alloys are permanent materials with long-term durability and almost complete recyclability. Perfumes are intended for consumption and therefore the recycling rate has been set at 0%. The packaging material is theoretically 100% recyclable, but the recyclability rate of packaging has been taken as the average value of the actual European recycling rate for packaging (*Eurostat database, env_waspacr, 2022 figure EU27 average*).

Expected durability of products placed on the market by the company compared to the industry average for each product group

Product group	Durability of the organisation	Average durability of the sector
Copper billets and copper alloys	> 100 years	> 100 years
Rolled products	> 100 years	> 100 years
Tubes	> 100 years	> 100 years
Perfumes	1 year	1 year

Rate of recyclable content in products and their packaging

Product group	% of recyclable content	% of recyclable content in packaging
Copper billets and copper alloys	100%	65.3%
Rolled products	100%	65.3%
Tubes	100%	65.3%
Perfumes	0%	65.3%

Waste

Proper waste management is essential for protecting the environment and health, and at the same time plays an important role in the transition to a circular economy. KME's main objective is to reduce waste production and increase its value as a resource through recycling and other forms of recovery, while reducing disposal. The main types of waste generated include production waste, packaging (wood, paper and cardboard, mixed materials), sludge, metals, refractory materials, waste oil and crushed dust. There is no radioactive waste.

The total amount of waste generated in 2024 was 15,997 tonnes (an increase compared to 2023), of which 56% was classified as non-hazardous and 44% as hazardous. 74.8% of waste was sent for recovery and the remaining 25.2% for disposal. Compared to the previous year, there has been a significant increase in waste sent for recovery.

WASTE GENERATED	Unit of measurement	Hazardous	Non-hazardous	Total
01 - WASTE FROM MINERAL EXPLORATION, EXTRACTION, AND PHYSICAL AND CHEMICAL PROCESSING	t	-	-	-
02 - WASTE FROM AGRICULTURE, HORTICULTURE, AQUACULTURE, FORESTRY, HUNTING AND FISHING, FOOD PREPARATION AND PROCESSING	t	-	-	-
03 - WASTE FROM WOOD PROCESSING AND THE PRODUCTION OF PANELS AND FURNITURE, PULP, PAPER AND CARDBOARD	t	-	235	235
04 - WASTE FROM THE LEATHER, FUR AND TEXTILE INDUSTRIES	t	-	-	-
05 - WASTE FROM PETROLEUM REFINING, NATURAL GAS PURIFICATION AND PYROLYTIC TREATMENT OF COAL	t	-	-	-
06 - WASTE FROM INORGANIC CHEMICAL PROCESSES	t	137	5	142
07 - WASTE FROM ORGANIC CHEMICAL PROCESSES	t	-	2	2
08 - WASTE FROM THE MANUFACTURE, FORMULATION, SUPPLY AND USE (PFU) OF COATINGS (PAINTS, VARNISHES AND ENAMELS), ADHESIVES, SEALANTS AND PRINTING INKS	t	-	-	-
09 - WASTE FROM THE PHOTOGRAPHIC INDUSTRY	t	-	-	-
10 - WASTE FROM THERMAL PROCESSES	t	855	595	1,450
11 - WASTE FROM THE SURFACE CHEMICAL TREATMENT AND COATING OF METALS AND OTHER MATERIALS; NON-FERROUS HYDRO-METALLURGY	t	2,279	133	2,413%
12 - WASTE FROM MOULD RELEASE AND FROM THE PHYSICAL AND MECHANICAL SURFACE TREATMENT OF METALS AND PLASTICS	t	1,439	607	2,046
13 - OIL WASTE AND LIQUID FUEL WASTE (excluding edible oils)	t	343	-	343
14 - WASTE ORGANIC SOLVENTS, COOLANTS AND PROPELLANTS	t	4	-	4
15 - PACKAGING WASTE; SANITARY PROTECTIONS, WIPES, FILTER MATERIALS AND PROTECTIVE CLOTHING NOT SPECIFIED ELSEWHERE	t	129	1,450	1,579
16 - WASTE NOT OTHERWISE SPECIFIED IN THE LIST	t	758	1,589	2,347
17 - CONSTRUCTION AND DEMOLITION WASTE (INCLUDING EXCAVATED SOIL FROM CONTAMINATED SITES)	t	666	3,449	4,115
18 - WASTE FROM HUMAN OR ANIMAL HEALTH CARE AND/OR RELATED RESEARCH	t	0.1	4.4	4.5
19 - WASTE FROM WASTE TREATMENT PLANTS, OFF-SITE WASTEWATER TREATMENT PLANTS AND THE PREPARATION OF WATER FOR HUMAN CONSUMPTION AND WATER FOR INDUSTRIAL USE	t	426	331	757
20 - MUNICIPAL WASTE (DOMESTIC AND SIMILAR WASTE, COMMERCIAL, INDUSTRIAL AND INSTITUTIONAL WASTE) INCLUDING SEPARATE COLLECTION	t	5	556	561
TOTAL	t	7,041	8,955	15,997
	%	44%	56%	100%

Waste sent for recovery	2024	
	Tonnes	%
Hazardous waste	3,900	24.4
Preparation for reuse	793	4.9
Recycling (including composting and anaerobic digestion) (R4)	1,297	8.1
Other recovery operations (R12/R13)	1,810	11.3
Non-hazardous waste	8,063	50.4
Preparation for reuse	1,410	8.8
Recycling (including composting and anaerobic digestion) (R4)	3,791	23.7
Other recovery operations (R12/R13)	2,862	17.9
Total	11,963	74.8

Waste sent for disposal	2024	
	Tonnes	%
Hazardous waste	3,142	19.7
Incineration (with energy recovery)	50	0.3
Incineration (without energy recovery)	250	1.6
Landfill	58	0.4
Other disposal operations not classified	2,784	17.4
Non-hazardous waste	891	5.5
Incineration (with energy recovery)	477	3.0
Incineration (without energy recovery)	-	0
Landfill	90	0.5
Other disposal operations not classified	325	2.0
Total	4,033	25.2

Additional circularity indicators

In order to accelerate the transition to a circular economy, it is necessary to be able to assess circularity performance at each stage of production and throughout the entire value chain. To this end, circularity measurement methodologies are becoming increasingly widespread with the aim of providing companies with analytical tools to improve resource efficiency and the circularity of the production cycle. Whereas, as part of the Circular Economy Action Plan, the European Commission adopted a new circularity monitoring system in 2023 with indicators aimed at assessing resource efficiency at the macroeconomic level, the UNI/TS 11820 technical specifications for measuring circularity at the “micro” (individual companies and organisations) and “meso” (territorial areas and industrial districts) levels were published in Italy in 2024. As in previous years, in addition to the data reported on the basis of the ESRS, the KME Group report contains additional circularity indicators with reference to a selection of the above technical specifications.

Resource productivity

The resource productivity rate measures the added value generated in relation to resource consumption. In 2024, with a total added value of Euro 296,023 thousand, KME Group generated Euro 1,236 for every tonne of materials used, a significant increase compared to 2023.

Efficiency in resource use

The efficiency rate in the use of resources measures the consumption of materials in relation to production. In 2024, the copper sector of KME Group used 1.042 tonnes of materials for every tonne of product, a slight reduction compared to the previous year.

Circularity rate

The circularity rate measures the percentage of secondary raw materials (materials derived from recycling processes and from the recovery of production waste reintroduced into the production cycle) compared to the total amount of materials used. The higher this percentage, the more virtuous the production cycle is.

In 2024, secondary raw materials accounted for 47.7% of the materials used by KME Group, contributing to a significant reduction in the consumption of virgin raw materials and environmental impact. When measured on metals alone, the circularity rate rises to 53.3%. The circularity of KME's production processes does not end with these figures because, in addition to using recycled materials purchased on the market, the company also recovers production residues and waste within its plants, which are then reintroduced into the production cycle. This means that the percentage of metals both from the use of scrap and from the recovery of production waste and residues rises to 64% of the total metals processed.

Reduction of energy consumption and CO₂ emissions thanks to the use of recycled copper

The circular economy is a key component of the strategy to achieve climate neutrality, as the use of recycled materials instead of virgin raw materials significantly reduces energy consumption and the carbon footprint. It is estimated that, thanks to the use of recycled copper, in 2024 KME avoided energy consumption equal to 4,606,303 GJ and 217,947 tonnes of CO₂*.

* The impacts considered are global averages, as calculated by the International Copper Association – Copper Environmental Profile – Global 2023.

Waste production and management

The transition to a circular economy requires a gradual reduction in waste and an increase in the recovery of materials, or alternatively of energy, downstream of production through a proper waste management. In 2024, 0.069 tonnes of waste were generated for every tonne of production (an increase compared to 2023, largely due to the temporary generation of a significant volume of construction and demolition waste). The percentage of waste sent for recovery rather than disposal was 74.8%, up on the previous year.

Use of water resources

Efficient use of water is essential for the transition to a more circular economy. The percentage of recycled water out of the total water used reached 86.7%.

EU TAXONOMY

Information pursuant to Regulation (EU) 2020/852 on taxonomy

KME Group considered the provisions relating to the European "Taxonomy" as regulated by Regulation (EU) 2020/582 and subsequent delegated regulations. Regulation (EU) 2020/582 "on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088" established the criteria for determining whether an economic activity can be considered environmentally sustainable for the purpose of identifying the degree of environmental sustainability of an investment. The Regulation applies, inter alia, to companies obliged to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19 bis or Article 29 bis of Directive 2013/34/EU of the European Parliament and of the Council, respectively.

As regulated by Article 8 of Regulation (EU) 2020/582, non-financial undertakings shall disclose:

- a) the proportion of their turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9;
- b) the proportion of their capital expenditure and the proportion of their operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9.

This procedure, known as "Taxonomy", applies to six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

In 2023, the European Commission completed the publication of delegated regulations (Regulation 2023/2486) on all six environmental objectives, after previously issuing the regulation on "the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives". Therefore, the disclosure relating to the European Taxonomy for the 2024 financial year covers all environmental objectives set out in Regulation (EU) 2020/582. In accordance with this Regulation, the KME Group hereby discloses for the 2024 financial year the proportion of economic activities that are eligible and not eligible, and aligned and not aligned, with the taxonomy in terms of total turnover, CapEx and OpEx.

Application of taxonomy criteria to KME Group

Based on the criteria defined by the delegated regulations, as part of the scope of the company in question, the main activities of the copper production and mechanical processing sector are not eligible, as they are not covered by the regulations issued to date.

According to the NACE code, two companies are eligible in the sector NACE 68.2 "rental and operating of owned or leased real estate".

Immobiliare Pictea carries out activities falling under points CCA 7.7 and CCM 7.7. of purchase and ownership of buildings, including their operating, eligible under the criteria set out in the EU Taxonomy, in

particular with regard to Delegated Regulation 2021/2139 on climate change mitigation (Annex 1) and climate change adaptation (Annex 2).

"Natural Capital Italia" carries out activities falling under point Bio 1.1 of management, protection and restoration of forests and other natural and semi-natural ecosystems, eligible pursuant to regulation 2023/2486 in relation to the objective of "protection and restoration of biodiversity and ecosystems", while its activities are not related to those described in Regulation 2021/2134.

With regard to "Natural Capital Italia", activities relating to reforestation and management of nature reserves and sanctuaries — particularly the Dynamo Oasis — which currently have only a modest economic impact, were mainly carried out by companies outside the scope of consolidation.

The eligible turnover amounted to Euro 4.851 million (of which Euro 4,581,613 refers to Immobiliare Pictea and Euro 269,845 to Natural Capital Italia), corresponding to 0.310% of the consolidated turnover of KME Group (Euro 4.851 million as the sum of revenues from sales and services of Immobiliare Pictea + Natural Capital Italia/Euro 1,565.4 million in revenues of KME Group).

The eligible CapEx amounted to Euro 1.897 million (of which Euro 1.773 million refers to Immobiliare Pictea srl and Euro 0.034 million to Natural Capital Italia), corresponding to 3.697% of the Group's CapEx (Euro 1.897 million CapEx Immobiliare Pictea + Natural Capital Italia/Euro 48.882 million CapEx KME Group).

The eligible OpEx amounted to Euro 4.610 million (of which Euro 4.290 million refers to Immobiliare Pictea and Euro 0.320 million to Natural Capital Italia), corresponding to 1.918% of the Group's OpEx (Euro 4.610 million OpEx Immobiliare Pictea + Natural Capital Italia/Euro 240.34 million OpEx KME Group).

The analysis carried out on the activities of Immobiliare Pictea in relation to the technical screening criteria did not find any interventions that were aligned, i.e. compliant with the technical screening criteria in relation to both Annex 1 and Annex 2, despite the fact that management and maintenance interventions aimed at improving the energy efficiency of the buildings had been carried out. Notably, no buildings with class A energy performance were constructed before 31 December 2020.

The analysis carried out on the activities of Immobiliare Pictea did not find any that causes significant harm to any of the other environmental objectives.

The analysis carried out on the activities of Immobiliare Pictea showed that these activities fully comply with the minimum safeguards.

The analysis carried out on the activities of Natural Capital Italia in relation to the objective of restoring and protecting biodiversity, found that the activities comply with the technical screening criteria in terms of general conditions and the management plan, but there is no full alignment with the requirements of points 4 (audit) and 5 (guarantee of permanence) of the technical screening criteria set out in Annex IV of Regulation (EU) 2023/2486.

The analysis carried out on the activities of Natural Capital Italia did not find any that cause significant harm to any of the other environmental objectives.

The analysis carried out on the activities of Natural Capital Italia has shown that these activities fully comply with the minimum safeguards.

Financial Year 2024 (Turnover)				Substantial contribution						DNSH									
Economic activities	Activity code	Total turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity protection	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	% of aligned or eligible turnover, year N-1	Category enabling activity	Category transitional activity
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%		
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
Turnover of aligned activities A.1		0%	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
Purchase and ownership of buildings	CCM 7.7 CCA 7.7	4.581	0.293%	0.293%							Y	na	na	na	na		0.211 %		
Conservation of habitats, ecosystems and species	BIO 1.1.	0.270	0.017%						0.017%	Y	Y	Y	na	Y			0.020 %		
Turnover of taxonomy-eligible but not taxonomy-aligned activities A.2		4.851	0.310%														0.231 %		
Total (A.1+A.2)		4.851	0.310%														0.231 %		
B. Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities (B)		1,560.587	99.7%														99.8%		
Total (A+B)		1,565.438	100%														100%		

Monetary values in million euros. For the CCM 7.7 and CCA 7.7 activities, the DNSH criteria for water, circular economy, pollution and biodiversity are not applicable (na). For the BIO 1.1 activity, the DNSH criteria for circular economy are not applicable.

Financial Year 2024 (CapEx)				Substantial contribution						DNSH									
Economic activities	Activity code	Total CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity protection	Climate change mitigation	Climate change adaptation	Water and marine	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	% of aligned or eligible CapEx, year N-1	Category enabling activity	Category transitional activity
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%		
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
CapEx of aligned activities A.1		0%	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
Purchase and ownership of buildings	CCM 7.7 CCA 7.7	1.773	3.63%	3.63%							Y	na	na	na	na		6.980%		
Conservation of habitats, ecosystems and species	BIO 1.1.	0.034	0.07%						0.07%	Y	Y	Y	na	Y			0.524%		
CapEx of taxonomy-eligible but not taxonomy-aligned activities A.2		1.807	3.70%														7.504%		
Total (A.1+A.2)		1.807	3.70%														7.504%		
B. Taxonomy-non-eligible activities																			
CapEx of Taxonomy-non-eligible activities (B)		47.075	96.30%														92.5%		
Total (A+B)		48.882	100.00%														100%		

Monetary values in million euros. For the CCM 7.7 and CCA 7.7 activities, the DNSH criteria for water, circular economy, pollution and biodiversity are not applicable (na). For the BIO 1.1 activity, the DNSH criteria for circular economy are not applicable.

Financial Year 2024 (OpEx)				Substantial contribution						DNSH									
Economic activities	Activity code	Total OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity protection	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	% of aligned or eligible OpEx, year N-1	Category enabling activity	Category transitional activity
		€M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%		
A. Taxonomy-eligible activities																			
A.1 Taxonomy-aligned activities																			
OpEx of aligned activities A.1		0%	0%	0%	0%	0%	0%	0%	0%								0%		
A.2 Taxonomy-eligible but not taxonomy-aligned activities																			
Purchase and ownership of buildings	CCM 7.7 CCA 7.7	4.290	1.78%	1.78 %							Y	na	na	na	na		2.129%		
Conservation of habitats, ecosystems and species	BIO 1.1.	0.320	0.13%						0.13%	Y	Y	Y	na	Y			0.129%		
OpEx of taxonomy-eligible but not taxonomy-aligned activities A.2		4.610	1.92%														2.258%		
Total (A.1+A.2)		4.610	1.92%														2.258%		
B. Taxonomy-non-eligible activities																			
OpEx of Taxonomy-non-eligible activities (B)		235.730	98.08%														97.7%		
Total (A+B)		240.340	100.00%														100%		

Monetary values in million euros. For the CCM 7.7 and CCA 7.7 activities, the DNSH criteria for water, circular economy, pollution and biodiversity are not applicable (na). For the BIO 1.1 activity, the DNSH criteria for circular economy are not applicable.

The summary tables in Annex II of Delegated Regulation (EU) 2021/2178 are also provided below and must be inserted after the main tables relating to turnover, CapEx and OpEx.

Proportion of turnover/Total turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.29%
CCA	0%	0.29%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0.017%

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	3.63%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0.07%

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	1.78%
CCA	0%	1.78%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0.13%

Nuclear and fossil gas related activities

Finally, it should be noted that KME does not carry out, fund or have any exposures to activities related to nuclear energy, nor does KME carry out, fund or have any exposure to activities such as the construction or operation of electricity generation plants using fossil gaseous fuels, the construction and management of combined heat/cool and power generation plants, the construction, refurbishment and operation of generation plants that produce heat/cool using fossil gaseous fuels.

KME uses gaseous fossil fuels in industrial processes typical of copper metallurgy.

The relevant table is provided below – *Nuclear and fossil gas related activities* as provided for in Annex XII of Delegated Regulation (EU) No. 2022/1214.

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Social information

OWN WORKFORCE (ESRS S1)

Impacts, risks and opportunities

Impacts, risks and opportunities related to own workforce are described in the section "General Disclosures (ESRS 2)".

Policies, actions and targets (S1-1)

KME Group recognises the central role of its employees and, in compliance with current regulations and its Code of Conduct, is committed to ensuring fairness in its relations with employees and decent working conditions, promoting training and professional growth, protecting health and safety, guaranteeing equal opportunities and combating all forms of discrimination.

Workers' rights

KME Group guarantees the right to freedom of association and collective bargaining, respects the workers' right to join trade unions and promotes positive industrial relations and worker engagement in strategies aimed at increasing economic competitiveness and maximising employment. The Code of Conduct commits KME to guaranteeing respect for the personal dignity, privacy and rights of each individual and to never forcing anyone to work against their will.

Management of policies and working conditions

The management of policies and working conditions is governed by national regulations and relevant collective bargaining agreements. KME ensures compliance with the maximum number of working hours established by current regulations. The organisation, management and control model and the Code of Conduct specify all aspects to be protected in relations with personal and social partners. Employment relationships are regulated by the relevant national collective bargaining agreements.

Health and safety

KME considers the protection of workers' health and safety to be essential. To this end, it develops prevention activities and adopts safety measures with the aim of achieving "zero accidents at work". All workers, whether employees or non-employees, are covered by the occupational health and safety management system. The companies of the KME Group operate in compliance with laws and regulations on occupational health and safety. KME adopted ISO 45001:2018 certification (Occupational Health and Safety Management Systems), which, in addition to the provisions of national laws on this subject, defines a voluntary system for managing the health and safety of workers.

The possible safety risks are identified and assessed in the RAD, which is updated annually, with a view to their prevention and mitigation. The main risks are related to possible mechanical accidents (cuts or

contusions), accidents in foundries (burns) and accidents when handling loads inside factories and service centres.

The management of company policies on occupational health and safety, which applies to all workers, pursues the following targets: reducing stress and workloads; preventing occupational diseases and health and safety risks; ensuring occupational health and safety with the aim of achieving "zero accidents". In order to achieve these targets, medical services, flexible working models, integration management within the company and consulting activities are also planned, in addition to occupational safety measures. Training and information activities for employees are of fundamental importance in preventing health and safety risks, especially for those who, working in industrial plants and service centres, are most exposed to risks. Through these actions, KME Group aims to reduce gradually the accident frequency index from 7.6 in 2024 to below 5 by 2027 and below 3 by 2030, with the aim of achieving zero accidents by 2032.

Welfare

Based on the provisions of collective bargaining agreements and services provided by group companies, employees can take advantage of services that supplement public welfare systems in terms of healthcare, accident insurance, family expenses and company canteens.

This is complemented by the "Benevolent Fund", an initiative that supports those in need by helping them to identify the most appropriate medical facilities for their conditions and by managing diagnostic tests with the aim of providing financial and organisational support. All the KME Group employees and their families have access to the service, which supports them in a number of ways. This includes helping them to start or continue a costly diagnostic or treatment programme, identifying the most effective medical treatment for an existing or potential condition, and supporting those with serious, chronic or rare conditions, whether recognised or potential.

Inclusion and equal opportunities

The KME Group is committed to ensuring that there is no discrimination in the workplace on the basis of gender, ethnicity, nationality, sexual orientation, religious beliefs, political or trade union opinions. The Code of Conduct commits KME to promoting equal opportunities in employment and in the treatment of its employees. All employees are required to avoid any form of direct or indirect discrimination based on race, origin, colour, nationality, religion, ideology, gender, age, appearance and physical characteristics, sexual orientation or membership of protected categories. These principles apply to both internal collaboration and external partner relations.

Training

Training is an important aspect of business activities. In addition to carrying out mandatory training on occupational safety, the Group companies organise training activities aimed at retraining employees and developing professional skills, as well as on the principles and practices set out in the Code of Conduct, including sustainability topics.

With a view to expanding its business downstream of the production process, KME promoted the **KME Academy** for professional training in the field of construction and architecture, focusing on the needs of the end customer and promoting the use of copper. Moreover, some companies of the KME Group develop specific training activities aimed at apprentices, alongside training activities as part of work-study programmes. On average, approximately 80% of apprentices are hired at the end of their apprenticeship period.

Additional information

- As part of trade union relationships, the minimum notice period for operational changes, transfers and changes in job duties is guaranteed by law and contractual provisions.
- Social security and pension matters are managed in accordance with the regulations of the countries in which the companies operate.
- Workers may also take parental leave in accordance with national laws and collective bargaining agreements.
- Workers, executive managers and middle managers come from local communities or from countries where the production plants and service centres are located. The same criterion is generally applied to senior managers, except in certain cases where specific skills are required for top management positions.
- Employee performance is assessed based on company and individual objectives.
- The companies in the Group plan to adopt forms of smart working.
- KME's activities are not at risk of forced labour or child labour.

Processes for engaging with workers (S1-2)

KME Group maintains ongoing relations with trade unions and employee representative bodies, which may vary depending on the country in which each Group company operates, and is committed to constructive dialogue. KME Group guarantees the right to freedom of association and collective bargaining, respects the workers' right to join trade unions and promotes positive industrial relations and worker engagement in strategies aimed at increasing economic competitiveness and maximising employment. Provisions are envisaged for the involvement and participation of workers' representatives in the management of occupational health and safety activities.

Processes to remediate negative impacts and channels to raise concerns (S1-3)

The KME Group proactively manages negative impacts by implementing structured policies and processes to prevent, identify and promptly address any issues.

Code of Conduct and Code of Ethics

The Code of Conduct of the KME Group defines the rules of behaviour for all employees, promoting integrity, respect and the adoption of ethical practices in all business operations. The Code of Ethics sets out the company's mission, vision and core values, serving as a guidance for daily decisions and interactions with stakeholders.

Training and awareness raising

The KME Group invests in the ongoing training of its employees, organising annual events such as "Safety Days" at its production plants and service centres. These events are designed to inform and raise awareness among workers on issues related to occupational safety, well-being and corporate culture.

Whistle-blowing channels

The KME Group set up whistle-blowing channels that allow employees to report any inconsistencies or needs confidentially and securely. These channels include a digital whistle-blowing platform that can be accessed anonymously and a direct communication option with plant managers. All reports received are treated with the utmost seriousness and confidentiality, adopting an objective and fact-based approach.

Disciplinary system and corrective actions

The Code of Conduct establishes a clear disciplinary system for handling violations of company regulations. If any negative impacts are identified, appropriate corrective actions are taken to remedy the situation and prevent similar events from recurring.

Employee engagement

The KME Group promotes an inclusive and participatory working environment, involving employees actively in the definition and implementation of company policies. The company collects feedback and suggestions through surveys, regular meetings and consultations with employee representatives in order to continuously improve its practices and respond appropriately to the needs of the workforce.

Taking action on material impacts on own workforce (S1-4)

Actions taken, planned or ongoing to prevent or mitigate negative impacts on the workforce

The KME Group implemented a series of measures to ensure a safe, inclusive and respectful working environment for its employees. The main actions include:

- ***Ongoing training***: recurring programmes designed to strengthen skills in health and safety, human rights, professional ethics and individual responsibility + internal dissemination activities;
- ***Safety Day***: annual initiatives organised across all Group plants and service centres to strengthen the safety culture and raise awareness among workers through workshops, simulations and training sessions.
- ***10 Golden Rules***: operational guidelines that outline key behaviours for occupational safety, applicable on a daily basis by all workers.

Initiatives aimed at generating positive impacts for the workforce

KME promotes a working environment that values the professional growth, well-being and active participation of its employees. The main initiatives include:

- ***Professional development***: ongoing training courses, on-the-job shadowing and individual growth plans;
- ***Organisational well-being***: actions aimed at improving the quality of working life, including psychological support, welfare initiatives and the promotion of work-life balance;
- ***Active engagement projects***: regular feedback collection through company surveys, focus groups and structured listening and discussion sessions.

The effectiveness of the measures taken and identification of the actions required in response to negative impacts:

- ***Performance indicators***: analysis of KPIs such as accident frequency and severity, absenteeism rate and internal satisfaction levels, as well as periodic surveys to gather suggestions from employees;
- ***Discussion with employee representatives*** through scheduled meetings with the WSR and trade unions;
- ***Corrective action plans***, drawn up following incidents or evidence emerging from internal audits or reports.

Resources allocated to managing material impacts

The Group allocates specific resources to managing significant impacts, including an annual Budget dedicated to safety, training and welfare programmes for the company population.

Targets related to managing negative impacts (S1-5)

As part of its sustainability strategy, the KME Group assigns priority to setting concrete and measurable targets for the prevention of negative impacts on its own workforce, with particular attention to occupational health and safety.

One of the Group's key targets is to progressively reduce work-related accidents, with the ambition of achieving "zero harm". This translates into constant monitoring of accident indicators and the widespread dissemination of a culture of prevention. In particular, the accident frequency rate is to be maintained below thresholds defined annually, in line with internal and industry benchmarks. The achievement of these results is supported by systematic mandatory training activities, widespread awareness initiatives such as "Safety Days" and the strict application of the 10 Golden Rules.

Employees are involved not only in setting priorities, but also in monitoring progress. Regular reports, meetings at individual plants and structured feedback systems enable ongoing assessment of progress against set targets. Similarly, any deviations present an opportunity to reconsider actions in the field, make improvements and update strategies.

Employees (S1-6)

As at 31 December 2024, the company had a total of 3,239 employees. 29% of employees work in Italy, 70.5% work in other European countries and 0.5% work in non-European countries. 97% of employees have permanent employment contracts. 94% have a full-time contract, with the remaining 6% work part-time. 87% are men, while 13% are women. The most common age group is over 50 (47%), followed by 30 to 50 (40%) and under 30 (13%). In terms of professional category, 65% are workers, 27% are office workers, 6% are middle managers and 2% are executives. As at 31 December 2024, 17 non-employees were also working in the Group companies.

Employees by geographical areas			
Number of employees	As at 31 December 2024		
	Men	Women	Total
Italy	798	143	941
Other European countries	1,998	279	2,227
Other non-European countries	7	14	21
Total	2,803	436	3,239
Employees by contract and gender			
Number of employees	As at 31 December 2024		
	Men	Women	Total
Permanent	2,727	415	3,142
Temporary	75	17	92
Employees with non-guaranteed working hours	1	4	5
Total	2,803	436	3,239

Employees by contract, gender and geographical areas			
Number of employees	As at 31 December 2024		
	Men	Women	Total
Italy	798	143	941
Permanent	794	136	930
Temporary	4	7	111
Employees with non-guaranteed working hours	-	-	-
Other European countries	1,998	279	2,277
Permanent	1,928	270	2,198
Temporary	70	9	79
Employees with non-guaranteed working hours	-	-	-
Other non-European countries	7	14	21
Permanent	5	9	14
Temporary	1	1	2
Employees with non-guaranteed working hours	1	4	5

Employees by contract type and gender			
Number of employees	As at 31 December 2024		
	Men	Women	Total
Full time	2,718	332	3,050
Part time	85	104	189
Total	2,803	436	3,239

Employees by contract type, gender and geographical areas			
Number of employees	As at 31 December 2024		
	Men	Women	Total
Italy	798	143	941
Full time	785	122	907
Part time	13	21	34
Other European countries	1,998	279	2,277
Full time	1,928	201	2,129
Part time	70	78	148
Other non-European countries	7	14	21
Full time	5	10	15
Part time	2	4	6

TURNOVER			
Number and turnover rate	2024		
	Men	Women	Total
Termination of employment	256	38	294
Turnover rate	9.1%	8.7%	9.1%

Non-employees (S1-7)

NON-EMPLOYEES	As at 31 December 2024		
	Men	Women	Total
Number	12	5	17

Collective bargaining and social dialogue (S1-8)

Employees covered by collective bargaining agreements										
	As at 31 December 2024									
	European Economic Area						Non-EEA			Total
	Italy	Germany	France	Netherlands	Spain	Slovakia	UK	China	Hong Kong	
Number of employees	941	1,851	160	210	18	17	21	12	9	3,239
Number of employees covered by collective bargaining	941	1,811	129	210	18	-	10	1	-	3,120
% Employees covered by collective bargaining	100%	97.8%	80.6%	100%	100%	0.0%	47.6%	8.3%	0	96.3%

Social dialogue										
	As at 31 December 2024									
	European Economic Area						Non-EEA			Total
	Italy	Germany	France	Netherlands	Spain	Slovakia	UK	China	Hong Kong	
Number of employees covered by workers' representatives	484	1,711	123	210	18	-	10	-	-	2,556
% of employees covered by workers' representatives	51%	92%	77%	100%	100%	0%	48%	0	0	78.9%

Diversity and equal opportunities (S1-9)

Professional categories and gender	As at 31 December 2024				
	Men		Women		Total
Executives	55	2%	3	1%	58
Middle managers	149	5%	32	7%	181
Office workers	538	19%	352	82%	890
Workers	2,066	74%	44	10%	2,110
Total	2,808	100%	431	100%	3,239

Professional categories and age groups	As at 31 December 2024						
	< 30		30-50		> 50		Total
Executives	-	0%	19	1%	39	3%	58
Middle managers	2	0.5%	63	5%	116	8%	181
Office workers	97	23%	397	31%	396	26%	890
Workers	317	76%	805	63%	988	64%	2,110
Total	416	100%	1,284	100%	1,539	100%	3,239

87% of employees are men and 13% are women. In terms of professional roles, the highest percentage of women is found in the category of office workers (82% of the total number of women); it is lowest among middle managers (7%) and executives (1%). Out of a total of 13 executives, there is one woman in top management; in this case, the percentage is 8%.

With regard to the composition of the BoD, to date the Company has not applied any specific diversity or gender criteria, nor has it adopted a specific policy in this regard, as it considers compliance with current regulations, particularly with regard to "female quotas" and the provisions of the Articles of Association, to be sufficient for ensuring the appropriate composition of the administrative body. In compliance with these provisions, at the date of this report, the BoD is composed of four female directors (including the Chairwoman) and six male directors. No cases of discrimination in the workplace were reported during 2024.

Adequate wages (S1-10)

Employees who do not receive adequate wages										
	As at 31 December 2024									
	European Economic Area						Non-EEA			Total
	Italy	Germany	France	Netherlands	Spain	Slovakia	UK	Asia	Hong Kong	
Number of employees	942	1,851	162	210	18	17	21	11	9	3,239
Employees who do not receive adequate wages	-	-	-	-	-	-	-	-	-	-
% Employees who do not receive adequate wages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Non-employees who do not receive adequate wages										
	As at 31 December 2024									
	European Economic Area						Non-EEA			Total
	Italy	Germany	France	Netherlands	Spain	Slovakia	UK	Asia	Hong Kong	
Number of non-employees	3	1	8	4	-	-	-	1	-	17
Non-employees who do not receive adequate wages	-	-	-	-	-	-	-	-	-	-
% Non-employees who do not receive adequate wages	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Disabilities (S1-12)

EMPLOYEES WITH DISABILITIES	As at 31 December 2024			
	Men		Women	
Employees with disabilities	143		7	
Total employees	2,803		436	
Percentage	5%		2%	

Occupational health and safety (S1-14)

100% of workers are covered by health and safety management systems. For most of them (92%), these are management systems subject to third-party certification. A total of 33 accidents were recorded in 2024, one of which had fatal consequences. There were 5 cases of occupational diseases. The accident frequency rate among employees was 7.6, while the severity index was 201 and the occupational disease rate was 1.1.

Workforce covered by health and safety management systems			
	2024		
	Employees	Non-employees	Total
Number of people	3,239	17	3,256
Percentage of people covered by health and safety management systems	100%	100%	100%

Workforce covered by health and safety management systems subject to audit or certifications			
	2024		
	Employees	Non-employees	Total
Number of people	2,999	15	3,014
Percentage of people covered by health and safety management systems subject to audit or certifications	92%	88%	92%

Accidents and occupational diseases			
	2024		
	Employees	Non-employees	Total
Fatalities as a result of work-related accidents	1	-	1
Fatalities as a result of occupational diseases	-	-	-
Accidents	33	-	33
Number of hours worked	4,320,133	26,439	4,346,572
Accident frequency rate (injury rate)¹	7.6		7.6
Days of absence due to work-related accidents	870	-	870
Accident severity index (gravity index) ²	201	-	200
Cases of occupational diseases	5	-	5
Days of absence due to occupational diseases	140	-	140
ODR (occupational disease rate)³	1.1	-	1.1

1- Frequency Rate: number of accidents with absence of more than 1 day/number of hours worked x 1,000,000

2- Gravity Index: days of absence due to accidents/number of hours worked x 1,000,000

3- ODR: cases of occupational diseases/number of hours worked x 1,000,000

Remuneration (S1-16)

Remuneration is in line with the salary levels set out in the relevant collective bargaining agreements and Directive (EU) 2022/2041 on adequate minimum wages. The ratio between the total annual remuneration of the person receiving the maximum remuneration and the median of the total annual remuneration of all employees is equal to 34.9. The difference between the average remuneration level of female and male employees is 5.8%.

Total annual remuneration ratio	2024
total annual remuneration of the person receiving the maximum remuneration	Euro 1,690,062
median of the total annual remuneration of all employees	Euro 48,419
Total annual remuneration ratio	34.90

Pay gap	2024		
	Men	Women	%
Gross hourly pay	Euro 38,48	Euro 36,26	5.8%

Cases of discrimination and non-compliance with human rights (S1-17)

During the period under review, no incidents of discrimination in the workplace based on gender, ethnicity, nationality, sexual orientation, religious beliefs, political or trade union opinions were identified or reported.

WORKERS IN THE VALUE CHAIN (ESRS S2)

Impacts, risks and opportunities (ESRS 2 - SBM 3)

The description of impacts, risks and opportunities related to workers in the value chain is contained in the section "General Disclosures (ESRS 2)".

Policies, actions, targets (S2-1 S2-4 S2-5)

The policies relating to workers in the value chain are set out in the KME Group's Code of Ethics and Code of Conduct. Other supporting policies include the Sustainability Policy and supply chain policies. KME is committed to collaborating with partners, suppliers, subcontractors and customers to prevent and mitigate any potential negative impact on human rights and working conditions in the value chain, with a particular focus on workers employed by upstream entities involved in metal extraction and processing.

With regard to the sustainability of the supply chain, KME ensures that its business partners comply with the principles set out in the specific **Code of Conduct for business partners**, with reference to globally established standards such as the "*Global Compact of the United Nations*", the "*United Nations Guiding Principles on Business and Human Rights*", and the "*OECD Guidelines for Multinational Enterprises*". KME purchases materials only from approved and registered suppliers. It is also a member of MARS (Metal Alliance for Responsible Sourcing).

All KME business partners must make a binding commitment to:

- comply with all law provisions of the applicable legislation, including those relating to minimum wages and working hours;
- ensure respect for human rights, including respect for and promotion of equal opportunities and equal treatment for all employees (regardless of skin colour, ethical or social background, race, nationality, sexual orientation, political or religious beliefs or opinions, gender, age, disability, trade union membership, physical characteristics), the prohibition of forced labour, and the right to join workers' representative organisations;
- comply with the prohibition of child labour, which means not employing anyone under the minimum age set out in ILO Convention 138;
- take measures to ensure occupational health and safety.

When selecting new suppliers, KME refers to social sustainability criteria and the protection of human rights, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, occupational health and safety.

As already explained in another section ("General Disclosures – Sustainability of the supply chain"), human rights – and in particular, labour practices, including but not limited to the rejection of forced or child labour, respect for diversity, non-discrimination, freedom of association, fair and favourable working conditions, protection of workers' privacy and relations with communities – are essential aspects of the KME Group's assessment when selecting new suppliers. In line with the update of the regulatory framework governing the supply chain assessment, the Group is updating its supplier assessment processes and procedures to formalise activities that are currently carried out in accordance with established company practices but are not part of a formal, structured process. KME wants to further consolidate the principle of sustainability throughout the value chain, and by 2030, 100% of capital expenditure on material supplies must be made with suppliers that are certified or subject to sustainability checks.

Processes for engaging with workers in the value chain (S2-2)

Beyond what is described in the previous paragraph, there are currently no specific procedures for engaging with workers in the value chain.

Processes to remediate impacts on value chain workers and channels for raising concerns (S2-3)

Workers in the value chain can use whistle-blowing procedures in accordance with the provisions of the Code of Ethics and Code of Conduct.

AFFECTED COMMUNITIES (ESRS S3)

Impacts, risks and opportunities

The description of impacts, risks and opportunities related to the affected communities is contained in the section "General Disclosures (ESRS 2)".

Policies and actions (S3-1 S3-2)

Based on its Code of Ethics and Code of Conduct, KME is committed to establishing open communication with its stakeholders, including members of local communities and local authorities, with a view to pursuing the sustainable development of its activities and having a positive impact on the communities and territories in which the Group operates. The Group companies pay particular attention to their relationships with local institutions and organisations representing community interests, with a view to building relationships based on mutual trust.

The companies of the KME Group care about their relationships with local communities, aware that they can contribute to the development of the area and the well-being of communities, including through support for social initiatives, cultural and sporting activities, and infrastructure projects. The measures implemented are reported in detail in the sustainability reports of the individual companies. By way of example and not limited to, KME Italy has renovated a multi-purpose sports centre and adjoining premises over the last few years, which have been granted on a free loan for use and are therefore used for recreational and leisure activities; while KME Germany has, among other things, developed initiatives to support events of cultural and social interest, supported solidarity initiatives with Ukrainian refugees, and developed forms of cooperation with schools and universities.

Throughout its history, KME has gradually intensified and expanded its commitment to social responsibility. It started with its employees, then turned its attention to their families and the communities that hosted the factories. Finally, a series of more recent initiatives were created through the Dynamo System. The KME Group has greatly strengthened its commitment to social sustainability through the Dynamo System, caring for children with serious illnesses and their families, preserving natural heritage, and providing training on issues related to the common good. The KME Group donated Euro 2 million to the Dynamo System in 2024.

Processes to remediate negative impacts, action plans and engagement with local communities (S3-3 S3-4 S3-5)

Although no specific procedures have been formalised at Group level, as part of their sustainability policies and in accordance with the Code of Conduct, each company (and industrial companies in particular) works to promote and ensure adequate relations with the affected communities, with a view to identifying the actual or potential impact of their activities, minimising risks and enhancing opportunities, addressing and removing the causes of any inconvenience and negative impacts, defining actions and interventions with the engagement of local stakeholders, and participating in engagement initiatives adopted by local institutions.

The Dynamo System

The mission of Fondazione Dynamo is to support the design and development of business organisations that address social issues such as education, healthcare, social services and the environment, while promoting new employment. To date, there are three main projects developed by the Dynamo System: Dynamo Camp, Dynamo Academy and Oasi Dynamo.

- ***Dynamo Camp.*** Founded in 2007, it is located in Limestre (Pistoia), in an oasis covering over 900 hectares (Oasi Dynamo), and is part of the Serious Fun Children's Network, an association founded by Paul Newman in 1988 and operating worldwide. Activities take place at the Dynamo Camp facility, as well as in hospitals, associations and foster homes through the Dynamo Programmes project. Dynamo Camp Onlus runs free recreational therapy programmes, providing specific support for children with serious or chronic illnesses and their families. The result of an industrial redevelopment project, Dynamo Camp consists of a series of buildings used as rooms, common areas, recreational facilities, sports facilities and workshops. Dynamo Camp provides, in particular: recreational therapy programmes for sick children and teenagers, who are hosted at Dynamo Camp unaccompanied by their parents; programmes for the whole family; recreational therapy activities in hospitals and foster homes in major cities throughout Italy and in Riva degli Etruschi. In line with its mission of social inclusivity, Dynamo Camp works to welcome an increasing number of children with complex medical conditions and specific medical needs. In response to the need of families to have "Dynamo close to home", the Foundation is committed to developing the programmes outside the Camp, through the Dynamo City Camp project, visits to hospitals and hotel facilities in the Dynamo Off Camps. In 2024, the City Camp project was carried out in Milan, Turin, Genoa, Florence, Rome, Termoli and Naples. The City Camp in Milan was the first open all year round. This is a "company-owned" Camp located in the building that houses the offices of the Foundation and Dynamo Academy in Milan.
- ***Dynamo Academy.*** It is a social enterprise that promotes the sharing of projects for the common good: training courses, sustainability education for children and young people, experiential learning activities, consulting services for social entrepreneurs and companies, sharing of best practices in partnership with CEPC (Chief Executive for Corporate Purpose). The Academy is based on a network of relationships with universities, foundations, companies, and public and private national and international institutions.
- ***Oasi Dynamo.*** Located in the heart of Tuscany, it is a WWF-affiliated nature reserve. This area used to be a hunting reserve, but today it is a virtuous model of environmental sustainability and social responsibility, thanks to the synergy between environmental conservation, dissemination of an environmentally friendly culture and traditional agricultural practices.

Museum of Contemporary Art

In 2024, work was carried out in Fornaci di Barga to transform the former Centro Ricerche into Dynamo's Museum of Contemporary Art, the MUDY (Museo di Arte Contemporanea). The museum, linked to the system of philanthropic, social, environmental and cultural initiatives that revolve around Dynamo Camp's activities, was inaugurated in April 2025.

Governance information

BUSINESS CONDUCT (ESRS G1)

Impacts, risks and opportunities

The description of impacts, risks and opportunities related to business conduct is contained in the section "General Disclosures (ESRS 2)".

Business conduct policies (G1-1)

Code of ethics

The Code of Ethics defines the values that inspire the KME Group, as well as the principles and rules of conduct to be adopted in relations with key stakeholders. The rules apply, without exception, to all employees, members of corporate bodies and contractors of Group companies and to all those who establish relationships with them or work to pursue their targets, either directly or indirectly, permanently or temporarily.

The Code of Ethics draws inspiration from the following national and international guidelines on human rights, corporate social responsibility and corporate governance:

- the Universal Declaration of Human Rights of the United Nations;
- the United Nations Convention on the Rights of the Child;
- the United Nations Convention on the Elimination of All Forms of Discrimination against Women;
- the UN Global Compact Principles;
- the 8 fundamental conventions of the ILO (International Labour Organisation);
- the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises;
- the Charter of Fundamental Rights of the European Union;
- the Corporate Governance Code of Borsa Italia;
- the Charter of Values of the European Institute for Social Balance;
- Italian Legislative Decree No. 231 of 8 June 2001 "Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality" as amended;
- the United Nations Convention against Corruption.

Code of Conduct

The Code of Conduct requires the KME Group companies and their employees to strictly comply with all applicable regulations, and to respect the rules and ethical principles established in company policy. The KME Code of Conduct covers the following topics, in particular:

- Fair competition and antitrust
- Anti-corruption and anti-bribery
- Environment, health and safety
- Prohibition of child labour
- Respect for human rights
- Preventing the violation of our property rights or those of third parties
- Avoiding conflicts of interest

- Processing of information

The Code of Conduct applicable to the KME Group companies defines the fundamental principles of cooperation with business partners, customers, colleagues, competitors and the public. As KME's reputation is greatly affected by the actions and behaviour of its employees, it is crucial that everyone complies with the Code of Conduct when carrying out their work, regardless of their function or position. All employees are required to comply with applicable laws and company directives. While the Code of Conduct is not a comprehensive document, and cannot anticipate every possible situation, unethical behaviour of any kind is not permitted, even if not explicitly covered in this document. It is clear that violations of the law are not permitted under any circumstances. KME employees who violate the principles of the Code of Conduct are subject to severe penalties, including termination of employment. Any employee who violates these principles cannot justify their behaviour by claiming that they were acting in KME's interests, since any violation inevitably has a detrimental effect on the Company. The Code of Conduct aims to promote a culture of value creation by raising employee awareness of the current regulatory provisions and obliging them to comply with relevant rules and ethical principles in their day-to-day work. The Code of Conduct also encourages and raises awareness among employees to proactively seek clarification in case of doubt, as ignorance of the rules does not constitute a defence against potential consequences of criminal, civil, or labour law violations. In case of doubt, employees can and should contact their line manager or the Legal Department. All employees also have the right to report any circumstances that may indicate a violation of internal rules. This opportunity should be used in the best interests of KME and its employees. To this end, KME appointed an external lawyer (ombudsman) to whom employees can report such irregularities, and this can be done anonymously if preferred. Any employee who makes a report in good faith is protected. All information will be handled professionally and in accordance with the rights of all parties involved.

- ***Prohibition of child labour.*** KME guarantees the prohibition of child labour, except where expressly permitted by international conventions (ILO Convention 138), such as in emerging countries where the age limit is 14.
- ***Respect for human rights.*** KME guarantees respect for the personal dignity, privacy and rights of each employee and does not force any individual to work against their will. The Group guarantees compliance with the maximum number of working hours established by the laws in force and recognises its employees' right to freedom of association. The Group companies carry out their activities in accordance with the applicable laws that protect working conditions in the countries where they operate, ensuring that child labour and forced labour are prohibited.
- ***Equal opportunities and non-discrimination.*** KME promotes equal opportunities in employment and in the treatment of its employees. Relationships between employees of Group companies must be based on the principles of civil coexistence and must be carried out with mutual respect for the rights and freedoms of individuals. In particular, discrimination or retaliation on the grounds of nationality, religious belief, political or trade union affiliation, language or gender shall not be permitted.
- ***Internal control processes.*** The Group believes it is essential for its human resources to be aware of the existence of control procedures and understand the contribution they make to corporate efficiency and the achievement of business objectives. The responsibility for establishing an effective internal control system is shared across all operational levels. Accordingly, all employees, within the scope of their duties, are responsible for designing, implementing, and ensuring the proper functioning of the controls related to their assigned operational areas.
- ***Customers.*** KME is committed to acting in compliance with the values of excellence and innovation, striving to respond to the needs of its customers in the best possible way and guaranteeing them high-standards of quality in the products and services offered. Each Recipient must pursue maximum customer satisfaction by providing, among other things, complete, accurate and transparent information on products, services offered and various aspects relating to commercial transactions, avoiding the use of misleading practices, so as to encourage informed and conscious choices with a view to mutual responsibility and respect.

- ***Investors and the financial community.*** The KME Group is committed to sustainable success, creating long-term value for its investors and all its stakeholders, and promoting the exchange of information and dialogue between the parties. KME is committed to building relationships with current and potential investors, as well as the financial community, based on the clear, complete and transparent sharing of information, aimed at ensuring that investors can make informed decisions about investing in the Group. The description of products and services, the organisational structure of the Group and financial statistics and reports must always be based on criteria of completeness, accuracy and transparency of information.
- ***Media.*** Relations between Group companies and the media are the responsibility of the specifically designated corporate functions and must be consistent with the communication policy defined by the Group and the corporate procedures in place. Any participation on behalf of or representation of KME Group in committees or associations of any kind, whether scientific, cultural or professional, must be authorised and formalised in writing in accordance with company rules.
- ***Local communities.*** KME is committed to establishing open communication with its stakeholders, including members of local communities and local authorities, with a view to pursuing the sustainable development of its activities and having a positive impact on the communities and territories in which the Group operates.
- ***Environment.*** The KME Group is committed to promoting and spreading a culture of environmental responsibility among its stakeholders. The Group's commitments in terms of environmental sustainability include the development of preventive strategies aimed at avoiding environmental pollution, the efficient use, recovery and/or recyclability of materials, and energy efficiency in the production and supply of its products and services. In performing their functions, the Recipients undertake to comply with the regulations in force on environmental protection and promotion, and also promote the conduct of their activities focused on the correct and functional use of resources and respect for the environment.

Cases of violation of the Code of Conduct

There were no significant violations of the provisions of the Code of Ethics and Code of Conduct recorded in 2024.

Compliance

There were no instances of non-compliance with laws and regulations in 2024.

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

During the reporting period, no legal action was taken against any of the Group's companies in relation to anti-competitive behaviour and/or violations of anti-trust and monopoly laws. No proceedings were pending on these matters.

ESG certifications

To guarantee the highest standards on sustainability topics, the management systems implemented at KME comply with the following requirements regarding the environment, energy, occupational safety and product quality, as set out in international regulations and standards:

- ISO 9001:2015 (Quality management)
- ISO 14001:2015 (Environmental protection)
- ISO 45001:2018 (Occupational safety and health protection)

- ISO 50001:2018 (Energy management)
- IATF 16949:2016 (Additional QM requirements for the automotive industry)

KME aims to guarantee high environmental standards and continuous improvement in the efficient use of material resources, energy efficiency and climate protection. KME's environmental and energy management is certified in accordance with ISO 14001 and ISO 50001. Occupational health and safety are certified according to ISO 45001.

Ensuring product quality and safety is no less important a priority for KME. KME pays close attention to this goal throughout the entire process, from research and development to production and marketing. Within the supply chain, suppliers are selected based on the required quality standards. Constant and strict checks are carried out throughout the production phase. With regard to product safety, KME operates in compliance with the European REACH and ROHS directives. KME's quality management is certified according to ISO 9001 and IATF 16949.

Relationships with suppliers (G1-2)

The KME Group pays particular attention to the sustainability of its supply chain. For this reason, it ensures, wherever possible, that suppliers comply with the principles set out in the specific **Code of Conduct for business partners**, with reference to globally established standards such as, in particular, the "*United Nations Global Compact*", the "*United Nations Guiding Principles on Business and Human Rights*", and the "*OECD Guidelines for Multinational Enterprises*". KME purchases materials only from approved and registered suppliers, and constantly inspects their work. KME is a member of MARS (Metal Alliance for Responsible Sourcing), an initiative for sustainable design and certification of raw material sourcing.

All KME business partners must make a binding commitment to:

- comply with all applicable laws and regulations, in particular (but not exclusively) the provisions of the applicable law on competition, antitrust, trade restrictions, data protection, working hours, minimum wages and the environment;
- actively guarantee respect for fundamental rights. This includes respecting and promoting equal opportunities and equal treatment for all employees (regardless of skin colour, ethnic or social background, race, nationality, sexual orientation, political or religious beliefs or opinions, gender, age, disability, trade union membership, physical characteristics), as well as respecting the dignity, privacy and the general right to privacy of each individual employee, the prohibition of forced labour, torture, sexual harassment, as well as the right to form an employee organisation;
- comply with the prohibition of child labour, which means not employing anyone under the minimum age set out in ILO Convention 138;
- adopt measures that ensure the health and safety of their employees and consequently train their employees in order to reduce the risk of occupational diseases and accidents;
- comply with applicable environmental legislation and international standards in this area;
- take appropriate measures to avoid the use of raw materials that, either directly or indirectly, finance armed groups responsible for human rights violations;
- not to recommend, tolerate or participate (either directly or indirectly, actively or passively) in any action involving corruption and/or extortion. This also includes not offering or granting any person illegal advantages, nor requesting or accepting them, with the aim of obtaining personal gain, creating dependencies, or causing conflicts of interest. The applicable regulations of the relevant legal system must be observed;
- comply with applicable anti-money laundering laws and regulations, as well as international standards in this area;
- respect the property (including intellectual property) of third parties and adopt IT security measures;
- promote compliance, within its supply chain, with the principles set out in the "Code of Conduct for business partners of the KME Group Companies".

Prevention of corruption and bribery (G1-3)

The KME Group is committed to combating corruption in all its forms, basing its activities on the values of integrity, honesty and transparency and maintaining fair and honest relationships with its stakeholders. The possibility of obtaining greater profits or gains of whatever amount shall in no case justify the establishment of illegal commercial practices. This principle applies without exception to all levels within the KME Group. Therefore, the Group asks its stakeholders to comply with the rules of conduct defined in its Code and, where applicable, in the Organisation, Management and Control Model, pursuant to Italian Legislative Decree 231/01, adopted by each individual company of the Group, and to act in accordance with ethical and legal rules, without resorting to unlawful means, such as attempted corruption, favouritism and soliciting personal advantages.

In accordance with the provisions of the United Nations Convention against Corruption, adopted in 2003 and in force since 2005, KME rejects all forms of corruption and bribery. Therefore, KME will not enter into any business relationship involving infringements of the regulations in force or violations of company regulations regarding the granting/acceptance of sums of money or other benefits, even if this results in the loss of business. The possibility of obtaining greater profits or gains of whatever amount shall in no case justify the establishment of illegal commercial practices. This principle applies without exception to all levels within the KME Group. In some foreign countries, local customs require gifts to be given as a sign of courtesy and respect. In such cases, it is important to ensure that no dependence develops on either the donor or recipient side, and that all applicable national and international regulations are complied with. The manager must be informed of any gifts received and the provisions contained in the Code of Ethics must be observed. KME complies with the anti-money laundering regulations set forth in international regulations and applicable national laws. Therefore, KME will not establish any business relationship that could be used to conceal the criminal origin of money or assets. In case of doubt, employees should contact their line manager or the Legal Department.

Incidents of corruption or bribery (G1-4)

There were no incidents of corruption or bribery during the reporting period.

Political influence and lobbying activities (G1-5)

Public Administration, Public Institutions and Regulatory Bodies. The undertaking of commitments with the Public Administration and Public Institutions is strictly reserved to the designated and authorised corporate functions. Recipients who, as part of their functions, find themselves legitimately dealing with the Public Administration, Public Institutions and Regulatory Bodies, are responsible for verifying in advance, and with due diligence, that the information declared and/or certified, in the interest of the Group, is true and correct.

Political and trade union organisations. KME is committed to open dialogue with trade union representatives to address topics relating to employment and industrial relations in a collaborative manner. In principle, Group companies do not make contributions to political parties, committees, or trade unions. If a contribution is deemed appropriate in the public interest, the Group assesses whether it is permissible under the laws in force. However, all contributions must be paid in strict compliance with the laws in force and properly recorded.

Payment policies (G1-6)

KME Group is committed to ensuring fair and responsible relations with its suppliers with regard to payments, complying with the terms set out in commercial agreements and, at the same time, with the principles of financial integrity. To this end, it aims to prevent late payments, paying particular attention to small- and medium-sized enterprises. This is achieved by establishing standardised payment terms for the main categories of suppliers and implementing a monitoring system to ensure compliance with these terms. Three key indicators are reported below: average payment duration (the time between an invoice being received and payment being completed); percentage of payments made on time (the percentage of invoices paid before the due date); average payment term (the agreed payment period). The sampling was carried out on the entire population of suppliers, including SMEs.

Average payment duration	126 days
Percentage of payments made on time	91.7%
Average payment term	<i>The contractual payment terms vary depending on the type of purchased materials or services. With regard to purchases of metals, the contractual terms range from 30 to 150 days; for other purchases, payment terms range from 30 days (mainly applicable to the supply of EE) to 90 days.</i>

APPENDIX

Methodological notes

Double materiality analysis

The EU rules on corporate sustainability reporting came into force on 5 January 2024. In accordance with the provisions of the new directive, compliance with ESG factors will therefore begin to be reported as a requirement in the Reports on Operations attached to company financial statements from this year onwards. In accordance with the requirements of the Corporate Sustainability Reporting Directive ("CSRD") and the European Sustainability Reporting Standards ("ESRS"), KME defined the double materiality process for the 2024 sustainability statement.

The materiality analysis is the tool through which a Company or Group identifies strategic topics in terms of their potential and/or actual positive and/or negative impact on the organisation itself, the environment and the communities in which it operates.

Over the past few years, the materiality analysis process implemented by the various categories of entities operating in the markets has undergone a gradual evolution. The increasing focus of stakeholders on environmental, social and governance (ESG) factors has made traditional reporting no longer sufficient for understanding how sustainability topics are integrated within different organisations. This requirement led to the development of a new analytical model that combines the assessments of external risks to which an organisation may be exposed with an assessment of the impact of its processes on the environment and the external society.

In particular, the ESRS defined by EFRAG adopt a "**double materiality**" perspective: i.e. they require companies to report both their environmental and social impact and the risks and opportunities that environmental and social sustainability topics in turn generate for the company. Directive (EU) 2464/2022 states that organisations shall report "both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking".

According to ESRS, the materiality assessment process followed three consecutive phases: i) understanding the context combined with a commercial overview of the Group; ii) identifying potential and actual IROs (impacts, risks and opportunities); iii) assessing identified IROs through a double materiality analysis (impact and financial).

The first phase was dedicated to understanding the context and developing an overview of the Group with regard to: business activities and relationships, analysis of the relevant legal and regulatory framework for the transactions, and finally understanding the parties involved and the stakeholders affected.

This enabled the analysis and identification of a series of material impacts, risks and opportunities (IROs) related to ESG topics in its activities and value chain in a second phase. In particular, in accordance with the application requirements set out in Appendix A of the ESRS, the Group considered the list of sustainability topics covered in the topical ESRS (paragraph RA 16), integrating these with the material topics reported in the 2023 Non-Financial Statement and finally completing the list with any additional entity-specific topics.

Thanks to the initial phase of understanding the context, in determining the relevant issues, the Group considered and adapted the analysis to its specific situation, taking into account the sectors, markets and geographical areas in which the Group companies operate, while also considering its main stakeholders and an assessment of the main aspects on which its activities could have an impact. This made it possible to break down, for each topical ESRS, the specific topic covered by the topical standard based on the current situation of the group, so as to allow the selection of specific subtopics for assessing the materiality of impacts and specific subtopics for assessing risks and opportunities of financial materiality.

When identifying the impacts, risks and opportunities in the value chain to determine their materiality, the group paid particular attention to areas where such impacts, risks and opportunities were considered likely to occur based on the nature of activities, commercial relationships and geographical areas, among other factors. This enabled the identification of current and potential impacts, risks and opportunities (IROs), which were analysed separately in order to determine the material sustainability topics. Therefore, the double materiality concerned:

- Impact materiality assessment;
- Financial materiality assessment.

Impact materiality

A sustainability topic is material when it pertains to the undertaking's material *actual or potential, positive or negative* impacts on people or the environment over the *short-, medium- and long-term*. The impacts defined in this way include two aspects: they refer to *the undertaking's own operations and/or the upstream and downstream value chain*, through its products and services bought and sold, as well as through its business and non-business relationships (i.e. reference communities). Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships.

The materiality assessment of a negative impact is based on the due diligence process defined in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

With regard to **impacts**, materiality is assessed based on the *severity and likelihood of the impact*. The severity is estimated based on the following factors:

- a) *the scale*: how serious/positive the impact is or could be;
- b) *the scope*: how widespread the impact is or could be; and
- c) *the irreversibility* of the impact, only for negative impacts.

For the sake of completeness, a likelihood value was assigned not only to potential impacts, but also to actual impacts, which have been assigned a maximum likelihood value as they are actual impacts.

To quantify the qualitative assessments of all factors associated with each individual impact, each attribute/factor was assigned a score from 1 (absent/negligible) to 5 (very high/likely), as shown in the table below.

Punteggio	1	2	3	4	5
Entità	Assente-trascurabile	Bassa	Media	Alta	Molto Alta
Portata	scarsa - trascurabile	Bassa	Media	Alta	Molto Alta
Irrimediabilità	trascurabile	Bassa	Media	Alta	Molto Alta
Probabilità	evento molto remoto	remoto	possibile	probabile	altamente probabile

Figure 1. Score table. Intermediate assessments (i.e. 2.5) were also used to represent an intermediate situation between one score and another.

This assignment made it possible to associate a quantitative value with each individual impact ("**Impact Value**"), equal to the product of the *Likelihood* score and the *Severity* score, the latter obtained as the average of the scores assigned to entities, scope (and irreversibility in the case of negative impacts).

In this way, a score was defined for each topical ESRS, taking the maximum value of the scores associated with the individual impacts included in the topic itself.

Finally, once a range of scores between 5 and 20 had been obtained, a minimum threshold for topic scores (equal to the average of the total scores) was set, allowing only topics considered to be material to be selected. The materiality threshold was determined in such a way as to include all topics that express a significant quantitative score above the average of the assessments, thus reflecting the quantitative combination of impact values considered material from a qualitative point of view.

Financial materiality

The financial materiality assessment corresponds to the identification of information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the organisation under review. In particular, information is considered material for primary users of general-purpose

financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement.

A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This occurs when a sustainability topic generates *operational or reputational risks*, or *opportunities* that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term. Risks and opportunities may derive from *past or future* events. The financial materiality of a sustainability topic is not limited to matters within the control of the undertaking, but also includes information on material risks and opportunities arising from business relationships beyond the scope of consolidation used in the preparation of the financial statements. As with impact analysis, risks and opportunities relating to both own actions and those along the value chain are considered.

The materiality of risks and opportunities is assessed based on a combination of the *likelihood* of occurrence and the *potential magnitude* of the financial effects. Again, for each risk and opportunity, a value ranging from 1 (absent/negligible) to 5 (very high/likely) was assigned to both factors (magnitude and likelihood), as shown in the table below:

Punteggio	1	2	3	4	5
Magnitudo	Assente-trascurabile	Bassa	Media	Alta	Molto Alta
Probabilità	evento molto remoto	remoto	possibile	probabile	altamente probabile

Figure 2. Score table. Intermediate assessments (i.e. 2.5) were also used to represent an intermediate situation between one score and another.

This made it possible to calculate a **financial materiality value** equal to the product of the magnitude and likelihood values for each risk and opportunity identified in the analysis. As with the approach used for impact materiality, each topical ESRS was assigned a score equal to the highest financial materiality score associated with the individual risks and opportunities included in that topic.

Finally, setting a minimum threshold for topic scores of 9, given a range of scores between 1 and 14, made it possible to select the topical ESRS considered to be actually material. The materiality threshold was determined in such a way as to include all topics that scored above the average of the assessments carried out and that reflected the quantitative combination of financial materiality values associated with the risks and opportunities identified and considered material from a qualitative point of view.

GHG emissions and energy consumption

SCOPE 1 emission factors

For Scope 1 emissions, the energy flows considered are:

- Natural Gas
- Extra light O.C. (heating gas oil)
- LPG (also referred to as Propane)
- Biomass (such as charcoal)
- Petrol (for Scope 1 purposes, calculated on the basis of 100% of consumption for instrumental use and 70% of consumption for mixed use)
- Diesel (for scope 1 purposes, calculated on the basis of 100% of consumption for instrumental use and 70% of consumption for mixed use)

The emission factors for fuels in Scope 1, in continuity with previous years, were processed on the basis of the National Inventory Report (Italy) 2024, CRT 2024 and ISPRA 2024: Combustion emission factors.

Ispra 2024: National Inventory Report 2024; <https://www.isprambiente.gov.it/en/publications/reports/italian-greenhouse-gas-inventory-1990-2022-national-inventory-report-2024>

Italy 2024: Italy 2024 Common Reporting Tables; <https://unfccc.int/documents/643764>

ISPRA, 2024: Fattori di emissione dalla combustione (Combustion emission factors); <https://emissioni.sina.isprambiente.it/wp-content/uploads/2024/07/EF-combustion-2022.xlsx>

The energy value (GJ/Sm³ or GJ/l or GJ/kg) is not usually reported directly by the main source used for climate change factors, and therefore the implicit energy value was calculated from the data in tCO₂/TJ and the data in tCO₂/t or 1000 Sm³.

Where the data collected – such as petrol and diesel (automotive or heating) – were expressed in litres, a conversion factor based on the specific weight of the liquids was applied. This data was taken from the updated FIRE (Federazione italiana per l'uso razionale dell'energia, Italian Federation for the Rational Use of Energy) tables.

The details of the calculation are provided in the annex to the methodological note.

The GWP factors used for the CO₂e calculation, where the source only indicated CO₂, CH₄ and N₂O values, are those from the Sixth assessment IPCC: 1 for CO₂, 27 for CH₄, 273 for N₂O. In particular, in accordance with IPCC guidelines, the value for methane is the "non-fossil" value to be used as a reference for all combustion emissions.

SCOPE 1 emission factors in CO₂ eq.

	kgCO ₂ /GJ	kgCH ₄ /GJ	kgN ₂ O/GJ	kgCO ₂ e/GJ	Source
Natural gas	58.918	0.001	0.0003	59.027	Ispra (industry sheet)
Heating gas oil	73.927	0.012	0.002	74.797	Ispra (non-industrial sheet)
Petrol	73.081	0.093	0.002	76.220	Ispra (non-industrial sheet)
Diesel	73.512	0.0006	0.003	74.319	ITA-CRT 2024, Table1.A(a)s3
LPG	65.980	0.0089	0.001	66.411	ITA-CRT 2024, Table1.A(a)s3
Charcoal (bio)				112	ETS Report KME Mansfeld and EC, MRR v.3 Guidelines (3,3 tCO ₂ e/t)

Scope 1 emissions

		INDUSTRIAL	NON-INDUSTRIAL	TOTAL
Gross Scope 1 GHG emissions	tCO ₂ e	53,163	88	53,251
Of which Scope 1 GHG emissions from regulated emission trading schemes	tCO ₂ e	36,452	-	36,452
% of Scope 1 GHG emissions from regulated emissions trading schemes	%	68.57%	0.00%	68.45%
			-	-
Biogenic CO₂ emissions from biomass combustion	tCO ₂ e	340	-	340

SCOPE 2 Emission factors (and energy source composition)

For Scope 2 emissions, the energy flows considered are:

Electricity purchased, broken down by supplier

- from contract with a certified renewable energy supplier
- from contract with supplier with partial certified renewable sources and with a specific energy mix and emissions (other than the "residual mix")
- from contract with supplier based on the "residual mix"

Electricity self-generated from renewable sources

- of which self-consumed
- of which released to the grid

Emissions are considered according to market-based and location-based approaches. The energy mixes used for ESRS 1 data are based on a market-based approach.

(a) Market Based

"Residual mix" contracts apply to all suppliers, except in the cases indicated below. The values for the energy mix and CO2 eq emissions are derived from AIB, 2024: European Residual mix 2023 (table 2 Residual mix), <https://www.aib-net.org/facts/european-residual-mix>

For China and Hong Kong, the data (2023 mix and emissions) are derived from the Ember database. <https://ember-energy.org/data/electricity-data-explorer/>

Supplier contract with "Residual Mix": energy mix and CO2e emissions

	fossil %	nuclear %	renewable %	CO2eq (g/kWh)
Italy	88.32%	4.40%	7.28%	500.57
Germany	96.79%	3.21%	0.00%	719.90
France	8.81%	86.53%	4.66%	40.74
Spain	59.09%	37.51%	3.40%	282.45
UK	68.18%	18.57%	13.25%	388.40
Slovakia	48.60%	46.70%	4.69%	357.56
Netherlands	61.53%	0.30%	38.17%	379.89
China	64.80%	4.60%	30.60%	583.6
Hong Kong	99.1%	0	0.95%	682

Supplier contract with energy mix and emissions other than Residual Mix

		fossil %	nuclear %	renewable %	CO2eq (g/kWh)
KME Italy + SCT	GO (per portion of consumption)			100	0
SC UK	Total Energies Zero Carbon Energy for Business		10	90	0
SC Spain	L'electra			100	0
KME Mansfeld	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
KMCB	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
Germany	Enercity – Verbleibender ET MIX 2023	47.7	1.6	50.7	392
Stolberg	Enercity – Enercity Mix 2023	41	1.4	57.6	334

(b) Location based

Data on the production mix, provided by AIB for Europe and by Ember for non-European countries, was used for the location-based calculation.

Data from: AIB European Residual Mixes 2023 (table 5: Production mix): Data from Ember <https://ember-energy.org/data/electricity-data-explorer/> for China and Hong Kong (data as at 2023)

Energy mix and CO2e emissions for Location Based approach

	fossil %	nuclear %	renewable %	CO2 (g/kWh)
Italy	56.14%	0.00%	43.86%	273.63
Germany	45.05%	1.49%	53.45%	335.09
France	6.66%	65.45%	27.89%	30.80
Spain	28.20%	20.95%	50.85%	121.84
UK	38.58%	13.55%	47.87%	193.39
Slovakia	15.03%	61.98%	22.99%	123.04
Netherlands	48.84%	3.16%	48.00%	241.57
China	64.80%	4.60%	30.60%	583.6
Hong Kong	99.1%	0	0.95%	682

Scope 2 emissions

Scope 2 GHG emissions	UOM	INDUSTRIAL	NON-INDUSTRIAL	TOTAL
Gross Scope 2 GHG emissions (Location-based)	tCO2e	73,132	125	73,257
Gross Scope 2 GHG emissions (Market-based)	tCO2e	90,990	224	91,213

Scope 3 emissions

For the purposes of Scope 3 analysis, a significance analysis (attached) was carried out on the various Scope 3 categories, considering four variables:

- Size: the size of the contribution of each Scope 3 category to the company's total emissions;
- Influence: the possibility for the company to determine or influence the reduction of potential emissions;
- Risk: contribution to the company's exposure to risk in terms of finance, regulation, supply chain and reputation;
- Stakeholders: importance perceived by stakeholders.

Each variable was assigned a score from 1 to 5, where scores of 1-2 are considered low, 2.5-3.5 are considered average, and 4-5 are considered high.

Impact categories with an average value equal to or greater than 2.5 were considered significant. In addition, particularly for categories characterised by a higher degree of uncertainty in the estimate, a threshold of 0.5% of Scope 3 emissions was considered significant.

The following impact categories were considered significant: Category 1 Purchased goods and services; Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2); Category 4 Upstream transportation and distribution; Category 5 Waste generated in operations; Category 7 Employee commuting; Category 9 Downstream transportation and distribution.

Despite its modest impact, Category 5 (waste) was nevertheless included because it is associated with specific targets (% of waste recovery and recycling) and because it is relevant to stakeholders. Category 7 (employee commuting) was included because it exceeded the significance threshold (0.51% of Scope 3 emissions), material for stakeholders and management, and could be subject to appropriate reduction measures.

Other impact categories have been excluded because they are not applicable to the company's production (Category 8 Upstream leased assets; Category 13 Downstream leased assets; Category 14 Franchises).

Three categories were also excluded because they were not significant or material (using a threshold of 0.5% of Scope 3): Category 2 Capital goods, Category 6 Business travel, Category 12 End-of-life treatment of sold products, Category 10 Processing of sold products, Category 11 Use of sold products, Category 15 Investments.

With regard to capital goods (category 2), this exclusion could be reconsidered in the coming years if there are more significant investments in machinery and real estate. In the absence of such investments, the consumption of capital goods (typically furniture, electronics, etc.) is not significant (<0.1% of Scope 3 emissions). With regard to business travel (Category 6), an estimate of the number of trips was made. The estimated number of business trips amounts to approximately 1,923,374 passenger-kilometres by plane, 594,084 passenger-kilometres by car and 159,500 passenger-kilometres by train.

For the estimation of emissions, DEFRA emission factors are applied for air travel in business class, distinguishing between short-haul flights (less than 1,400 km) and long-haul flights (over 1,400 km). For road travel, recalculated emission factors for the national vehicle fleet (as used in Category 7) are considered, while DEFRA emission factors are also used for domestic train travel.

Total estimated emissions amount to 661 t/a, equivalent to 0.1% of total Scope 1, Scope 2 market-based and Scope 3 emissions.

Transport type	t CO ₂ e
Short-haul flights	498
Long-haul flights	62
Road travels	95
Train travels	6
Total	661

Therefore, these impacts are not significant. However, this exclusion could be reconsidered in the coming years if business travels are properly recognised.

With regard to Category 11, it should be noted that KME produces copper and copper alloy intermediates that are processed by other industries and there may also be two or three interim steps before the finished product is manufactured. As a result:

- KME has no visibility of the type of finished products manufactured with its intermediates, nor can this information be obtained directly from its customers, who are themselves only occasional manufacturers of finished products. Therefore, KME has no operational or contractual control over, or influence on, how end customers (i.e. manufacturers and consumers of the finished product) use the finished products.
- The use of finished products derived from the downstream processing of intermediates manufactured by KME is not significant in the materiality analysis or in stakeholder expectations.
- The materiality of impacts arising from the use of products is indefinable, as it is not possible to identify the finished products.

With regard to Category 12, the end-of-life treatment of sold products, it is possible to estimate, albeit with considerable uncertainty, the final disposal of finished products derived from KME's intermediate products. However, the estimated impacts appear to be not significant.

KME intermediate products sold to third parties (excluding intercompany transactions) amounted to 162,265 t/a. This is the quantity that can be transformed into finished product on which the potential end-of-life impact is calculated.

For the disposal methods, the estimate developed by JRC (Passarini F. et al 2018: Material Flow Analysis of Aluminium, Copper, and Iron in the EU-28; JRC Technical Report in <https://publications.jrc.ec.europa.eu/repository/handle/JRC111643>) is used. According to JRC, approximately 61% of total copper scrap generated at the end of a product's life is sent for recycling. The type of disposal for the remaining portion of waste cannot be defined, so it can be assumed that it is disposed of in line with the EU average for total waste, net of the portion sent for recycling: 52% is sent to landfill (including backfilling) and 48% is sent for combustion (incineration and energy recovery).²

Based on DEFRA emission factors (with reference to metal waste disposal), the total emissions amounted to 1,121 t (equivalent to 0.2% of total Scope 1, Scope 2 market-based and Scope 3 emissions).

	disposal %	t/a disposed of	EF kg/t CO ₂ e	t CO ₂ e
Recycling	61.0%	98,982	6.41	634
Combustion	18.7%	30,344	6.41	195
Landfill	20.3%	32,940	8.88	293
Total				1,121

² According to the latest data available at EU level as at 2020, 19% of total waste was disposed of in landfills, 20% was disposed of by incineration or energy recovery, 58% was recycled, and 3% was used for backfilling (use for environmental filling). Net of the portion sent for recycling, 52% of waste is disposed of in landfills or backfilling and 48% is incinerated and recovered for energy (Eurostat source, database, env_wasoper indicator at https://ec.europa.eu/eurostat/databrowser/view/env_wasoper/default/table?lang=en&category=env.env_wasoper)

Scope 3 emissions

Gross Scope 3 GHG emissions	tCO ₂ e	324,567
Category 1 Purchased goods and services	tCO ₂ e	271,896
Category 2 Capital goods	tCO ₂ e	Not significant
Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	tCO ₂ e	30,971
Category 4 Upstream transportation and distribution	tCO ₂ e	7,590
Category 5 Waste generated in operations	tCO ₂ e	128
Category 6 Business travel	tCO ₂ e	Not significant
Category 7 Employee commuting	tCO ₂ e	1,651
Category 8 Upstream leased assets	tCO ₂ e	Not applicable
Category 9 Downstream transportation and distribution	tCO ₂ e	12,332
Category 10 Processing of sold products	tCO ₂ e	Not significant
Category 11 Use of sold products	tCO ₂ e	Not significant
Category 12 End-of-life treatment of sold products	tCO ₂ e	Not significant
Category 13 Downstream leased assets	tCO ₂ e	Not applicable
Category 14 Franchises	tCO ₂ e	Not applicable
Category 15 Investments	tCO ₂ e	Not significant

Category 1 Purchased goods and services: data from Resources used (ES 5.4).

For Category 1, data is derived from the Resources used (ES 5.4) table.

The activities considered include metallurgical production, the purchase of water from the public water supply network, and the production of perfumery products.

Metallurgical production

It is important to note here that primary metals (this term is used even though these metals, primarily "copper cathode", contain secondary copper from recycling) considered for Scope 3 purposes do not include metals processed (and considered in the data on resources used) as part of "tolling manufacture", i.e. third-party contract manufacturing. In these operations, a third party provides the materials and manages the resulting processed product. Therefore, these are activities over which KME has no operational control and, in line with GHG Protocol procedures and guidelines for other similar sectors, KME considers consumption, emissions and waste generated by these processes, but does not consider metals supplied for processing in the calculation of Scope 3 emissions.

As shown in the table, there is a significant difference between primary metals "processed" and metals purchased considered for Scope 3. The total amount of metals processed (excluding scrap and semi-finished products) is 110,438 tonnes, while the total amount of metals purchased (excluding tolling) is 59,405 tonnes. Similarly, scrap purchased amounted to 58,103 tonnes (net of tolling), compared with 87,534 tonnes used in the processes.

Comparison table between metals processed (as resources used in ES 5.4) and metals purchased (net of tolling)

		Total primary metals	Copper	Zinc	Pro-Alloy	Other
Total	Metals processed	110,438	99,417	8,328	1,623	1,070
Total	Metals purchased	59,405	51,767	7,004	0	634

The following table shows the total amounts for metallurgical production materials considered for Scope 3, highlighting specific emission factors and sources.

- For packaging materials, the emission factors provided by DEFRA 2024 were used.
- For process materials (chemical, inorganic and other non-metallic products), the emission factors provided by BAFA 2024 were generally used.
- With regard to metals, primary carbon footprint data provided by the supplier is available for three copper cathode supplies. These three suppliers amounted to 22,574 tonnes.
- For the remaining purchases of copper cathode (29,193 t), the figure for global production provided by the International Copper Association (2023) was used.
- For semi-finished copper products – mainly billets – the value referring to copper cathodes remained unchanged. It should be noted that semi-finished products, such as pipes and wire, which are not made solely of copper, have lower associated CO₂e emissions than cathodes.
- For other metals used, the emission factors reported by BAFA 2024 were considered, with values typically referring to primary consumption. For silver, the value provided by Aurubis was used. Although Aurubis is not the supplier, its secondary processes and utilisation rates are comparable to those of KME's supplier.
- For scrap, whose transport is already considered in the calculation of Scope 3 and the "preparation for recycling", if any, in the calculation of Scope 1 (activities that take place within the plant), no other associated emissions were considered.

For scrap (waste resulting from previous use, of high quality and generally classified as "end of waste"), in compliance with the GHG Protocol, the "cut-off approach" applies, according to which the emissions of a recycled material do not

include those of the original production (attributable to the first user of the product that later became scrap), but only those associated with recycling and transport activities. Due to the characteristics of the scrap metal used, there are no sorting or treatment activities upstream the contribution to the KME plant and therefore the impact considered is only that of transport (included in Category 4), equal to 1,269 t CO₂e, equivalent to 21.8 kg CO₂e/t scrap.

Scope 3 Cat. 1: Purchased materials – Metallurgical production

Metallurgical production	T	tCO₂e	kgCO₂e/t	Source	calculated as
wood packaging	4,526	1,220	270	DEFRA 2024	wood packaging
Eco-Pallet, REUSED wood pack.	207	8	39	DEFRA 2024	Eco-Pallet reused
Paper, cardboard, VIRGIN	633	756	1,194	DEFRA 2024	Paper, cardboard, VIRGIN
Paper, cardboard, RECYCLED	80	87	1,092	DEFRA 2024	Paper, cardboard, RECYCLED
Iron strapping	97	278	2,855	DEFRA 2024	as steel cans
plastic foils	135	392	2,910	DEFRA 2024	as “average plastic film”
plastic strapping	115	296	2,569	DEFRA 2024	plastic strapping [as PP]
other packaging	22	71	3,165	DEFRA 2024	as “average plastics”
insulation and firebrick	817	714	873	BAFA 2024	[as firebricks]
material into products (PVC, PE)	675	1,980	2,936	DEFRA 2024	as PVC
Liq. Nitrogen 99.996%	12,283	2,457	200	BAFA 2024	Nitrogen liquid
Oxygen, liquid	3,257	1,628	500	BAFA 2024	O ₂
Oil and Grease (Virgin)	402	619	1,540	BAFA 2024	Lubricating oil
Hydrogen 99.95%	38	97	2,530	BAFA 2024	Hydrogen
abrasiv garnet	170	119	700	BAFA 2024	Generic minerals
Rocksalt	73	20	270	BAFA 2024	Rocksalt (as NaCl)
Nutriox 45%	38	76	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
white lime hydrate	36	72	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Liq. Argon	25	32	1,250	BAFA 2024	Argon
Propane	11	4	353	DEFRA 2024	WTT Propane
other Chemicals non-renewable and not recycled	1,424	2,849	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Other	177	354	2,000	BAFA 2024	Inorganic compounds and basic chemicals (generic)
Copper, others	29,193	115,751	3,965	ICA (2023) Copper environmental profile Global (reference year 2019)	
Copper Supplier 1	11,236	33,271	2,961	Data certified by the supplier	
Copper Supplier 2	11,314	16,518	1,460	Data certified by the supplier	
Copper Supplier 3	24	18	739	Data certified by the supplier	
Zinc	7,004	18,841	2,690	BAFA 2024	
Nickel	474	8,316	17,530	BAFA 2024	
Tin	92	957	10,380	BAFA 2024	
Aluminium	50	492	9,890	BAFA 2024	
Silver	0.430	86	200,000	Aurubis (2024) Environmental Profile of Aurubis Silver and Aurubis Gold	
Silicon	3	248	98,900	BAFA 2024	
Lead	15	20	1,350	BAFA 2024	
Semi-finished copper (as cathode)	15,868	62,915	3,965	ICA (2023) Copper environmental profile Global (reference year 2019)	
Scrap metal (purchased, net of tolling)	58,104	0	0	Transport considered in Cat. 4 (total equal to 1,269 t CO ₂ e, equivalent to 21.8 kg CO ₂ e/t scrap)	
Total Materials	155,918	270,915			

DEFRA 2024: UK Government GHG Conversion Factors for Company Reporting

https://assets.publishing.service.gov.uk/media/6722567487df31a87d8c497e/ghg-conversion-factors-2024-full_set_for_advanced_users_v1_1.xlsx

BAFA 2024: Informationsblatt CO2 Faktoren

https://www.bafa.de/SharedDocs/Downloads/DE/Energie/cew_infoblatt_co2_faktoren_2024.pdf?__blob=publicationFile&v=4

Purchase of water from the public water supply network

The calculation of Scope 3 purchased goods and services includes emissions associated with the production of water withdrawn from the public water supply network and used in all KME sites. The withdrawals from the public water supply network account for only part of the total water used, which is characterised by a high rate of reuse.

Scope 3 Cat. 1: Purchased materials – Water from the public water supply network

WATER	M3	tCO ₂ eq	kgCO ₂ e/m3	Source
Water supply from public or private organisation (e.g. Municipality)	343,509	53	0.15311	DEFRA 2024 - water supply

Perfumery production

In the perfumery sector, Culti purchases essences and packaging.

The rose extract, which was formulated as rose oil, was taken as representative of the essences.

Scope 3 Cat. 1: Purchased materials – Perfumery production

PERFUMERY	T	tCO ₂ e	kg CO ₂ e / t	Source	calculated as
wood packaging (not for transport)	7.20	1.94	269.50	DEFRA 2024	wood packaging
Paper, cardboard, VIRGIN	33.03	39.44	1,193.97	DEFRA 2024	Paper, cardboard, VIRGIN
Aluminium packaging	0.86	7.87	9,106.92	DEFRA 2024	as aluminium cans
Plastic packaging	12.31	31.62	2,568.59	DEFRA 2024	as PP
Glass packaging	129.50	181.66	1,402.77	DEFRA 2024	Glass
Essences	19.72	3.94	200.00	Hamador, Pelatan (2019)	rose oil
Total		266.47			

Hamador, Pelatan (2019): Assessing the Sustainability of Natural Ingredients with LCA; in Perfumer & Flavorist, vol 44 n4, 2019 <https://www.perfumerflavorist.com/fragrance/ingredients/article/21856943/assessing-the-sustainability-of-natural-ingredients-with-lca>

The total for Category 1 of Scope 3 is calculated as follows

	tCO ₂ e
Metallurgical Production	
Packaging	3,107
process materials	11,036
Metals	257,433
Perfumery	
Packaging	263
Essences	4
Water	
water from the public network	53
Total	271,896

Category 3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)

The activities include WTT (Well to Tank, i.e. upstream of combustion in the production process) emissions from fuels used and WTT emissions attributable to distribution losses and upstream of energy sources used in the purchased electricity production.

The Scope 1 emissions for fuel consumption are taken from WTT Fuels of DEFRA 2024; emissions related to distribution losses and WTT electricity are taken from Carbon Footprint Ltd's Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix).

WTT emission factors (Scope 3) for used fuels

Source	UOM	Emission factor	Conversion to GJ	Kg CO ₂ eq/GJ
Natural Gas	kg CO ₂ e/Sm ³	0.337	0.0343	9.8285114
Extra light oil (as diesel)	kg CO ₂ e/l	0.611	0.0360	16.9683195
Gasoline	kg CO ₂ e/l	0.581	0.0319	18.2039215
Diesel	kg CO ₂ e/l	0.611	0.0360	16.9750514
LPG (Propane)	kg CO ₂ e/kg	0.349	0.0459	7.6104496

Original emission factor from DEFRA 2024. Conversion into GJ based on energy content

WTT and T&D emission factors (Scope 3) from electricity consumption

Country	Factor Year	Fuel Mix Date Year	Estimated T&D Factor (kg CO ₂ e/kWh)	Estimated WTT Factor (kg CO ₂ e/kWh)	Estimated WTT of T&D Factor (kg CO ₂ e/kWh)
China	2024	2022	0.046360	0.119414	0.008378
France	2024	2022	0.006136	0.014944	0.001300
Germany	2024	2022	0.017748	0.076499	0.003573
Hong Kong	2024	2022	0.091469	0.119401	0.015761
Italy	2024	2022	0.022247	0.061051	0.004321
Netherlands	2024	2022	0.013028	0.061947	0.002612
Slovakia	2024	2022	0.008854	0.036758	0.001956
Spain	2024	2022	0.019353	0.034295	0.003665
United Kingdom	2024	2022	0.018332	0.047374	0.004187

Carbon Footprint Ltd's Greenhouse Gas Emissions Factors for International Grid Electricity (calculated from fuel mix)

Calculation of emissions from activities related to fuel and energy

		Quantity	T CO ₂ e	EF kg CO ₂ e	Source
Natural Gas	GJ	842,425	8,280	9.829	DEFRA 2024
Extra light oil	GJ	335	6	16.968	DEFRA 2024
LPG (Propane)	GJ	1,625	12	7.610	DEFRA 2024
Charcoal	t	103	12	120.000	BAFA 2024
Gasoline	GJ	1,493	27	18.204	DEFRA 2024
Diesel	GJ	23,093	392	16.975	DEFRA 2024
Electricity France	kWh	6,249,157	140	0.022	Carbon Footprint 2024
Electricity Germany	kWh	139,027,439	13,600	0.098	Carbon Footprint 2024
Electricity Hong Kong	kWh	8,489	2	0.227	Carbon Footprint 2024
Electricity Italy	kWh	69,030,844	6,048	0.088	Carbon Footprint 2024
Electricity Netherlands	kWh	31,405,822	2,437	0.078	Carbon Footprint 2024
Electricity Slovakia	kWh	61,979	3	0.048	Carbon Footprint 2024
Electricity Spain	kWh	77,629	4	0.057	Carbon Footprint 2024
UK electricity	kWh	116,799	8	0.070	Carbon Footprint 2024
TOTAL			30,971		

Note: The emission factor is expressed in kgCO₂e/GJ or kgCO₂e/t or kgCO₂e/kWh depending on the unit of measurement of the quantity.

Category 4 Upstream transportation and distribution

Metal supplies refer to the purchases (excluding tolling) of metals and scrap. KME is not involved in transportation activities (both upstream and downstream), these are carried out by third-party transport companies. As a result, KME does not have detailed information. The origin-destination of upstream transport, where the site of origin of the material or scrap

is unknown (mainly for metals from certain non-European countries), has been estimated assuming departure from the main production site of the supplier company in the country of origin.
For metals, the origins-destinations of 93% of supplies (by weight) were tracked. The value obtained was extrapolated to total metal supplies (copper, zinc and others).

For scrap, the origins-destinations of 74% (by weight) of scrap purchases were tracked. The values obtained were extrapolated to the total quantities purchased.

Scope 3 Cat. 4: CO₂e emissions and t-km transported for primary metals and scrap (net of tolling)

	t	tCO ₂ e	t-km
PRIMARY METALS	59,405	6,321	235,147,381
SCRAP	58,104	1,269	16,542,489

The calculation of the methods of transport, distances (km) and associated emissions (tCO₂e) was carried out using EcotransIT.world software.

<https://emissioncalculator.ecotransit.world/>

EcoTransIT was developed in 2000 by a consortium of European transport companies and research institutes. It is currently managed by EcoTransIT World Initiative (EWI), an organisation supported by various transport and logistics companies. The current version is maintained by IFEU (Institut für Energie- und Umweltforschung Heidelberg). EcoTransIT has been updated over the years to adapt to new technologies and emission calculation methodologies, in line with international standards such as the GHG Protocol and EN 16258.

The calculation of distances also takes into account – where necessary, e.g. in the case of transport by ship – unloading-reloading (road transport) and calculates transport by ferry in other cases.

Distances, vehicle fleet structure (cars, ships, etc.) and load factors are updated on an annual basis and consider average values for each country. The methodology is available at https://www.ecotransit.org/wp-content/uploads/20240308_Methodology_Report_Update_2024.pdf

Category 5 Waste generated in operations. From ES 5.5.

For waste generated in operations, emissions are calculated using DEFRA 2024 factors. For operations classified as "other recovery operations", the same recycling factor was used, distinguishing between operations for construction waste and non-construction waste.

The total waste figure also includes the treatment of conveyed wastewater.

Recovery	t	tCO ₂ e/t	kgCO ₂ e/t	Source
<i>Hazardous waste</i>				
Preparation for reuse	793	0	0.00	DEFRA 2024 - reuse
Recycling and other recovery operations (not construction waste)	1,297	8	6.41	DEFRA 2024 - recycling open loop per metals, plastics, residual waste
Recycling and other recovery operations (construction waste)	1,809	2	0.98%	DEFRA 2024 - "average construction waste - recycling open loop"
<i>Non-hazardous waste</i>		0		
Preparation for reuse	1,410	0	0.00	DEFRA 2024 - reuse
Recycling and other recovery operations (not construction waste)	3,206	21	6.41	DEFRA 2024 - recycling open loop per metals, plastics, residual waste
Recycling and other recovery operations (construction waste)	3,477	3	0.98%	DEFRA 2024 - "average construction waste - recycling open loop"
Disposal				
<i>Hazardous waste</i>				
Incineration (with energy recovery)	50	0	6.41	DEFRA 2024 - generic per incineration
Incineration (without energy recovery)	250	2	6.41	DEFRA 2024 - generic for incineration
Landfilling	58	1	8.88	DEFRA 2024 - generic for non-biodegradable landfilling
Other disposal operations and not classified	2,784	25	8.88	DEFRA 2024 - generic for non-biodegradable landfilling
<i>Non-hazardous waste</i>		0		
Incineration (with energy recovery)	477	3	6.41	DEFRA 2024 - generic for incineration
Incineration (without energy recovery)	0	0		
Landfilling	90	45	497.00	DEFRA 2024 - landfilling residual waste (includes biodegradable)
Other disposal operations and not classified	325	3	8.88	DEFRA 2024 - generic for non-biodegradable landfilling
	m3		kgCO₂e/m3	

Wastewater treatment	70,223	13	0.19	DEFRA 2024 - water treatment
Total Waste		128		

Category 9 Downstream transportation and distribution

KME does not manage transportation to customers, which is carried out by third-party companies. Therefore, the actual methods of transport are not available.

The data was calculated based on company databases.

The handling of 84% of goods was tracked, including intercompany exchanges. No significant duplication was found when compared with the data from Category 4. In addition to some of the transactions of other companies, AML, SC UK, SC SL, SC IT (tracked for a small portion) are not trackable at this time (i.e. destinations are missing).

There are 3,272 origins-destinations. The main routes were mapped and quantified, amounting to 248 different origins-destinations representing 57% of trackable goods handled. The remaining flows were allocated based on the average of the national distances tracked or allocated to the main route in quantitative terms. The non-trackable flows (16% by weight of the production value sold) were assigned an emission and travel value corresponding to the average of the tracked flows – a cautious approach considering that a significant portion of the non-trackable flows are local.

Origin	T	CO2e kg	t-km
Fornaci di Barga (KME-It)	38,616	2,163,380	31,944,705
Brescia (KME-it)	1,519	37,454	447,847
Mortara (SC-It)	234	1,807	19,105
Devecey (Rolled France)	4,203	138,641	1,647,988
Barcelona (Sc SP)	1,635	49,641	599,037
Serravalle Scriva (SCT)	7,250	251,620	3,740,887
Stolberg (KMD)	6,851	320,846	9,868,525
Zutphen (KMNL)	16,796	1,679,374	110,219,051
Osnabrück (KME Germany)	37,918	1,444,125	29,150,360
Niederbrueck (TMX N)	2,495	142,224	1,687,259
Hettstedt (KME Mansfeld)	48,252	2,671,738	86,647,138
KMCB Hettstedt (KMCB)	17,372	747,863	26,184,095
Givet (TMX G)	8,869	653,638	7,742,547
TOTAL TRACKED	192,010	10,302,350	309,898,543
TOTAL EXTRAPOLATED	229,836	12,331,916	370,948,656

The calculation of the distances and associated emissions was carried out using EcotransIT.world software.

<https://emissioncalculator.ecotransit.world/>

EcoTransIT was developed in 2000 by a consortium of European transport companies and research institutes. It is currently managed by EcoTransIT World Initiative (EWI), an organisation supported by various transport and logistics companies. The current version is maintained by IFEU (Institut für Energie- und Umweltforschung Heidelberg). EcoTransIT has been updated over the years to adapt to new technologies and emission calculation methodologies, in line with international standards such as the GHG Protocol and EN 16258.

The calculation of distances also takes into account – where necessary, e.g. in the case of transport by ship – unloading-reloading (road transport) and calculates transport by ferry in other cases.

Distances, vehicle fleet structure (cars, ships, etc.) and load factors are updated on an annual basis and consider average values for each country. The methodology is available at https://www.ecotransit.org/wp-content/uploads/20240308_Methodology_Report_Update_2024.pdf

Category 7 Employee commuting

Data collected from the main plants shows that some of the employees live near the plant and commute on foot, by bicycle, by motorbike, by car sharing or by public transport. Some administrative personnel also work remotely. It is not currently possible to quantify the percentage of personnel who work remotely.

While awaiting the collection of specific data via a questionnaire scheduled for administration in 2025, preliminary assumptions are being made to provide an initial estimate.

The estimate assumes that 80% of employees will commute an average distance (round trip) of 20 km using private cars. The composition of the vehicle fleet is weighted according to the national average by fuel type.

The unit emissions are derived from DEFRA 2024 for the average car in each fuel category.

Vehicle fleet composition

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	other/unknown
Italy	43.30%	41%	0.50%		5.40%	2.30%	7.40%	
Germany	61.60%	28.80%	2.90%	1.90%	4.10%	0.20%	0.60%	
France	40.60%	50.70%	2.20%	1.50%	4.40%	0.70%	0.00%	
Spain	39.40%	54.20%	0.60%	0.80%	4.70%	0.10%	0.40%	
Netherlands	76.50%	8.40%	4.90%	3.00%	6.10%	0.10%	1.00%	
UK	57.20%	32.90%	2.90%	1.50%	5.40%	0.00%	0.00%	0.10%
Slovakia	49.30%	43.60%	0.30%	0.30%	2.80%	0.10%	1.90%	1.70%

Source: Acea 2025: Vehicles on European Roads

https://www.acea.auto/files/ACEA_Report_-_Vehicles_on_European_roads_2025.pdf

Emissions (kgCO₂eq/km) by fuel type

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	Unknown
Average car	0.1645	0.16984	0	0.0936	0.12607	0.17514	0.19718	0.16691

Source: DEFRA 2024 (data for passenger vehicles; type: average car)

CO₂e emissions/km weighted for the composition of the car fleet

	Petrol	Diesel	Electric	Plug-in	Hybrid	Gas	LPG	Unknown	Total
Italy	0.0712	0.0696	0.0000	0.0000	0.0068	0.0040	0.0146	0.0000	0.1663
Germany	0.1013	0.0489	0.0000	0.0018	0.0052	0.0004	0.0012	0.0000	0.1587
France	0.0668	0.0861	0.0000	0.0014	0.0055	0.0012	0.0000	0.0000	0.1611
Spain	0.0648	0.0921	0.0000	0.0007	0.0059	0.0002	0.0008	0.0000	0.1645
Netherlands	0.1258	0.0143	0.0000	0.0028	0.0077	0.0002	0.0020	0.0000	0.1528
UK	0.0941	0.0559	0.0000	0.0014	0.0068	0.0000	0.0000	0.0002	0.1584
Slovakia	0.0811	0.0741	0.0000	0.0003	0.0035	0.0002	0.0037	0.0028	0.1657

Calculation of CO₂e emissions from commuting

	Total employees	Days worked per year	Km/day	Average km travelled per year at 80%	kgCO ₂ /km	kg CO ₂ e per year
Italy	942	200	20	3,014,400	0.16629	501,265
Germany	1,851	200	20	5,923,200	0.15873	940,169
France	150	200	20	480,000	0.16107	77,315
Spain	18	200	20	57,600	0.16450	9,475
Netherlands	210	200	20	672,000	0.15275	102,651
UK	21	200	20	67,200	0.15835	10,641
Slovakia	17	200	20	54,400	0.16572	9,015
						1,650,532

Annex: calculation of energy conversion factors

The energy value (GJ/Sm³ or GJ/l or GJ/kg) is not usually reported directly by the main source used for climate change factors, and therefore the implicit energy value was calculated from the data in tCO₂/TJ and the data in tCO₂/t or 1000 Sm³. Where the data collected – such as petrol and diesel (automotive or heating) – were expressed in litres, a conversion factor based on the specific weight of the liquids was applied. This data was taken from the updated FIRE (Federazione italiana per l'uso razionale dell'energia, Italian Federation for the Rational Use of Energy) tables.

The gas conversion factor (natural gas 2021) is derived from Ispra 2023: National Inventory Report 2023 (table A6.1). The value in GJ/Sm³ is obtained from 2006 (tCO₂/103 standard cubic metres)/58504 (tCO₂/TJ) = 0.0343 GJ/Sm³. To four decimal places, the value is also equal to the natural gas figure for 2022 = 2020/58918 = 0.0343 GJ/Sm³, as can be inferred from the 2024 version of the NIR.

The conversion factor for petrol is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For petrol (experimental averages 2017-2020), the value in GJ/kg is derived from: 3,152 (tCO₂/t)/73,081 (tCO₂/tJ) = 0.0431 GJ/kg

The diesel conversion factor is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For diesel (gas oil engines, experimental averages 2017-2020) the value of GJ/kg is derived from: 3150 (tCO₂/t)/73510 (tCO₂/tJ) = 0.0429 GJ/kg.

The heating gas oil (extra light oil) conversion factor is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For extra-light oil (gas oil heating, experimental averages 2017-2020), the GJ/kg value is derived from: 3169 (tCO₂/t)/73927 (tCO₂/tJ) = 0.0429 GJ/kg.

The LPG conversion factor, sometimes (improperly) called propane, is derived from Ispra 2023: National Inventory Report 2023 (table A6.2; same values in NIR 2024). For LPG (LPG experimental averages 2017-2020), the value of GJ/kg is derived from: 3026 (tCO₂/t)/65984 (tCO₂/tJ) = 0.0459.

The value shown in the "national standard parameters table" is 45.858 GJ/t (=0.0459 GJ/kg) https://www.ets.minambiente.it/Download/225/Tabella_coefficienti_standard_nazionali_2020-2022_v1.pdf

Data for petrol, diesel and extra-light oil are collected using litres as the unit of measurement. The energy factor (GJ/l) was derived from the conversion between litres and kg.

For petrol and diesel, the density conversion factor from litre to kg is 0.74 kg/l and 0.84 kg/l respectively, as reported in the 2023 conversion tables of FIRE Italia (see notes 1 and 4 of the table).

<https://fire-italia.org/wp-content/uploads/2023/04/2023-01-Tabella-contabilita-vuote.xlsx>

Compared to the previous year, the value for petrol has changed with this update (from 0.75 kg/l to 0.74 kg/l). For extra-light oil (definition used in Germany, but equivalent to heating gas oil), the same conversion factor as for diesel was used (FIRE Italia does not distinguish between automotive and heating use, and other databases also report the same density).

For charcoal, which is also used for energy production in Germany, the energy content is taken from the table of "national standard parameters", which indicates a value of 0.705 toe/t; when converted into GJ (1 toe = 41.868 GJ) this corresponds to 0.705*41.868 = 29.51694, rounded to 29.52 GJ/t. A similar value (but indicated with only one decimal place, 29.5) can be found on page 25 of the European Commission document "Guidance Document. Biomass issues in the EU ETS. MRR Guidance document No. 3".

On this basis, the conversion shown in the following table is obtained:

	tCO ₂ /TJ	tCO ₂ /1000 Sm ³	GJ/Sm ³		
natural gas	58918	2020	0.0343		
	tCO₂/TJ	tCO₂/t	GJ/kg	kg/l	GJ/l
diesel	73510	3150	0.0429	0.84	0.0360
petrol	73081	3152	0.0431	0.74	0.0319
Extra light oil	73927	3169	0.0429	0.84	0.0360
LPG	65984	3026	0.0459		
			GJ/t		
Charcoal			29.52		

SUSTAINABILITY REPORT CERTIFICATION
PURSUANT TO ARTICLE 81-TER, PARAGRAPH 1, OF CONSOB REGULATIONS
NO. 11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED

The undersigned Diva Moriani, Chairwoman, and Giuseppe Mazza, Manager in charge of Financial Reporting of KME Group S.p.A., certify, pursuant to article 154-bis, paragraph 5-ter, of Italian Legislative Decree no. 58 of 24 February 1998, that the sustainability report included in the report on operations was prepared:

- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013, and Italian Legislative Decree no. 125 of 6 September 2024;
- b) in accordance with the specifications adopted pursuant to article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020.

Milan, 14 April 2025

The Chairwoman

signed Diva Moriani

The Manager in charge of Financial
Reporting

signed Giuseppe Mazza

**INDEPENDENT AUDITOR'S
REPORT ON THE CONSOLIDATED SUSTAINABILITY REPORT
PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of
KME Group S.p.A.**

Conclusion

Pursuant to Arts. 8 and 18, paragraph 1, of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability report of the KME Group (hereinafter also the "Group") for the year ended on December 31, 2024, prepared pursuant to Art. 4 of the Decree, included in the specific section of the report on operations.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the KME Group for the year ended on December 31, 2024 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information included in the paragraph "*Information pursuant to Regulation (EU) 2020/852 on taxonomy*" of the consolidated sustainability report is not prepared, in all material respects, in accordance with Art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability report* of this report.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability report.

Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information for the year ended on 31 December 2023 presented in the consolidated sustainability report in the paragraph “Information pursuant to Regulation (EU) 2020/852 on taxonomy” has not been verified.

Responsibility of the Directors and the Board of Statutory Auditors of KME Group S.p.A. for the consolidated sustainability report

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability report in accordance with the ESRS (hereinafter the “double materiality assessment process”) and for disclosing this process in the paragraph “*Double materiality analysis (IRO-1)*” of the consolidated sustainability report.

The Directors are also responsible for the preparation of the consolidated sustainability report, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS;
- compliance of the information included in the paragraph “*Information pursuant to Regulation (EU) 2020/852 on taxonomy*” with Art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability report in accordance with the requirements of the Art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability report

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability report, regarding events that may occur in the future and possible future actions of the Group.

Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions. This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain.

Auditor's responsibilities for the limited assurance of the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability report.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;
- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;
- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability report. We remain solely responsible for the conclusion on the consolidated sustainability report.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability report are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;
- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability report, including an analysis of the reporting perimeter;
- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;
- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the related calculation methods, as well as qualitative and quantitative factors related to the nature of such information;
- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte specialists, with reference to specific environmental information;
- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability report;
- comparison of the information reported in the consolidated sustainability report with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data accounting in nature;

- verification of the structure and presentation of the information included in the consolidated sustainability report in accordance with ESRS, including the information related to the materiality assessment process;
- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.,

Signed by
Luca Franchino
Partner

Milan, Italy
24 April 2025

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES
PURSUANT TO ARTICLE 123-BIS OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24
FEBRUARY 1998

YEAR 2024

Board of Directors
of 14 April 2025

KME Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 – 20121 Milan - Italy
Share Capital Euro 200,154,177.66 (fully paid up)
Tax Code and Milan Business
Register no. 00931330583
www.itkgroup.it

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Glossary

Corporate Governance Code/Code:	The new Corporate Governance Code approved on a definitive basis by the Committee and published on its website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf) on 31 January 2020 and in force as of the first financial year after 31 December 2020.
Civil Code/C.C.:	The Italian Civil Code approved by Royal Decree no. 262 of 16 March 1942 – XX as amended and supplemented.
Committee:	The Corporate Governance Committee, the composition of which was defined in June 2011 by the Business associations (ABI, ANIA, Assonime, Confindustria) and the association of professional investors (Assogestioni), as well as Borsa Italiana S.p.A.
Issuer/Company/KME Group:	KME Group S.p.A.
Financial Year:	The financial year ended 31 December 2024 to which this Report refers.
Model:	The organisation and management model adopted by the Company pursuant to Italian Legislative Decree no. 231 of 2001.
Issuers' Regulation:	The Regulation issued by CONSOB with its resolution no. 11971 of 1999 (as subsequently amended) regarding issuers.
Markets Regulation:	The Regulation issued by CONSOB with its resolution no. 16191 of 2007 (as subsequently amended) regarding markets.
Related Parties Regulation:	The Regulation issued by CONSOB with its resolution no. 17221 of 2010 (as subsequently amended) regarding related party transactions.
Report:	This Report on corporate governance and ownership structures that the companies are required to prepare pursuant to article 123- <i>bis</i> of the Consolidated Law on Finance (TUF).
Report on Remuneration:	The Report on the remuneration policy and compensation paid that companies are required to prepare pursuant to article 123- <i>ter</i> of the Consolidated Law on Finance.
Consolidated Law on finance/TUF:	Italian Legislative Decree no. 58 dated 24 February 1998 as amended.

Foreword

The Board of Directors of KME Group S.p.A. ("KME Group", or the "Company") in its meeting held on 14 April 2025 approved the report on corporate governance and ownership structures for 2024 financial year (the "Financial Year"), together with the draft financial statements for said Financial Year (the "Report").

This Report has been drafted in compliance with the provisions of article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 (hereinafter the "Consolidated Law on Finance" or "*TUF*") as amended by Italian Legislative Decree no. 254 of 30 December 2016 and the other criteria set forth in article 89-bis of the Issuers' Regulation, as well as the instructions in the Markets Regulation issued by Borsa Italiana S.p.A.

The Report shall be understood as referring to the requirements of the Corporate Governance Code approved on a definitive basis and published on the website (<https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>) of the Committee on 31 January 2020 and in force as of the first financial year beginning subsequent to 31 December 2020 (hereinafter also the "Code").

The structure of this Report complies with the Format (tenth edition of December 2024, which may be consulted on the website of Borsa Italiana at <https://www.borsaitaliana.it/comitato-corporate-governance/documenti/comitato/format2024.pdf>), prepared by Borsa Italiana to verify the nature and content of the information to be included in the Report on corporate governance and ownership structures and/or for the controls under the responsibility of the board of statutory auditors (article 149, paragraph 1, letter c-bis of the TUF). In any event, please recall that the use of the Format (the first edition of which dates back to 2008) is in no manner compulsory for the purpose of meeting the above-mentioned obligations.

It is specified that pursuant to the second paragraph of article 123-bis of the TUF, the requested information which is contained in this Report is disclosed to the public both by attaching this Report to the financial statements for the Year and through publication on the Company's website (www.itkgroup.it).

In compliance with the provisions set forth in article 89-bis of the Issuers' Regulation, the Report provides specific information regarding the criteria of "comply or explain":

- i. compliance with each Code provision;
- ii. the reasons for any failure to comply with the Code's provisions;
- iii. any conduct adopted other than as provided in the Code.

In regard to the latter, considering that the companies with shares listed on regulated markets are required to present to the shareholders' meeting called for the approval of the financial statements a report on remuneration containing the items required by the Issuers' Regulation, and in order to avoid providing redundant information, the pertinent information (see Sec. 9) will be provided by referring to the relevant parts of the report on remuneration, as it was done for the Report presented for past financial years.

This Report aims to illustrate the corporate governance model that the KME Group adopted in 2024, taking into account the specificities of the Company, which aims to obtain its essential alignment with the principles contained in the Code which, since its introduction, the Company has declared it will comply with introduction of the previous Corporate Governance Code, as well as the Control Authority's relative recommendations, in relation to the small dimension and corporate structure of KME Group.

The Company has continually improved the quality and quantity of the information it has been providing on corporate governance every year ever since the presentation of the financial statements as at 30 June 2000. The individual Reports of previous financial years are available on the Company's website at <https://www.itkgroup.it/en/corporategovernancereport>, starting with the report for the year ended 31 December 2005.

Finally, this Report takes into account the contents of the letter dated 17 December 2024 (the "Letter"), addressed by the Chairman of the Committee to the Chairpersons of the Boards of Directors (and for information to the Managing Directors and the Chairpersons of the Control Bodies) of Italian listed companies, which contains the Committee's recommendations for 2025 (the "Recommendations") in conjunction with the Twelfth Annual Report on the Application of the Code (the "Report") for 2024.

In this regard, please refer to Chapter 16.

1. Issuer Profile

Starting from the second four-month period of the 2022 Financial Year (see the press release of 22 April 2022), the Company, closing its previous path as an investment entity and holding company with diversified interests, has decided (i) to focus on the industrial management of the investment in KME SE, in the light of the growth expectations of the copper laminates sector and the strengthening of the overall competitive position resulting from the extraordinary operation carried out in the previous year, and (ii) to initiate a process for the enhancement of other investments through disposal to third parties or assignment to the Company's shareholders.

Governance Model adopted by the Issuer

The Company has maintained its corporate governance structure over time, based on the traditional model pursuant to articles 2380-bis et seq. of the Civil Code, composed of the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

Legally-required audit activities are performed by the independent auditors.

The attributions and rules of functioning of the corporate bodies are governed by provisions of law and regulations in force over time as well as the Articles of Association and a series of principles and procedures, which are periodically updated as regulations, case law and legal theory and the orientations and guidelines of the Board evolve.

In its meeting of 22 May 2024, which was held immediately after the Shareholders' Meeting that determined its duration for the years 2024-2026, the Board of Directors resolved to establish only the Control, Risk and Sustainability Committee, the members of which are three Directors, two of whom are Independent Directors. Subsequently, when the relevant procedure was revised, the Board of Directors on 26 September 2024 established the Related Party Transactions Committee, which is made up entirely of Independent Directors.

As has already taken place in previous years, the Company decided not to establish the Appointments Committee or the Remuneration Committee. For the reasons that led to this decision and for the remedies that are provided, please see chapter 8 of this Report and the Report on Remuneration.

With regard to the other companies of the Group, it should be noted that the governance of KME SE, a German company, the main subsidiary of KME Group, is organised according to the one-tier system since 15 September 2021 and therefore the company is now governed by a Board of Directors.

In order to guarantee an effective and transparent breakdown of the roles and responsibilities of its corporate bodies and, in particular, the proper balance between the management and control functions, the Issuer has adopted a corporate governance system that, aside from being constantly aligned with the continuous evolution of regulations and national and international best practices, is inspired by the principles and application criteria recommended by the Code.

Statement on the Issuer's classification as a SME

At the date of this Report, the Issuer is qualified as a SME pursuant to article 1, paragraph 1, letter w-quater.1) of the TUF and article 2-ter of the CONSOB Issuers' Regulation, considering the revenues reported in the consolidated financial statements, equal to Euro 1,565 million, and its average market capitalisation in the course of 2024, of Euro 202.4 million.

In particular, the above-mentioned TUF rule establishes that an issuer is a SME when at least one of the following requirements is met, to be calculated on the basis of the instructions provided by article 2-ter of the Issuers' Regulation: (i) turnover, even prior to the admission to listing of shares, lower than Euro 300 million; (ii) market capitalisation below Euro 500 million. Moreover, the Company would no longer be categorised as a SME, for the purposes of the provisions referred to above, if both of the above-mentioned limits (regarding turnover and average market cap) are surpassed for three consecutive financial or calendar years.

The Company is included on the list (January 2025) published by CONSOB (<http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi>) amongst those businesses which are

SMEs, on the basis of the capitalisation and turnover data in CONSOB's possession, pursuant to article 2-ter of CONSOB Regulation no. 11971/1999, as amended by Consob Resolution no. 20621 of 10 October 2018.

In light of the foregoing, the relevant threshold for the disclosure obligations pursuant to article 120 of the TUF is 5% of the share capital.

2. INFORMATION ON OWNERSHIP STRUCTURE AS AT 14 APRIL 2025

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), TUF)

At the date of approval of this Report, the share capital of KME Group was Euro 200,154,177.66, and consisted of 284,442,812 shares, of which 270,231,550 were ordinary shares, equal to 95.00% of the share capital, and 14,211,262 were savings shares, equal to 5.00% of the share capital, all of which with no par value.

It should be noted that, with respect to 31 December 2024, no changes occurred.

Again at the date of approval of this Report, the Issuer has 53,243,219 ordinary treasury shares in its portfolio.

The total 270,231,550 existing ordinary shares do not attribute rights different or additional to those envisaged by the legislation and the Articles of Association.

Each share carries unrestricted voting rights (one vote per share) unless otherwise provided by law. Votes may also be cast by mail in accordance with the dedicated procedure set forth in article 11 of the Articles of Association.

In 2015, as mentioned in another part of this Report, the Company amended the Articles of Association to include the increase of the voting right for shareholders who possess the requirements set by the law and so expressly request by registration in the appropriate special register.

Similarly, the overall 14,211,262 existing savings shares do not entail rights different or additional to those envisaged by legislation and the Articles of Association.

The rights of the Holders of Savings Shares are listed in articles 145 et seq. of the TUF and articles 5, 8 and 28 of the Articles of Association.

The Common Representative of the savings shareholders, who have the right to participate in the Meetings of shareholders holding ordinary shares and whose rights are indicated in article 26 of the Articles of Association, is Andrea Santarelli, appointed for the 2024/2026 financial years by the Special Meeting of Savings Shareholders held on 22 April 2024.

The savings shares confer the following privileges:

- the right to a preferential dividend up to a maximum of Euro 0.07241 per share per annum subject to the right to other dividends increased by Euro 0.020722 per share compared to ordinary shares. This, however, is without prejudice to the prorated increase in the preferential dividend in each of the two years following the payment of a preferential dividend of less than Euro 0.07241 per share per annum;
- in the event the Company is wound up, a preferred right to the liquidation proceeds of Euro 1.001 per share.

* * * * *

As previously reported, the Board of Directors of KME Group on 22 April 2022 resolved to focus on the industrial management of the investment in KME SE, in the light of the growth expectations of the copper laminates sector and the strengthening of the overall competitive position resulting from the extraordinary operation carried out in the last few years, and to carry out accordingly the enhancement of other investments in the portfolio.

On 12 January 2024, the Company launched a partial voluntary public exchange offer involving a maximum of 78,635,148 outstanding “KME Group S.p.A. 2021-2024” Warrants (the “Warrants”), with a consideration of 10 ordinary Shares of KME (the “Ordinary Shares”), in the Issuer's portfolio, for every 23 Warrants subscribed, i.e. 1 Ordinary Share for every 2.3 Warrants subscribed (the “Warrants PEO Consideration”), for a total of 34,189,630 Ordinary Shares (the “Maximum Total Consideration” and, together, the “Warrant PEO”).

The Warrant PEO is part of the transaction (the “Transaction”) the purpose of which is to obtain the cancellation of the listing on Euronext Milan of the Ordinary Shares, the KME Group savings shares and the Warrants (the “Delisting”) which envisaged, inter alia, the promotion by KME Group of the full voluntary public purchase offer on ordinary shares (the “Ordinary Share PTO”), of the full voluntary public purchase offer having as its object the Warrants (the “Warrant PTO”) and the full voluntary public tender offer concerning the KME Group Savings Shares (the “Savings Shares PTO” and, together with the Ordinary Shares PTO and the Warrant PTO, the “Offers” or “PTOs”). These Offers were promoted on 12 June 2023 pursuant to article 102 of the Consolidated Law on Finance and article 37 of the Issuers’ Regulation, and were described in the related offer document published on 28 July 2023 (the “Offer Document”).

With reference to what has already been reported in the Report on 2023 financial year, it should be noted in particular that:

- on 28 March 2023, as announced to the market, the Issuer accepted the binding offer received from Lynstone SSF Holdings II S.à r.l. (“Lynstone II”) for financing the Transaction, also signed by Quattrodue, as defined below, with reference to certain specific commitments relating to the Issuer;
- on 10 May 2023: (i) the Issuer's Board of Directors approved the essential terms and conditions of the Transaction announced on 28 March 2023, and, in particular, the increase from Euro 0.98277 (ex dividend) to Euro 1.08277 (ex dividend) of the consideration relating to the Savings Shares PTO and the increase from Euro 0.45 to Euro 0.60 of the consideration relating to the Warrant PTO; (ii) the Issuer and Lynstone II have concluded a contract named “Investment Agreement” (the “Investment Agreement”), aimed at regulating the relationships between KME and Lynstone II (in which Quattrodue also participates, as defined below, with reference to certain specific commitments relating to the Issuer) and containing some relevant shareholder agreements pursuant to article 122, paragraph 1 and paragraph 5, a), b) and d-bis), of the Consolidated Law on Finance, mainly relating to (i) the governance of KME, the subsidiary KMH S.p.A. (“KMH”) and its subsidiaries, and (ii) to the transfer of the investments of the group companies controlled by KME;
- on 12 May 2023, as a result of Lynstone II exercising its right of appointment under the Investment Agreement, Lynstone SSF E Holdings II S.à r.l. (“Lynstone SSF”) took over some

of the rights and obligations originally assumed by Lynstone II, pursuant to articles 1401 et seq. of the Italian Civil Code;

- on 28 September 2023, pursuant to the provisions of the Investment Agreement, KME, Lynstone SSF and Quattrodue signed a shareholders' agreement, aimed at regulating, inter alia, the relations between Quattrodue and Lynstone SSF as shareholders of KMH (the "Shareholders' Agreement").

It should be noted that in the Offer Document, KME (hereinafter also referred to as the "Offeror") declared that at the end of the Offers the intention to promote the Warrant PEO was announced by the Issuer on 28 February 2023 in relation to the guidelines of a transaction that provided for, inter alia, the promotion of a partial voluntary public purchase and exchange offer on up to 100,000,000 Ordinary Shares. This transaction was not pursued as it was replaced by the Offers.

The Warrant PEO was addressed – without distinction and on equal terms – to all Warrant holders and its effectiveness was not subject to the verification of any condition. In view of the partial nature of the Warrant PEO, in the event of subscriptions for quantities exceeding the maximum number of Warrants subject to this offer, an allocation method would have been applied to the Warrants tendered, by virtue of which the Offeror would have purchased all Warrants tendered and subscribed by members other than the controlling shareholder Quattrodue S.p.A. ("Quattrodue" or "422") and, for the remainder, within the limits of the Maximum Total Consideration, also the Warrants tendered by Quattrodue, which had made itself available to be subordinated in the allocation with respect to the subscriptions that would be received from the market.

The Ordinary Shares offered as Warrant PEO Consideration were represented by the Ordinary Shares purchased through the Ordinary Shares PTO, pursuant to the resolution of the KME Shareholders' Meeting on 12 June 2023.

The offer document relating to the Warrant PEO, filed on 16 January 2024, approved by CONSOB with resolution no. 23002 of 14 February 2024, and published on 15 February 2024 (the "Offer Document"), provided for a subscription period from 19 February 2024 to 8 March 2024 (the "Subscription Period").

Based on the final results communicated by Equita SIM S.p.A. in its capacity as Intermediary in Charge of Coordinating the Collection of Subscriptions, 76,545,610 Warrants were subscribed, representing 97.34% of the Warrants subject to the Warrant PEO and 92.07% of the Warrants outstanding on 11 March 2024.

Quattrodue, in accordance with its commitments under the Investment Agreement and Shareholders' Agreement, tendered the Warrant PEO on all 73,680,892 Warrants it owns, all of which were thus acquired by KME.

The delivery of the Ordinary Shares to be offered as Warrant PEO Consideration in favour of the Subscribers (equal to 10 Ordinary Shares for every 23 Warrants tendered and, therefore, equal to 1 Ordinary Share for every 2.3 Warrants tendered), with the simultaneous transfer of ownership of the Warrants tendered to the Offeror, took place on the Exchange Date, i.e. the fifth Trading Day following the closing date of the Subscription Period and, therefore, on 15 March 2024.

In compliance with the Offer Document, based on the final results of the Warrant PEO, a total of 33,280,700 Ordinary Shares (of which 32,035,170 Ordinary Shares in favour of Quattrodue) were credited to the Subscribers on the Exchange Date, representing 10.70% of KME's ordinary share capital on that date.

On **22 April 2024**, the Board of Directors of KME approved the settlement agreements (the "Agreements") with the Executive Directors, aimed at the disposal by the Executive Directors to the Company of all the Management Warrants held by them, totalling no. 37.5 million warrants, for a unit price of Euro 0.60 per Management Warrant and a total of Euro 22.5 million, with the right for the holders of Management Warrants to decide by 28 June 2024 the method of payment (whether entirely in cash or partly in cash and partly in kind, with ordinary shares of the Company valued Euro 1.00 or entirely in kind). The payment of the consideration (both in kind and in cash) was initially expected by 31 December 2024.

The consideration of Euro 0.60 for the Warrants and Euro 1.00 for the Shares was equal to the amount set out in the relevant Public Tender Offers launched in 2023.

The transaction envisaged in the Agreements would have allowed the Company to avoid significant dilution for shareholders compared to what would have occurred if the Management Warrants had been exercised, and would have achieved the same objectives pursued by the Public Exchange and Purchase Offers carried out in 2022 and 2023. Moreover, it allowed for the equal treatment of Executive Directors, as holders of Management Warrants, with holders of "ordinary" Warrants who had the right to transfer them to the Company for the same consideration, a possibility that was not available to Executive Directors holding Management Warrants.

As this was a transaction with related parties, it had been submitted in advance to the Related Parties Committee for its opinion.

In this regard, although considered a transaction of lesser importance in terms of size, the Board of Directors prepared the information document referred to in article 5 and in accordance with the format set out in Annex 4 of the Regulation adopted by CONSOB with Resolution no. 17221 of 12 March 2010, as last amended by resolution no. 22144 of 22 December 2021, in order to ensure maximum transparency of information to the market. This information document was disseminated in accordance with the terms and conditions set forth by law and regulations.

At the same meeting, the Board of Directors resolved to submit the management incentive plan described in the Report on Remuneration to which reference is made to the Ordinary Shareholders' Meeting, already called, among other things, for the approval of the financial statements as at 31 December 2023 and the renewal of the corporate bodies.

Also on **22 April 2024**, the Special Meeting of Savings Shareholders confirmed Andrea Santarelli as Common Representative of Savings Shareholders, setting the term of office for three years, i.e. from the date of the Shareholders' Meeting for the approval of the financial statements as at 31 December 2023, until the date to be set for the approval of the financial statements as at 31 December 2026.

On **20 May 2024**, the Board of Directors of KME approved an operation to promote:

- a total voluntary public exchange offer on 4,297,158 KME Group 2020 – 2025 Bonds outstanding (the “2020 Bonds”), with a nominal unit value of Euro 21.60 and consideration represented by a maximum of 92,818,548 new KME Group 2024 – 2029 Bonds, with a nominal unit value of Euro 1.00, (the “2024 Bonds”) for a total of Euro 92.8 million, intended for listing on the MOT (the “Bond Exchange Offer”);
- a concurrent public subscription offer for KME Group 2024 – 2029 Bonds for a total Euro 57.2 million, which can be increased to a maximum Euro 150 million (the “Subscription Offer” and, jointly with the Bond Exchange Offer, also the “2024 Offers”).

The 2024 Offers included a bond issue for listing on the MOT, represented by a maximum of 150,000,000 bonds with a nominal value of Euro 1.00 each, of which:

- a maximum of 92,818,548 2024 Bonds to be offered for exchange to holders of 2020 Bonds participating in the Bond Exchange Offer;
- between a minimum of 57,181,452 and a maximum of 150,000,000 2024 Bonds subject to the Subscription Offer, depending on the level of subscription of the Bonds Exchange Offer.

The 2024 Bonds have a 5-year maturity from the issue date and accrue interest at a fixed nominal rate of 5.75%. When the transaction was announced, the market was informed that the rate would not be lower than 5.25%. Subsequently, on 21 June 2024, the Board of Directors set the rate at the above-mentioned level. The maximum amount of the new bond issue may be Euro 200 million.

Starting from the end of the second year from the issue date (on 2 August 2024), KME will have the right to fully or partially redeem the 2024 Bonds. The redemption price of the 2024 Bonds (without prejudice to the payment of interest accrued and unpaid up to the early redemption date) will be equal to:

- i. from the end of the second year, 102% of the portion of the nominal value being redeemed;
- ii. from the end of the third year, 101% of the portion of the nominal value being redeemed; and
- iii. from the end of the fourth year, 100% of the portion of the nominal value being redeemed.

The 2024 Bonds subject of the Offer for Subscription – carried out at the same time as the Bond Exchange Offer – were targeted to the general public and qualified investors, and were distributed exclusively through the MOT.

The Bond Exchange Offer promoted by KME concerned 4,297,158 2020 Bonds outstanding, with a unit nominal value of Euro 21.60, listed on the MOT.

The Issuer granted each subscriber to the Bond Exchange Offer 108 2024 Bonds, with a nominal value of Euro 1.00 each, for every 5 2020 Bonds with a total nominal value of Euro 108.00 tendered and purchased (the "Consideration for the 2020 Bonds"). The Consideration for the 2020 Bonds included a premium of 0.20% on the price of the 2020 Bonds based on the prices of the last three months. Regarding the 2020 Bonds tendered to the Bond Exchange Offer, the accrued interest up to the settlement date of the Consideration for the 2020 Bonds was also paid.

The 2020 Bonds tendered to the Bond Exchange Offer and purchased by the Issuer were cancelled pursuant to article 6 of the "KME Group S.p.A. 2020 – 2025" Bond Regulations.

The Bond Exchange Offer was subject to conditions in line with market practice.

The Offer for Subscription was targeted to the general public in Italy and to qualified investors, in a total amount of Euro 57,181,452.00 (equal to a maximum of 57,181,452 2024 Bonds), which can be increased by the Issuer up to Euro 150,000,000.00 (equal to a maximum of 150,000,000 2024 Bonds), considering the level of participation in the Bond Exchange Offer.

The Subscription Offer was also subject to conditions in line with market practice.

On **22 May 2024**, the Issuer's ordinary and extraordinary shareholders' meeting, when approving the 2023 financial statements and the renewal of the corporate bodies, as described in the relevant section of this Report, authorised the purchase, for a period of 18 months, and the disposal, without time limits, of ordinary and savings treasury shares, as well as KME Group SpA 2021-2024 Warrants and Management Warrants.

The Subscription Offer prospectus was approved by CONSOB with a note dated **26 June 2024**, protocol no. 0063689/24, and the 2024 Bonds admitted to listing on the MOT with a measure issued by Borsa Italiana S.p.A. on 21 June 2024.

The subscription periods of the Bond Exchange Offer and the Subscription Offer ended on 26 July and 31 July 2024, respectively.

At the conclusion of the Bonds Exchange Offer, on a maximum of 4,297,158 2020 Bonds, 1,291,910 2020 Bonds were tendered in the Offer and purchased by the Issuer, and cancelled on **2 August 2024**. Consequently, the 2020 Bonds still outstanding and traded on the MOT numbered 3,005,248 for a total nominal value of Euro 64,913,356.80 maturing on 18 February 2025.

Subsequently, on **26 September 2024**, in order to complete the debt funding started with the two previous offers carried out in July 2024, the Company approved a new transaction aimed at promoting:

- a new public offer for subscription of the 2024 Bonds, with a nominal unit value of Euro 1.00, for an amount of Euro 70.5 million, which can be increased up to a maximum of Euro 115.9 million (the "New Subscription Offer");
- a new partial voluntary public exchange offer on 2,103,673 2020 Bonds outstanding, with a nominal unit value of Euro 21.60, with consideration represented by up to 45,439,272 new 2024 Bonds for a total of Euro 45.4 million intended for listing on the MOT (the "New Bond Exchange Offer" and, together with the New Subscription Offer, also the "New Offers").

The New Bond Exchange Offer therefore involved 70% of the 2020 Bonds outstanding.

The Issuer, therefore, intended to reopen, in service of the New Offers, the issue of "KME Group S.p.A. 2024-2029" bonds intended for listing on the MOT, represented by up to 115,896,120 bonds with a nominal unit value of EUR 1.00, of which:

- a maximum no. of 45,439,272 2024 Bonds to be offered for exchange to holders of 2020 Bonds participating in the New Bond Exchange Offer;

- between a minimum of 70,456,848 and a maximum of 115,896,120 2024 Bonds subject to the New Subscription Offer, depending on the level of acceptance of the New Bond Exchange Offer.

The offered bonds were fully fungible with the bonds of the "KME Group S.p.A. 2024-2029" loan, constituting a single series of bonds, with the same ISIN code IT0005597874 and admitted to trading on the MOT.

The maximum amount of the new bond issue was therefore Euro 115.9 million.

The 2024 Bonds covered by the New Subscription Offer—which the Issuer intended to carry out concurrently with the New Bond Exchange Offer—were offered to the general public and qualified investors and distributed exclusively through the MOT.

For all other characteristics of these bonds, please refer to the relevant regulations available at <https://www.itkgroup.it/it/obbligazioni-2024-2029>.

On **23 October 2024** KME's Board of Directors set the issue price of the 2024 Bonds at Euro 1.00, in line with the previous Offers.

The New Subscription Offer prospectus was approved by CONSOB on **29 October 2024**.

Consequently, following CONSOB approval of the Prospectus, the following were started:

- a public subscription offer of 70,456,848 2024 Bonds, which may be increased by the Issuer up to a maximum of 115,896,120 2024 Bonds, depending on the level of subscription of the New Bond Exchange Offer, intended for listing on the MOT and deriving from the Loan;
- a partial voluntary public exchange offer on 2,103,673 outstanding 2020 Bonds, with consideration represented by a maximum of 45,439,272 2024 Bonds, for a total of Euro 45.4 million, intended for listing on the MOT and deriving from the Loan.

The subscription period for the New Subscription Offer was set from 4 November to 22 November 2024, then extended to 29 November 2024, while the subscription period for the New Bond Exchange Offer was set from 4 November to 19 November 2024, then extended to 26 November 2024, the date on which the New Bond Exchange Offer therefore ended.

At the end of the period, 565,095 2020 Bonds (equal to 26.86% of the 2020 Bonds subject to the offer) were tendered for the New Bond Exchange Offer, for a nominal value of Euro 12,206,052, with consideration represented by 12,206,052 2024 Bonds, with a nominal unit value of Euro 1.00 each, for a total nominal value of Euro 12,206,052, arising from the Loan.

Since the subscriptions to the New Bond Exchange Offer involved a number of 2020 Bonds lower than 2,103,673 2020 Bonds subject to that offer (i.e. 565,095 2020 Bonds), the Company withdrew all 2020 Bonds tendered, without carrying out the allocation procedure.

With reference to the New Subscription Offer referred to in the press releases issued on 26 September 2024 and 29 October 2024, it is hereby noted that the Offer commenced at 9:00 a.m. on 4 November 2024 and ended on **29 November 2024**.

The 2024 Bonds subject to the New Offers were distributed exclusively through the MOT and traded starting on **4 December 2024** with the ISIN code IT0005597874 identifying the 2024 Bonds currently outstanding.

The total nominal value of the New Subscription Offer was Euro 70,456,848, corresponding to 70,456,848 2024 Bonds; at the end of the relevant subscription period, requests were received for 42,494,109 2024 Bonds, for a total nominal value of Euro 42,494,109.

As a result of the Subscription Offers and Exchange Offers carried out in July and November, a total of 138,804,041 2024 Bonds were issued.

* * *

Two tables (Table 2a and Table 2b) are included as annex to the Report, the first showing details of the financial instruments issued by the Company and the second showing their performance on the Stock Exchange during the period, highlighting their market capitalisation.

In this regard, it should be noted that a specific section of the website, on the page <https://www.itkgroup.it/it/borsa-italiana> is available, which is dedicated to the Company's financial instruments and their listing and is continually updated, thus showing the real-time trend in trading.

b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b), TUF)

The Articles of Association do not contain transfer restrictions pertaining to shares such as, for example, limitations on the ownership of securities or the need to obtain the approval of the Issuer or other holders of securities.

c) Significant investments (pursuant to article 123-bis, paragraph 1, letter c), TUF)

The significant reporting threshold as provided by article 120, paragraph 2 is equal to 5% of the share capital with voting right.

At the date of this Report, the Shareholders that directly or indirectly hold investments of more than 5% of the Issuer's share capital, through pyramid structures or cross-investments, according to what is set forth in the communications made pursuant to article 120 of the TUF, are those specified in Table 2.3 attached to this Report.

The Company has 19,000 Shareholders, according to the Shareholders Register.

On 31 December 2024, the investment of Quattrodue in the Company amounted to 177,813,368 ordinary shares, corresponding to 65.80% of the share capital in this category and 62.51% of the entire share capital.

Quattrodue SpA also held 1,424,032 savings shares corresponding to 10.02% of the share capital in this category and 0.50% of the entire share capital as at 31 December 2024.

Therefore, the overall investment of Quattrodue in the entire share capital was 63.01%.

There were no changes from 31 December 2024 to the date of this Report.

As per the memorandum issued on **6 August 2024**, the content of which was published in the press on that same date and submitted to the Milan Company Register, the shareholders of Quattrodue, Vincenzo Manes, through Mapa Srl (Milan), with an investment of 35.12%, Ruggero Magnoni, through RFM & Partners SpA (Varese), with an investment of 32.44% and Hanseatic Europe S.a.r.l. (Luxembourg), with an investment of 32.44%, in line with previous shareholders' agreements, on 1 August 2024, (the "Signing Date") signed a new shareholders' agreement (the "Agreement") replacing the previous one, containing relevant provisions pursuant to article 122, paragraphs 1 and 5, letter b) of the Consolidated Law on Finance relating to Quattrodue SpA, the parent company of KME Group SpA.

The duration of the Agreement is 3 (three) consecutive years from the Signing Date (the "Initial Period"), provided that, upon expiry of the Initial Period, the Agreement shall be automatically renewed unless terminated by one of the parties with at least 30 (thirty) working days' notice.

On the Signing Date, Quattrodue held a total of 179,237,400 shares in KME, of which 177,813,368 were ordinary shares and 1,424,032 were savings shares.

The extract from the Agreement is available on the Company's website at <https://www.itkgroup.it/it/patti-parasociali>.

The Company, as at 31 December 2024, directly held 53,243,219 ordinary treasury shares, equal to 19.70% of the share capital of this category and 18.72% of the total share capital.

d) Securities with special control rights (pursuant to article 123-bis, paragraph 1, letter d), TUF)

No securities have been issued conferring special control rights, except as already indicated in another section of this Report, regarding the statutory rules governing the multiple voting rights.

e) Employee share scheme, mechanism for the exercise of voting rights (pursuant to article 123-bis, paragraph 1, letter e), TUF)

There is no employee share-option scheme.

f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f), TUF)

Without prejudice to the applicable laws and the Articles of Association, there are no restrictions on voting rights.

In that connection, the Shareholders' Meeting of 19 May 2006 resolved to amend article 4 of the Company's Articles of Association in order to allow the Shareholders' Meeting to authorise a share capital increase of up to 10% of the existing share capital without option rights pursuant to article 2441, paragraph 4, second sentence, of the Civil Code.

Furthermore, article 27 of the Articles of Association provides that a resolution to extend the duration of the Company (currently 31 December 2050) gives no withdrawal right pursuant to article 2437 of the Civil Code.

g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1, letter g), TUF)

The Company has not been informed of the existence of any shareholders' agreements pursuant to article 122 of the TUF, except as indicated above, regarding:

- the existing Agreement between the shareholders of Quattrodue SpA, which expires on 31 July 2027 and is reproduced in extract form on the Company's website at <https://www.itkgroup.it/it/patti-parasociali>;
- the agreement, signed on 28 September 2023, between KME and Lynstone SSF, together with Quattrodue, whose extract and essential contents are reproduced on the Issuer's website in the section <https://www.itkgroup.it/it/patti-parasociali-kme>, where the relevant updates pursuant to article 130 of the Issuers' Regulation are also published;
- the Investment Agreement, for the shareholders' agreements already described in another section of this Report, whose extract and essential contents are reproduced on the Issuer's website in the section <https://www.itkgroup.it/it/patti-parasociali-kme>, where the relevant updates pursuant to article 130 of the Issuers' Regulation are also published.

h) Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h), TUF) and provisions of the Articles of Association regarding PTOs (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1, TUF)

Except as provided in the Investment Agreement, neither the Company nor its subsidiaries have entered into arrangements on the effectiveness, amendment or termination of which are conditional to a change in the control of the Company.

The Company did not adopt any provisions in its Articles of Association that depart from the provisions of the passivity rule pursuant to article 104, paragraphs I and II of the TUF, or provide for application of the neutralisation rules pursuant to the following article 104-bis, paragraphs II and III of the TUF in regard to public tender offers or public exchange offers.

i) Delegated powers regarding share capital increases and the purchase of treasury shares (pursuant to article 123-bis, paragraph 1, letter m), TUF)

The Board of Directors was not assigned any powers pursuant to article 2443 of the Italian Civil Code.

As already mentioned elsewhere in this Report, the Ordinary Shareholders' Meeting of 22 May 2024, resolved to authorise the purchase, for a period of 18 months, and the disposal, without time limits, of ordinary and savings shares as well as of any "KME Group SpA 2021-2024" Warrants and Management Warrants.

As at the date of this Report, the Company holds 53,243,219 ordinary shares equal to 19.70% of the voting capital and 18.72% of the total share capital.

None of the subsidiaries holds KME shares.

j) Management and coordination activity (pursuant to articles 2497 et seq. of the Civil Code)

Although a subsidiary of Quattrodue S.p.A., the Company is not subject to management and coordination, pursuant to articles 2497 et seq. of the Civil Code and article 37 of the Market Regulation, insofar as that:

- i. it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
- ii. it does not participate in any centralised treasury arrangements operated by Quattrodue or other companies controlling Quattrodue or KME Group;
- iii. the number of Independent Directors (currently 3 out of 10) is such as to ensure that their opinions have a material influence on board decisions, bearing in mind that, as from 26 September 2024, they will form the Related Party Transactions Committee;
- iv. the Control, Risk and Sustainability Committee consists of 3 Directors, 2 of whom are Independent Directors also pursuant to article 37, paragraph 1-bis of the Markets Regulation.

* * * * *

With reference to the additional information pursuant to article 123-bis of the TUF, please refer to the following paragraphs of this Report, as specified below:

- the information required by article 123-bis, paragraph 1, letter i) of the TUF, relating to agreements between companies and directors, which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a public tender offer, is contained in the Report on Remuneration relating to the financial year 2024;
- the information required by article 123-bis, paragraph 1, letter l) of the TUF relating to the appointment and replacement of directors, as well as amendments to the Articles of Association, is illustrated in chapter 4 of this Report, dedicated to the Board of Directors;
- the information required by article 123-bis, paragraph 2, letter b) of the TUF relating to the main characteristics of the risk management and internal control systems, is illustrated in chapter 9 of this Report;
- the information required by article 123-bis, paragraph 2, letter c) of the TUF relating to information on the mechanisms for the functioning of the Shareholders' Meeting, its main powers, Shareholders' rights and procedures for exercising them, is illustrated in chapter 13 of this Report dedicated to the Shareholders' Meeting;
- the information required by article 123-bis, paragraph 2, letter d) of the TUF relating to the composition and functioning of the administration and control bodies and their committees, is illustrated in chapters 4, 6, 7, 8, 9, and 11 of this Report;
- the information required by article 123-bis, paragraph 2, letter d-bis) of the TUF is contained in chapters 4, 11 and 13, relating to the description of policies on diversity applied in relation to the composition of the administration, management and control bodies relating to aspects such as the age, gender composition and training and professional background, along with a description of the objectives, implementation methods and results of such policies.

During the self-assessment, the Board deemed that the professional skills present on the Board of its components and as a whole, which are evaluated periodically, are adequate.

3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), TUF)

The KME Group complies with the Code by promoting the introduction of the relative principles in its own governance system, taking into account the peculiarities of its own structure.

If the standards and application criteria of the Code have not been completely adopted, proper information will be provided on the reasons for the failure to apply it or their partial application.

The text of the Code is available at Borsa Italiana S.p.A. and can also be viewed on the Corporate Governance Committee website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

As required by article 149, paragraph 1, letter c.-bis of the TUF, the Board of Statutory Auditors monitors the actual implementation of the rules on corporate governance contained in the Code.

Each year, the Company provides information on its governance system and its adherence to the Code through this Report, drafted also pursuant to article 123-bis of the TUF, which shows the degree of compliance with the principles and the application criteria required by the Code and international best practice.

The Report is made available to the Shareholders with the documentation provided to the Shareholders' Meeting regarding the financial statements and it is also immediately published on the Company's website (www.itkgroup.it) under the section Governance.

The Committees established within the Board of Directors (see chapters 6 and 10 of this Report) pursuant to the Code, meet and perform the functions according to the provisions of this Code.

Examination of the Company's governance structure, as outlined by the Articles of Association, by the procedures adopted and as illustrated in this Report, shows the commitment of the KME Group to comply with commonly shared best practices.

Neither the Company nor its strategically relevant subsidiaries are subject to provisions of laws which are not Italian which influence the structure of the KME Group's corporate governance.

4. BOARD OF DIRECTORS

4.1. Role of the Board of Directors (pursuant to article 123-bis, paragraph 1, letter l), TUF)

The Board of Directors has the widest powers for the organisation and management as well as the ordinary and extraordinary Company operations for the achievement of its corporate purpose (article 14 of the Articles of Association), it determines the strategic lines and pursues their achievement, guarantees the continuity of operations and provides for the attribution of powers to the Executive Directors (articles 15 and 16 of the Articles of Association).

The Board of Directors is also vested with the powers set forth under article 2365, paragraph II of the Civil Code, as provided by article 14 of the Articles of Association, in relation to the resolutions concerning mergers and demergers.

According to the Code, one of the main objectives of the Board of Directors is to create value over the medium-long term, and places emphasis on its duty to establish the nature and level of risk that is consistent with the Company's strategic objectives.

During the Board meetings, detailed information is traditionally provided on the operations and transactions considered to be the most significant in order to disseminate knowledge to the Directors and Statutory Auditors.

On 23 October 2024, the Board of Directors, with reference to the provisions of Italian Law no. 21 of 5 March 2024 (the "Capitali" Law), which came into force on 27 March 2024, called the Shareholders' Meeting of 17 December 2024, which implemented the contents of said regulations regarding the manner in which the shareholders' meetings are held, amending article 11 of the Articles of Association (Attendance and representation at Shareholders' Meeting).

The Board of Directors financial reporting responsibilities are to present:

- the separate and consolidated financial statements as at 31 December;
- the half-year report as at 30 June.

4.2. Appointment and replacement of Directors (pursuant to article 123-bis, paragraph 1, letter I), TUF)

The requirements for the appointment and replacement of members of the Board of Directors are those pursuant to applicable laws as supplemented by the Company's Articles of Association (article 17). It is hereby noted that the Extraordinary Shareholders' Meeting held on 11 June 2014, which resulted in amendments to the Articles of Association, adjusted articles 17 and 22 to the discipline regarding balance between genders in the composition of the administration and control bodies as introduced by Italian Law no. 120 of 12 July 2011, and the relative implementing provisions. Additional amendments to the above-mentioned articles were approved by the Extraordinary Shareholders' Meeting on 30 November 2020 to adapt to new regulatory provisions on gender quotas.

Directors' terms may not be longer than three years and they may be re-elected (article 17 of the Articles of Association).

Upon presentation of a candidate for the position of Director, the candidate's curriculum vitae and a list of the positions held by the candidate at other Companies as director or statutory auditor are provided to the Shareholders' Meeting.

The number of Directors may vary between a minimum of seven and a maximum of eleven.

The appointment procedure pursuant to article 17 of the Articles of Association requires that:

- the lists of candidates must be filed at the registered office and published in compliance with current legislation;
- the lists must be accompanied by:
 - information relating to the identity of the holders of voting rights who have submitted the lists, with an indication of the percentage of the total shareholding held;
 - a declaration of the Shareholders other than those who hold, even jointly, a controlling interest or relative majority, certifying the absence of relationships of connection envisaged by the applicable provisions;
 - exhaustive information on the personal and professional characteristics of the candidates, as well as a declaration in which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no causes for ineligibility or incompatibility, and that they meet the requirements envisaged by current legislation and the Articles of Association for the respective offices, with indication of any suitability to qualify as independent pursuant to article 148, paragraph 3, of the Consolidated Law on Finance;
- lists with a number of candidates equal to or higher than three must be composed of candidates which belong to both genders, so that a number of candidates at least equal to what is set forth by the laws and applicable regulations inherent to gender balance over time belong to the least represented gender;
- a shareholder may not submit or vote for more than one list, even if through a third party or through trust companies. Those belonging to the same group and those who adhere to a shareholders' agreement concerning the shares of the Company may not submit or vote for more than one list, even if through a third party or through trust companies. A candidate may be present on only one list, under penalty of ineligibility;
- those who, alone or together with others, represent the shareholding in the share capital (expressed in ordinary shares that assign voting rights in the shareholders' meeting resolutions concerning the appointment of the members of the administrative bodies) in an amount equal to the highest percentage identified in accordance with the relevant provisions issued by the CONSOB - National Commission for Companies and Stock Exchange.
- the shareholding for the presentation of the lists must be indicated in the notice of call of the Shareholders' Meeting;

- lists for which the aforementioned requirements are not observed must be considered as not submitted;
- the candidates are appointed as Directors, except for the last one in progressive order, on the list that obtains the highest number of votes (the "Majority List"), as well as the first candidate on the minority list that has obtained the highest number of votes and is not connected in any way, not even indirectly, with those who submitted or voted on the list resulting first in terms of number of votes; without prejudice to the fact that, for the purposes of the allocation of the directors to be elected, the lists submitted by shareholders who have not obtained a percentage of votes equal to at least half of the percentage required for the presentation of the lists, as indicated above, are not taken into account;
- in the event of an equal number of votes between two or more lists, the candidates of the list submitted by the holders of the largest shareholding at the time of submission of the list, or secondarily, by the largest number of them, shall be elected directors;
- if the candidates elected with the methods indicated above do not ensure the appointment of a number of directors meeting the independence requirements set forth in article 148, paragraph 3, of the Consolidated Law on Finance, equal to the minimum number established by law in relation to the total number of Directors, the non-independent candidate elected last in progressive order on the Majority List will be replaced by the first independent candidate not elected on the same list according to the progressive order, or failing that, by the first independent candidate according to the sequential order not elected from the other lists, according to the number of votes obtained by each. This replacement procedure will take place until the Board of Directors is composed of a number of members who meet the requirements set out in article 148, paragraph 3 of the Consolidated Law on Finance equal to at least the minimum prescribed by law. Finally, if this procedure does not ensure the result indicated above, the replacement will take place by resolution passed by the Shareholders' Meeting by relative majority, subject to the submission of candidates who meet the aforementioned requirements, without prejudice to compliance with the pro tempore regulations in force concerning gender balance;
- if moreover, the composition of the Board of Directors is not in compliance with the pro tempore regulations in force concerning gender balance with the candidates elected with the methods indicated above, the candidate of the most represented gender elected last in progressive order on the Majority List will be replaced by the first candidate of the least represented gender not elected from the same list according to the progressive order. This replacement procedure will take place until the composition of the Board of Directors complies with the pro tempore regulations in force concerning gender balance. Finally, if said procedure does not ensure the result indicated above, the replacement will take place by resolution passed by the Shareholders' Meeting by relative majority, subject to the presentation of candidates belonging to the least represented gender;
- if only one list is submitted or if no list is submitted, or if the Directors are not appointed for any reason pursuant to the above procedure, the Shareholders' Meeting resolves with the majorities by law, without complying with the procedure envisaged above, in order to ensure (i) the presence of independent Directors pursuant to article 148 of the TUF in the minimum total number required by the pro tempore regulations in force and (ii) compliance with the pro tempore regulations in force concerning gender balance.

If during the year, one or more Directors taken from lists submitted by Shareholders leave the office, for any reason whatsoever, pursuant to article 2386 of the Italian Civil Code, as indicated below:

- a) the Board of Directors proceeds with the replacement from among the members of the same list to which the outgoing Director belonged and the Shareholders' Meeting resolves, with the majorities provided for by law, respecting the same criterion;
- b) if there are no unelected candidates remaining on the aforementioned list or candidates with the required requisites, or in any case when, for any reason whatsoever, it is not possible to comply with the provisions set out in letter a), the Board of Directors replaces the vacancy

and the Shareholders' Meeting decides by majority of votes set forth by law, without a list vote.

In any case, the Board of Directors and the Shareholders' Meeting will make the appointments so as to ensure (i) that the number of independent Directors is at least at the minimum level required by the pro tempore regulations in force and (ii) compliance with the pro tempore regulations in force concerning gender balance.

The entire procedure for the appointment of Directors is set forth in article 17 of the Articles of Association and is also available in a dedicated section of the website www.itkgroup.it.

It should be noted that, as per the press release issued on **12 January 2024** the Board of Directors completed its composition on the same date with the appointment by co-optation of Laura Cattaneo to replace the resigning Director Alberto Previtali, both from the minority list submitted at that time jointly by the shareholders Alberto Previtali and Daniela Guatterini. The Director, Laura Cattaneo, remained in office until the shareholders' meeting of 22 May 2024, which renewed the corporate bodies.

It should also be noted that, as per the press release issued on **20 November 2024**, the non-independent director Alessandra Pizzuti resigned for personal reasons on the same date. The resignation, pursuant to article 2385 of the Italian Civil Code, took effect immediately.

Subsequently, on **24 January 2025**, the Board of Directors of KME Group, having acknowledged that the personal reasons that had led to her resignation had ceased to exist, supplemented its composition, also in compliance with gender quotas, by co-opting the aforementioned Director Alessandra Pizzuti, who was also appointed as a member of the Control, Risk and Sustainability Committee.

4.3. Composition of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d), TUF)

The current Board of Directors was appointed by the Shareholders' Meeting on 22 May 2024, which decided on ten (10) members of the administrative body (as indicated previously, the Articles of Association provide for a variable number of Directors, the minimum being 7 and the maximum 11).

The term of office is three financial years and therefore up to the date of the Shareholders' Meeting called for the approval of the financial statements as at 31 December 2026.

In compliance with the procedure referred to in article 17 of the Articles of Association, the following lists were presented:

- Majority List presented by the majority shareholder Quattrodue, owner of 57.11% of the ordinary share capital of the Company;
- Minority list presented by the shareholder Navig Sas di Giorgio Zaffaroni, holder of 2.57% of the ordinary share capital of the Company.

The Shareholders' Meeting had approved the Quattrodue proposal by majority vote, with 323,591,560 votes in favour equal to 97.425% of the shares represented at the meeting and 70.791% of the shares with voting rights; the minority list had obtained 8,517,609 equal to 2.564% of the shares represented at the meeting and 1.863% of the shares with voting rights.

The following Directors were appointed:

- Diva Moriani, Vincenzo Manes, Marcello Gallo, Ruggero Magnoni, Luca Ricciardi, James Macdonald, Francesca Marchetti, Maria Serena Porcari and Alessandra Pizzuti, who were selected from the list presented by the shareholder Quattrodue SpA;
- Massimiliano Picardi, who was selected from the minority list presented by the shareholder Navig Sas di Giorgio Zaffaroni.

At the date of this Report, there are therefore 10 Directors in office: 8 were selected from the list presented by Quattrodue, 1 was selected from the minority list and 1 was co-opted by the Board of Directors following the resignation of a director selected from the list presented by Quattrodue.

After the aforementioned Shareholders' Meeting, the Board of Directors met and appointed Diva Moriani as Chairwoman and Vincenzo Manes as Deputy Chairman. Given the powers delegated to them, they will also serve as Executive Directors of the Company.

The Board also verified that those performing administrative and control functions meet the requirements of professionalism and integrity and that the independence requirement set forth in article 148, paragraph 3, of Italian Legislative Decree no. 58/98 and article 2, recommendation 7 of the Corporate Governance Code promoted by Borsa Italiana S.p.A. is met with regard to Directors Francesca Marchetti, Luca Ricciardi and Massimiliano Picardi.

Regarding Director Luca Ricciardi, the Board positively assessed the existence of this requirement because he has consistently demonstrated independence of judgement and a high level of professionalism in his work with the Board, including by requesting specific further information and effectively guiding the Board.

Moreover, also through his role as Chairman of the Control, Risk and Sustainability Committee and his active participation in the Related Parties Committee, Luca Ricciardi supported the approach of these bodies to making decisions that best protect the interests of all stakeholders.

The Company has not deemed it necessary to introduce any quantitative or qualitative restrictions on any relationships with Independent Directors, since the assignment of professional or equivalent positions to members of corporate bodies does not fall within its operating criteria.

The Board also acknowledged the statements made by the newly appointed Standing Auditors Gianluca Cinti, Alberto Villani and Giovanna Villa and verified, based on the available information, to the extent possible, that they meet the independence requirements set forth in article 148, paragraph 3, of Italian Legislative Decree no. 58/98 and article 2, recommendation 9 of the Corporate Governance Code promoted by Borsa Italiana S.p.A.

At the same meeting, the Board set up the Control, Risk and Sustainability Committee, consisting of the Independent Directors Luca Ricciardi (Chairman) and Francesca Marchetti, as well as the non-executive Director Alessandra Pizzuti. It was envisaged that this Committee would also act as the Related Party Transactions Committee for transactions of lesser importance, while those of greater importance would be examined by a committee composed solely of independent directors.

On 26 September 2024, following the approval of the updated version of the Procedure applicable to related party transactions, the Board of Directors set up a specific Related Party Transactions Committee consisting of three independent directors (Luca Ricciardi, Chairman, Francesca Marchetti and Massimiliano Picardi).

The Board decided not to establish any further committees.

The Board of Directors confirmed the Deputy Chairman, Vincenzo Manes, as the Director responsible for the internal control system and appointed Fabio Ambrosiani (as Chairman), Elena Pagliarani and Vittorio Gennaro as members of the Supervisory Board pursuant to Italian Legislative Decree 231/2001. Vittorio Gennaro was also appointed as Head of Internal Audit.

Finally, the Board confirmed Giuseppe Mazza as the Manager in charge of Financial Reporting and as Secretary of the Board.

On that occasion, the directors also considered that the skills, experience and professional characteristics of the individual members of the Board, as well as the size, composition and operation of the Board itself and its committees, including with regard to the application of diversity criteria, were suitable for the Company's core business.

Directors are required to provide prompt notice in the event that they no longer meet the integrity requirements pursuant to article 147-*quinquies* of the TUF.

As far as the Company is aware, none of the members of the Board of Directors and/or Group Key Management Personnel have, in the past five years, been found guilty of fraud nor, in the performance of their duties, been associated with bankruptcy proceedings, extraordinary administration or compulsory administrative liquidation, nor, finally, have been formally indicted and/or sanctioned by public or regulatory authorities (including professional associations) nor prohibited by a court from membership of a

Board of Directors, management board or supervisory board of the Company or engaging in the management or administration of any issuer.

The personal and professional characteristics of each Director are presented in their CVs filed at the Company's registered office and available on the Issuer's institutional website in the Governance/Corporate Bodies section (<https://www.itkgroup.it/en/companybodies>).

For further details, please see Table 4.2 attached to this Report, which includes the names of each member of the Board in office, with a specification of the office held, the year of birth, the length of time in office, the list from which they were taken, whether they are Executive, Non-Executive or Independent Directors, their attendance at Board and Committee meetings during the Financial Year, as well as the number of administration and control offices currently held in other companies listed in regulated markets, in financial companies, banking or insurance companies or companies of significant size.

The only change since the end of the Financial Year has been the aforementioned co-option of Alessandra Pizzuti.

The names of Directors usually appear at the beginning of the documents prepared for Shareholders' Meetings and in the annual and half-year financial statements.

Diversity criteria and policies

As at the date of this Report, the Company has not applied any specific diversity or gender criteria, nor has it adopted a diversity policy for the Board of Directors, as it deems respect for the requirements laid out by legislation and regulations in force over time as well as the Articles of Association to be sufficient to ensure the adequate composition of the administrative body. Specifically, with reference to the provisions on the "pink quotas", as last amended by Italian Law no. 160 of 27 December 2019, and applicable as of the first re-election of the Issuer's administrative and control bodies subsequent to 1 January 2020, the date of entry into force of the above-mentioned law, please note that:

- pursuant to article 147-ter, paragraph 1-ter of the TUF, directors must be allocated on the basis of a criterion ensuring gender balance; at least two-fifths of the directors elected must belong to the least represented gender;
- pursuant to article 17 of the Articles of Association, in the composition of the Board of Directors balance between the male and female gender must be ensured in compliance with applicable provisions of law and regulations in force over time.

The Board of Directors in office apply article 147-ter, paragraph 1-ter of the TUF, previously in force, according to which at least two-fifths of the elected directors must belong to the least represented gender.

As at the date of this Report and in compliance with the above-mentioned provisions, four of the directors on the Company's Board of Directors out of ten are women, in line with the regulation in force.

This representation is furthermore ensured on the Board of Statutory Auditors by a Standing Auditor and two Alternate Auditors, appointed at the time that the offices were renewed in 2024.

The Issuer did not adopt specific measures during the Financial Year to promote equal treatment and opportunities between the genders within the Company. This being said, the Issuer believes that the current Company's organisation, which is constantly monitored by the Issuer itself, makes it possible to achieve the above-mentioned objectives.

Maximum offices covered in other companies

The Board of Directors considers that it shall not discretionally limit the number of offices that each Director may occupy, without prejudice to the duty of each Director to evaluate the compatibility of the offices of Director and Statutory Auditor held in other companies listed in regulated markets and subject to the rights afforded by the law and regulations, with respect to:

- the personal and professional qualifications of its members;
- the number and significance of the offices listed above;
- the high participation of their own members in the meetings of the Board of Directors.

In the course of the Financial Year, at its meeting held on 22 May 2024, the Board, on the basis of the information received, after the verification of the offices currently held by its Directors in other companies, decided that the number and type of offices held does not interfere and therefore is compatible with an effective performance of the role of Director in the Issuer.

On the basis of the information received from the Directors and in line with the provisions of the Code, please refer to Table 4.2b attached to this Report for the list of administration and control offices held by the Directors in office in joint-stock companies (including those listed in regulated markets, also abroad), partnerships limited by shares and limited liability companies.

Induction Programme

The Company, considering

- a) the high level of professionalism of the Directors,
- b) the long-term experience gained by nearly all Directors in the sector of activity in which the Issuer operates, as well as
- c) the extensive disclosure provided by the Chairwoman and the Deputy Chairman during the Board meetings in relation to any regulatory updates of interest to the Company and based on
- d) updates, data and documents periodically provided to the directors themselves in the various Board meetings, where information regarding the performance of the Group's businesses is provided or resolutions of a strategic nature are made,

did not believe it was necessary to promote further *ad hoc* initiatives in the course of the Financial Year to increase the knowledge of the Directors of the Company's business segment, company trends and their evolution as well as the reference regulatory framework ("induction programme").

4.4. Functioning of the Board of Directors (pursuant to article 123-bis, paragraph 2, letter d), TUF)

In 2024, the Board of Directors held nine meetings, each lasting an average of one hour and fifteen minutes.

During the financial year, the Board of Directors met 3 times.

As standard practice, documentation relating to the items on the agenda is made available to the Directors and Statutory Auditors in advance of each meeting via a dedicated platform provided by a reputable external provider, which ensures data confidentiality and traceability of access.

With reference to Recommendation 12.c), it should be noted that the Secretary and Manager in charge of Financial Reporting, Giuseppe Mazza, who also performs the role of the Company's Administrative Director, constantly attends the Board meetings.

Other Company and/or Group managers or professionals, who have been employed to assist the Company in specific matters or transactions, may participate in certain meetings of the Board, upon invitation of the Chairwoman.

The schedule of the Board meetings is announced to Borsa Italiana as soon as it becomes available, in any case no later than 30 January, and it is also available on the Company's website www.itkgroup.it.

Pursuant to the Articles of Association (article 20), the Chairwoman is the legal representative of the Company, including insofar as representation in the courts, and also has corporate signing powers. The other Directors shall represent the Company to the extent permitted by the powers conferred on them.

With regard to **Recommendation 1.a)** of the Code, the Board is exclusively responsible for examining and approving strategic, business, and financial plans and for the corporate governance system.

The KME Group exercises the management and coordination activities over certain of its subsidiaries and in particular over KMH SpA, as announced, pursuant to article 2497-bis of the Italian Civil Code.

Moreover, the Board of Directors determines the appointment and the withdrawal of powers delegated to the executive directors.

The Board assesses the general results of operations when it examines the periodic reports, taking into consideration in particular the information received from the authorised bodies.

The Board is reserved for:

- the examination and approval of the Company's transactions prior to implementation, when these transactions referred to investments, companies or business units with a value in excess of Euro 20 million;
- the subscription of bonds, including convertible bonds, issued by companies and/or national or foreign entities of an amount in excess of Euro 20 million;
- the examination and approval of the Company transactions prior to implementation, when these are carried out with related parties: (i) which do not fall under transactions which are exempt from application of the specific procedure relative to related party transactions and (ii) of an amount in excess of Euro 5 million;
- the signing of contracts involving the exchange, purchase or sale, including through a contribution, of an amount in excess of Euro 30 million, for each individual transaction, involving securities and financial instruments of any type, which are listed and constitute financial assets, contracts for the sale or purchase of options relative to these securities of an amount in excess of Euro 30 million per individual transaction calculated on the principal of said transaction;
- the purchase, sale, exchange or contribution to companies or entities which are established or under establishment, of real estate of any type or nature, wherever located, the value of which exceeds Euro 20 million per each deed.

It is hereby noted that the powers for amounts that are less than required for exclusive competence of the Board to enter into effect are conferred upon the Chairwoman and the Deputy Chairman.

At the end of each six-month period, the Board of Directors examines the report produced by the Control, Risk and Sustainability Committee containing the outcomes of the verifications produced by this committee and its opinion in regard to the adequacy of the Company's internal control system.

On the occasion of its meetings of 26 September 2024 and 14 April 2025, the Board of Directors examined the positive opinion expressed by the aforementioned Committee.

For information on the remuneration policy adopted by the Company and the compensation received by the Directors and the strategic executives, please see the Report on Remuneration available on the Company's website (www.itkgroup.it) pursuant to the terms and conditions required by the law and the regulation.

With regard to conflicts of interests and related party transactions of the Company and the Group it heads, please see what is described in paragraph 10 below.

It is hereby noted that there are no resolutions of Shareholders' Meetings which provide for derogations to the non-competition restriction applicable to Directors pursuant to article 2390 of the Italian Civil Code.

4.5. Role of the Chairwoman

Pursuant to article 20 of the Articles of Association, to which reference should be made for further details, the Chairwoman is the legal representative of the Company and has full powers to represent the Company in dealings with third parties and in legal proceedings.

Diva Moriani was appointed Chairwoman by the Board of Directors on 22 May 2024 which conferred upon her, consistently with instructions and guidelines decided by the Board of Directors, the powers relating to the management of the Company's administrative, financial, control, legal, tax, insurance, human resources and information technology affairs in addition to industrial and commercial matters and services. She has the powers to guide and coordinate all such activities for all Group companies through the relevant

operational designees and always within the limits of the strategic policies decided by the Board of Directors.

In exercising such powers, the Chairwoman may determine rules for the various internal departments, assign responsibilities, appoint attorneys-in-fact as sole or joint signatories in addition to the issue of orders and requirements for the Company organisation and operation.

Such powers may be delegated with respect to amounts between Euro 5 million and Euro 15 million.

4.6. Executive Directors

The Board of Directors appointed Vincenzo Manes as Deputy Chairman currently in office.

The Deputy Chairman Vincenzo Manes was granted legal representation of the Company and has the power to represent it with regard to third parties and in court, as well as in relation to the exercise of the powers assigned to him.

The Deputy Chairman is responsible for guiding, coordinating and controlling all forms of external communications, including those to shareholders.

In particular, and by way of example, the Deputy Chairman, in accordance with the guidelines and strategies decided by the Board of Directors, has the powers for the management of the Company's administrative, financial, control, legal, tax, insurance, human resource and information technology affairs in addition to industrial and commercial matters and services; for these activities, he has the powers to guide and coordinate all such activities for Group companies through the relevant operational designees and always within the limits of the strategic policies decided by the Board of Directors.

In exercising such powers, the Deputy Chairman may determine rules for the various internal departments, assign responsibilities, appoint attorneys-in-fact as sole or joint signatories in addition to the issue of orders and requirements for the Company's organisation and operation.

Such powers may be delegated with respect to amounts between Euro 5 million and Euro 30 million.

The Board of Directors did not consider it necessary to establish an Executive Committee, conferring upon the Chairwoman Diva Moriani and the Deputy Chairman Vincenzo Manes the necessary powers.

There are no other directors holding delegated management powers or otherwise were considered executives pursuant to the provisions of the Code.

It is however noted that based on a special power of attorney dated 19 December 2012, which was subsequently supplemented on 29 July 2014, the Chairwoman attributed to the Administrative Director, Giuseppe Mazza, powers of ordinary administration to be exercised by sole signature for transactions between Euro 100 thousand and Euro 500 thousand.

As specified in further detail in chapter 10 on the section referring to transactions with related parties, the Board of Directors attributed to the Chairwoman and the Deputy Chairman specific powers in this regard.

The Executive Directors inform periodically the Board of Directors and the Board of Statutory Auditors on the general results of operations and the business outlook as well as regarding the significant transactions carried out by the Company and its subsidiaries.

As noted, these reports will help raise the level of awareness of the Directors and the Statutory Auditors of the situation of the Company and its dynamics.

Board Secretary

Pursuant to article 20 of the Articles of Association, the Board of Directors has the power to appoint a Secretary from among persons who are not members of the Board.

The Board Secretary assists the Chairwoman (indicated above) in organising meetings, distributing pre-meeting information and, in general, managing information flows and taking minutes of the meetings.

The Secretary provides impartial assistance and advice to the administrative body on all matters relevant to the proper functioning of the corporate governance system.

The Board appointed Giuseppe Mazza, Administrative Director, as its secretary for the entire term of office.

4.7. Independent Directors and Lead Independent Director

Independent Directors

The current KME Group Board of Directors is made up of 3 (three) Independent Directors.

Pursuant to the provisions of **Recommendation 5** of the Code and in compliance with articles 147-ter, paragraph 4, and 148, paragraph 3 of the TUF and CONSOB communication DEM/9017893 of 26 February 2009, the Directors Francesca Marchetti and Luca Ricciardi confirmed that they continue to qualify as "Independent Directors" pursuant to the aforementioned provisions and both the Board of Directors and the Board Statutory Auditors agreed also for 2024.

Similarly, the fulfilment of this requirement was successfully verified for the new Director Massimiliano Picardi.

Regarding Director Luca Ricciardi, as previously indicated, the Board positively assessed the existence of this requirement because he has consistently demonstrated independence of judgement and a high level of professionalism in his work with the Board, including by requesting specific further information and effectively guiding the Board.

Moreover, also through his role as Chairman of the Control, Risk and Sustainability Committee and his active participation in the Related Parties Committee, Luca Ricciardi supported the approach of these bodies to making decisions that best protect the interests of all stakeholders.

It is hereby noted that the assessment is made on the date of the respective appointments made by the Shareholders' Meetings and therefore repeated as part of the procedures for approval of the financial statements as at 31 December.

It should also be noted that the Company deemed the number of three independent directors sufficient, in consideration of their professionalism, autonomy and the high contribution to the discussion within the Board of Directors.

It is hereby noted that the Independent Directors meet at least once per year to discuss transactions of particular significance whenever necessary, as part of the activities of the Control, Risk and Sustainability Committee, of which two of the three independent directors of the KME Group are members.

The three independent directors form the Related Party Transactions Committee as from 26 September 2024.

Lead Independent Director

Recommendation 14 of the Code underlined the importance of appointing a Lead Independent Director by the Board of Directors given the presence of particular situations relating to the control of the Company and the powers attributed to the Chairwoman of the Board of Directors.

Diva Moriani does not hold any significant investment in the KME Group.

Furthermore, the following elements were appropriately assessed:

- the distribution of powers between a Chairwoman and the Executive Deputy Chairman, separately between them;
- the composition of the Control, Risk and Sustainability Committee, which is mainly composed of Independent Directors who can be convened and meet independently including outside the meetings of the Board of Directors.

Due to the above considerations, the Board of Directors did not consider it necessary to appoint a "Lead Independent Director" to coordinate any requests and contributions from Non-Executive Directors.

5. MANAGEMENT OF COMPANY INFORMATION

Procedure for handling Privileged Information

In order to demonstrate that markets must be promptly, fully, adequately and not selectively notified of corporate actions, the Company adopted the "Code of Conduct regarding Information on Important Corporate Actions" in 2002 as recommended by the "Code" and in compliance with the principles of Borsa Italiana's "Guidelines for market information".

With this measure, subject to subsequent interventions, the Board decided to develop a procedure for handling privileged information in order to monitor access to and the circulation of privileged information before it is disseminated to the public, ensure respect for the confidentiality requirements set forth by provisions of law and regulations, as well as in order to govern the internal management and external communication of such information.

The subsequent innovations introduced into the section on corporate disclosures of the TUF, as well as by CONSOB at the regulatory level and therefore by Borsa Italiana S.p.A., required a review to be carried out in March and November 2006 and again in November 2007.

In particular, we reiterate the new formulation of article 114 of the TUF and, pursuant to the subsequent article 115-bis, the consequent identification of the "relevant parties," who have access to "privileged information" and the establishment of the relative Register beginning from 1 April 2006, in electronic form.

The procedure requires first and foremost that Directors and Statutory Auditors observe the confidentiality of privileged information which is also required of other persons with access to such information due to their functions and ensuring that such information is only processed by persons aware of the nature and need for compliance and who have knowledge of the procedures required by CONSOB and Borsa Italiana S.p.A.

As noted in article 115-bis of the TUF, its application refers to the entities controlled by the listed issuer, and therefore excludes controlling entities.

The procedure in question is constantly updated based on regulatory and/or legislative amendments introduced over time, in order to make it even more suited to the group's various businesses. The version currently in force was approved by the Board of Directors on 26 September 2024.

Privileged information is disclosed externally through press releases – or other suitable means pursuant to the law – the content of which is approved by the Chairwoman.

As a rule, when possible, the text of the releases, approved in draft form, is shared with the Directors and Statutory Auditors during the relative Board meetings.

Once the text of the releases is approved by the competent corporate bodies, it is disclosed without delay by the managers of the administrative functions, in compliance with provisions in force over time, including through timely publication on the Issuer's website, where it remains available for the minimum period of time established by the above-mentioned provisions.

For the foregoing purposes, the Company may rely on third parties according to the procedures set forth in provisions in force.

The Directors, Statutory Auditors, associates and all employees of the Issuer and the subsidiaries are required to maintain any privileged information obtained in performing their duties confidential.

Such parties are also required to immediately report all information for which they have reasonable doubts with respect to its nature as privileged information, and to observe the confidentiality requirements set forth above, until the information is no longer privileged or its nature as such has been ruled out.

The Chairwoman evaluates the relevance of the information received and, if he considers it Privileged Information, or he has doubts in that regard, he shall immediately prepare one or more press releases along with the manager of the administrative function.

The Issuer may delay the communication to the public of Privileged Information, including that regarding subsidiaries, when the following conditions are met:

- immediate communication would likely jeopardise the legitimate interests of the Issuer;
- delayed communication would likely not have the effect of misleading the public;
- the Issuer is capable of guaranteeing the confidentiality of such information.

The assessment of the existence of the above-mentioned circumstances is under the responsibility of the Chairwoman.

The procedure for the processing of privileged information is brought to the awareness of all Directors, Statutory Auditors, associates and employees of the Issuer and the subsidiaries with suitable means.

Register of people with access to privileged information

Particularly with regard to the obligation for listed issuers to establish and manage a register of people with access to Privileged Information pursuant to the provisions of article 18 of Regulation (EU) no. 596/2014 and the implementing regulations, the procedure for the processing of privileged information adopted by the Issuer calls for the establishment of a register of informed parties (the "Register"), whose management is entrusted to the Manager in charge of Financial Reporting of the Company.

For each party with access, on a regular or occasional basis, to privileged information due to their working or professional activities or the functions performed on behalf of the Issuer, the Register contains identifying data and the additional information required by regulations in force over time referring to the Informed Parties listed in the Register.

The Register must be updated if the reason for registration of an informed party changes, or when a new informed party should be registered, or when it is necessary to specify that an informed party no longer has access to privileged information.

The information contained in the Register must be stored for at least 5 (five) years subsequent to the elimination of the circumstances resulting in registration or updating.

The party responsible for managing the Register shall promptly notify the Informed Parties of their inclusion in the Register and all updates of information regarding them, as well as the obligations deriving from having access to privileged information and sanctions relating to (i) the offences of the abuse of privileged information and market manipulation and, more generally, (ii) the unauthorised dissemination of privileged information.

Internal Dealing

As of 1 April 2006 and following the entry into force of the provisions on internal dealing introduced into the legal system by Italian Law no. 62 of 18 April 2005 and the ensuing amendments set forth in the Issuers' Regulation, the Issuer has a specific "Code of Conduct on Internal Dealing" (subsequently referred to as the "Internal Dealing Procedure"), governing information obligations concerning transactions on financial instruments issued by the Issuer or other financial instruments linked to them carried out by "relevant parties" and/or people with close ties to them, in order to ensure the necessary transparency and uniform disclosure to the market.

The Internal Dealing Procedure, which has been constantly updated over the years based on subsequent regulations on the matter, also in implementation of the regulations set forth in article 114, paragraph 7 of the TUF, as well as article 19 of Regulation (EU) no. 596/2014 and the relative implementing regulations, was most recently amended on 26 September 2024.

Aside from identifying "relevant parties", defining their conduct and information obligations and the "party responsible" for the receipt, management and distribution of the information, the aforementioned Internal Dealing Procedure, available on the Issuer's website at https://www.itkgroup.it/en/internal_dealing, establishes the prohibition against carrying out transactions on financial instruments of the Company in the following periods: in the 30 (thirty) days prior to the date scheduled for the approval of the draft financial

statements; in the 30 (thirty) days prior to the date scheduled for the approval of the half-yearly financial report ("blackout periods"). This prohibition became compulsory for "relevant parties" with the entry into force of European Regulation 596/2014 (the so-called MAR).

Communications relating to the relevant transactions pursuant to the rules on Internal Dealing carried out in the course of the Financial Year were provided to the market in compliance with the Internal Dealing Procedure and are available on the Issuer's institutional website at https://www.itkgroup.it/en/internal_dealing.

In accordance with the provisions on remuneration, the investments held in the Company and its subsidiaries by the Directors, Statutory Auditors and also Group and Company Key Management Personnel are disclosed in the Report on Remuneration, to which reference should be made.

* * * * *

The Board of Directors, at its meeting of 14 September 2012, decided, among other things, to apply the exception envisaged by articles 70, paragraph VIII, and 71-bis of the Issuers' Regulation, which exempts the Company from publishing an Information Document in the case of significant mergers, demergers, share capital increases through transfers in kind, acquisitions and sales.

It is hereby noted that, as from 18 March 2016, the Transparency Directive (Italian Legislative Decree 25/2016) entered into effect. Among other things, it amended paragraph 2 of article 154-ter of the TUF, eliminating the obligation to publish the Interim Report on Operations thereby granting a longer time period for approval of the Consolidated Half-Year Report, which must be provided as soon as possible, and in any case within 3 months from the half-year closing date.

CONSOB has been granted specific powers to establish, through its own regulation, any obligations to publish additional periodic financial information. Pursuant to the results of a public consultation, CONSOB resolved not to implement any additional obligations, allowing the individual issuers to select whether to publish these updates or not.

In consideration thereof, starting from the report for the first quarter of 2016, the Company decided not to publish the subsequent interim reports on operations as at 31 March and 30 September. However, price sensitive information is immediately disclosed.

Following the entry into effect of the aforementioned transparency Directive and the MAR, after careful consideration, the Company decided to update its procedures on internal dealing and privileged information.

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), TUF)

For the reasons set forth above and reiterated again in this Report, the Company has not established Committees with several functions.

The Control, Risk and Sustainability Committee is composed of Directors Luca Ricciardi (Chairman), Francesca Marchetti and Alessandra Pizzuti.

The first two members are Independent Directors with professional experience including in accounting, finance and risk management matters deemed appropriate by the Board of Directors.

The Control, Risk and Sustainability Committee is in charge of assisting, with appropriate investigations, in the assessment and decisions of the Board of Directors with regard to the internal control and risk management system, and also approval of the periodic financial reports.

In addition, it carries out supporting activities relating to compliance of the procedures regarding related party transactions with the applicable legislative and regulatory measures as well as their observance.

Further information regarding this Committee's activities is contained in chapter 10.

Beginning from 19 June 2015, the Company has decided not to establish the Remuneration Committee, putting in place appropriate procedures for determination of the remuneration of the Executive

Directors, as better specified in chapter 8 below and in the Report on Remuneration, to which reference is made.

The Control, Risk and Sustainability Committee is responsible for setting the guidelines and verifying the internal control system for the identification and management of the main risks to which the Company is exposed. It consequently:

- supports the Board of Directors in the performance of its duties with respect to internal control and risk management;
- assesses, together with the Manager in charge of Financial Reporting and the Independent Auditors, the correct application of accounting policies and their consistency also for the purposes of preparing the consolidated financial statements;
- expresses its opinion on specific aspects concerning the identification of the main risks to which the Company is exposed in addition to planning, implementing and managing the internal control system;
- examines the work schedule and the periodic reports prepared by the internal audit function;
- monitors the autonomy, adequacy, efficiency and efficacy of the internal audit function;
- may request the internal audit function to carry out periodic verifications on specific operating areas, concurrently informing the Chairman of the Board of Statutory Auditors;
- reports to the Board, at least every six months, when the annual and half-year financial reports are prepared, on the activities carried out and the adequacy of the internal control and risk management system;
- through appropriate investigation activities, supports the assessment and decisions of the Board of Directors regarding the risk management in the event of adverse events which the Board of Directors became aware of.

The Committee has access to the corporate information required for its work.

The Chairwoman Diva Moriani and the Deputy Chairman Vincenzo Manes, the latter also in his capacity as the Director responsible for the internal control system, and the entire Board of Statutory Auditors are invited to its meetings.

The Committee met 6 times in 2024 (4 in the previous year), and the participation of its members amounted to 93.3%.

At least one member of the Board of Statutory Auditors always participated in the meetings, at which minutes are taken.

It met once in the current year; its upcoming meetings are not scheduled.

Specific financial resources were not made available to the Committee to allow it to carry out its duties, and the Committee is entitled to use the structures of the Company or request the support of external consultants that it considers appropriate, to be paid for by the Company, as necessary.

In compliance with the Code, the Board of Directors believes that the Company's internal control system is adequate for the types of risks typical of the Company's business and is sufficient to safeguard the Company's assets, the efficiency and effectiveness of its operations, the reliability of financial disclosure and compliance with laws and regulations.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – APPOINTMENTS COMMITTEE

7.1 Self-assessment and succession of Directors

Pursuant to article 147-ter, paragraph 4 of the TUF and with reference to the provisions to **Recommendation 22** of the Code, the Board of Directors believes that its composition, both with respect to the number of its members and their professional skills, and also to the presence of three Independent Directors is appropriate for the size of the Company and the problems to be handled (with reference to

Principle VI – Recommendation 5 of the Code); the same reasoning is also applicable to the Board Committees.

The Board of Directors also believes that the organisational, administrative and accounting structure of the Company and its strategically important subsidiaries are appropriate particularly as far as the internal control system and the management of conflicts of interest are concerned.

The presence of Executive Directors with specific, thorough, multidisciplinary professional experience in financial, industrial and administrative subjects means that all of the most important aspects of the Company's affairs are satisfactorily covered.

Non-Executive Directors, in turn, make an important contribution to the Board of Directors and the Committees to which they belong, in terms of their professionalism and experience.

The Company has not adopted succession plans for its Executive Directors, neither has considered it necessary due to the composition of the shareholder base and the structure of the powers granted.

Insofar as the guidelines to the shareholders regarding the professionals that must be present on the Board, it has been considered that the composition, experience and attention of the controlling shareholders of the Company do not require the formulation of said guidelines on aspects which these shareholders are completely aware of.

7.2 Appointments Committee

The Appointments Committee has not been established since, referring to the provisions of Recommendation 5, the Board of Directors has considered that the Independent Directors, equal to more than one fourth of the members of the Board of Directors, have a significant level of autonomy and independence in decisions and have adequate knowledge of the structures of the Company and the Group.

As a result, the Board of Directors is of the opinion that:

- opinions on the size and composition of the Board of Directors;
- proposals for the appointment of candidates to the position of Director if co-opting is necessary when replacing Independent Directors;
- preparation of a plan for the succession of Executive Directors;

can be discussed and decided within the meetings and responsibilities of the Board of Directors.

8. REMUNERATION OF THE DIRECTORS – REMUNERATION COMMITTEE

8.1 Remuneration of the Directors

For information on the remuneration policies adopted by the Issuer and the compensation received by the Directors, please see the Report on Remuneration which will be available on the Company's website www.itkgroup.it within the time required by law.

8.2 Remuneration Committee

The Board of Directors appointed by the Shareholders' Meeting on 22 May 2024, like that in office previously, decided not to re-establish the Remuneration Committee.

On taking office, the Board had decided that the previous redefinition by the Company of its strategic mission, its approach to the market and the new governance structure had made management of the remuneration policy simpler than it had been in the past, since it referred only to Executive Directors of the Company, while the remuneration of the Directors and Managers of subsidiaries/investees which are considered to be investments, are handled exclusively by the administrative bodies of the individual subsidiaries/investees, notwithstanding the involvement of the parent company in relation to the extraordinary remuneration connected to the disposal of investments.

The incentive criteria for Executive Directors were more and more connected to reaching specific asset valuation objectives and portfolio of investment results (dividends and capital gains) – and, therefore

will be based on creating "value" for the Company – rather than on performance and/or profitability of the individual subsidiaries, as it had been in the past.

In this framework, a Remuneration Committee would have an extremely limited operating area, so that it would no longer be functional.

In fact, it was believed that in its entirety, the Board of Directors was an entity that could adequately and efficiently identify and define the incentive criteria (which are connected to the valuation of the assets, as indicated above), based on which to determine the variable component of the remuneration of Executive Directors and Key Management Personnel and for monitoring that the fixed objectives were indeed reached.

The duties established by the Code insofar as the Remuneration Committee is concerned (see Recommendation 16) can therefore be carried out by the Board of Directors in the case of the KME Group.

In order to allow the administrative body to make an assessment that is as informed and cognizant as possible, the Board of Directors can, as necessary, request the expertise of at least two Independent Directors to be contacted from time to time, for more in-depth information regarding the fixed and variable remuneration to be paid to the Executive Directors.

The experience and independence of such Directors will ensure that the Board receives appropriate support, thereby rendering the appointment of a Remuneration Committee redundant.

9. CONTROL AND RISK MANAGEMENT SYSTEM

According to the Code, the Control and Risk Management System (hereinafter the "CRMS") is a group of rules, procedures, and organisational structures aimed at identification, measurement, management, and monitoring of the major corporate risks.

An effective CRMS contributes to the company management in compliance with the corporate objectives defined by the Board of Directors, promotes knowledgeable decision-making and helps in safeguarding the company assets, the effectiveness and efficacy of the corporate processes, the reliability of the corporate information and compliance with the laws, regulations and internal procedures.

The KME Group administrative-accounting internal control system, focused on the management of risks inherent financial disclosures, must not be considered separately from the CRMS of which it is an integral part, though it is able to stand autonomously, due to reasons of operating efficiency, as part of the programme for compliance with the requirements under article 154-*bis* of the TUF of the Manager in charge of Financial Reporting.

The purpose of the administrative-accounting internal control system is to assure the reliability, accuracy, transparency and timeliness of financial reporting.

The Company's guidelines for the development, implementation, monitoring and updating of the system over time are based on recognised international best practice and in particular the COSO - Internal Control – Integrated Framework, which defines internal control as a process implemented by the Management of the Company and other associates in order to provide reasonable certainty regarding the achievement of objectives included in three categories (operation, reporting and compliance objectives).¹

The principles followed, pursuant to COSO - Internal Control – Integrated Framework, aim to ensure:

- efficacy and efficiency of operations (operations objective);
- the preparation and publication of financial and other reports, for internal and external distribution, containing information which is reliable, timely and transparent as well as compliant with the requirements of the various regulatory entities and organisations that define recognised standards or policies (reporting objectives);
- compliance with the laws and the regulations (compliance objectives).

The *COSO Report* also sets out the essential components of a system with reference to the following areas:

- *control environment*: the basis of the system characterised by the responsive attitude of the Company's top management to defining procedures and structure (formalisation of roles, tasks, responsibilities, internal communication systems and timeliness of information) consistent with corporate strategies and objectives;
- *risk assessment*: management's identification and analysis of relevant risks involved in the achievement of predefined objectives as well as the determination of risk management methods;
- *control activities*: the methods (processes, procedures and practices) used to define and implement the controls in the organisation for the purposes of mitigating risks and ensuring the achievement of targets set by the management;
- *information and communication*: support for all other aspects of control by communicating control responsibilities to personnel and by providing information in the form and at the time required for individuals to continue their work;
- *monitoring*: the activity performed by various parties in the company for the ongoing control of the proper functioning of the system in order to overcome critical contingencies and to provide for the maintenance, updating and improvement of the system.

Following are the main steps of a corporate risk management process:

¹ COSO – *Committee of Sponsoring Organizations of the Treadway Commission, Internal Control - Integrated Framework*, May 2013.

- identification of risks;
- assessment of risks;
- identification of risk management measures;
- assessment of risk management measures.

Description of the main characteristics of the administrative-accounting internal control system

In order to comply with the provisions set forth in article 154-bis of Italian Legislative Decree 58/98 relative to certification of adequacy and the actual application of administrative and accounting procedures for the preparation of the separate and consolidated financial statements of the Company during the Financial Year, the Manager in charge of Financial Reporting has prepared and carried out a programme for compliance with the requirements under article 154-bis of the TUF, with the support of the consulting company Operari S.r.l.

The structuring of the compliance programme refers to the COSO - Internal Control – Integrated Framework which has been supplemented with guidelines and best practices such as:

- TUF – Italian Legislative Decree 58/98;
- CONSOB regulations;
- ANDAF Guidelines;
- International Standards of Auditing;
- International Professional Practices Framework of the Institute of Internal Auditors.

The adoption of standards and regulations, domestically and internationally, has made it possible to construct a work programme the purpose of which is to ensure reliability², accuracy³, transparency⁴ and timeliness⁵ of the financial reporting.

This approach can be summarised as being comprised of the following methodological phases:

- definition of the scope of activity in terms of entities and items which are significant for the purposes of the compliance programme under review (scoping phase);
- analysis and risk assessment of the financial information concerning the items considered to be significant for the purposes of the certification of the 2024 financial statements (risk assessment phase);
- identification and definition of the set of internal controls between the entities which are included in the compliance programme for the Financial Year, through integration of the internal control system of each entity to form a single "internal control system" Model which is uniform and applicable to the parent company and the subsidiaries involved in the project, characterised by monitoring practices, principles and methodologies for maintenance and assessment of the internal control system which are unique and valid for the entities included in the scoping phase (mapping phase);
- preparation and execution of the compliance test procedures on internal administrative-accounting controls and documentation of the results obtained, as the basis for the opinion regarding their efficacy and actual application by the entities during the reference period and throughout the processes included in the scope of the project (compliance testing phase);
- sharing with the management of any opportunities for improvement as these arise from the tests carried out in order to promote improvements in the internal control system.

² Reliability (of the reporting): information that is characterised by correctness and compliance with the generally accepted accounting principles and fulfils the requirements set by the laws and the applicable regulations.

³ Accuracy (of the reporting): information that is characterised by neutrality and precision. Information is considered neutral if it is free of preconceived distortions which can influence the decision-making process of its users in order to obtain a predetermined result.

⁴ Transparency (of the reporting): information that is characterised by clarity and completeness so as to assist investors in making informed decisions. Information is considered clear if it facilitates comprehension of complex aspects inherent in the entity, without being excessive or superfluous.

⁵ Timeliness (of the reporting): information that complies with the deadlines set for its publication.

Phases of the risk management and internal control systems in relation to the financial reporting process

The compliance programme begins from definition, using quantitative analysis, of the scope of activity and therefore the entities involved and the significant items associated with the business cycles, including the process of closing and preparing the separate and consolidated financial statements, as an active part of the control system.

The process of identifying and assessing the main risks connected to the accounting information was conducted for the Parent Company and the entities involved in the scope of activity, using a risk-based approach.

The administrative-accounting risk assessment activity led to identification of the significant accounting item associated with the relative accounting process/flow, for each entity included in the analysis. Each item was subjected to a qualitative evaluation of inherent risk through association and subsequent assessment of financial statement assertions⁶ referring to the significant accounting items.

The risks and control activities identified were integrated into a specific framework which was populated by specific control objectives classified using the standard CAVR (⁷) and directly correlated with the aforementioned financial statement assertions.

The controls used in the Group can be classified under two main categories in accordance with international best practices:

- *entity level control*, at Group or individual subsidiary level (assignment of responsibilities, powers and mandates, separation of duties and assignment of privileges and rights to access IT applications);
- *process level control*, at process level (authorisations, reconciliations, verifications of consistency, etc.) with respect to operational processes, closing the books and so-called "cross-segment" controls relating to the Group's IT services.

These controls can be either preventive or detective in nature, depending on whether they are intended to prevent or detect unintentional or fraudulent irregularities in the financial statements; and either manual or automatic such as the validations run by software supporting the business systems.

In order to express a professional opinion on the actual execution and efficiency of the administrative-accounting internal controls in the Financial Year and based on the results of the follow-up, the compliance test procedures were updated and implemented, with documentation of the relative results through requests to the company representatives for records relating to the internal controls expected, the data and the transactions carried out and in general their willingness to prove that the controls were actually implemented and/or that no errors occurred with regard to the transactions which were selected. During the compliance tests set forth in the compliance programme described above, the consulting company Operari S.r.l. provided updates on the activity, its progress and the final outcomes to the Manager in charge of Financial Reporting who in turn informed the top management and the Director responsible for the internal control system, the Control and Risk Committee, which in turn reported to the Company's Board of Directors and Board of Statutory Auditors.

Based on the results of this compliance programme, the Chairwoman and the Manager in charge of Financial Reporting certified the adequacy and efficacy of the internal control system for the Financial Year by the deadlines and in the form required by the CONSOB Issuers' Regulation.

⁶ **Existence and occurrence (E/O)**: the assets and liabilities of the company exist as of a certain date and the transactions recorded represent events that actually took place during a specific period of time;

Completeness (C): all the transactions, assets and liabilities to be recognised have actually been included in the financial statements;

Rights and obligations (R/O): the assets and liabilities of the company respectively represent its rights and obligations as of a certain date;

Valuation and accuracy (V/A): the assets, liabilities, equity, revenues and costs are recorded in the financial statements at their correct amounts, pursuant to the reference accounting standards;

Presentation and disclosure (P/D): the items are correctly named, classified and explained.

⁷ Completeness, Accuracy, Validity and Restricted access.

The Internal Control and Risk Management System was further strengthened starting from 2014 with the development of the Internal Audit Plan, which is based on an assessment of the risks relating to KME Group S.p.A., which was carried out by the Internal Auditing Function. Indeed, this risk assessment was in support of the Control and Risk Committee under the Director responsible for the internal control system or the Board of Directors as a whole, and the internal control supervisors to the extent of their responsibilities within the internal control and risk management system, allowing the major risks to be identified, in addition to those in the administrative-accounting area and regarding compliance with Italian Legislative Decree 231/2001, setting the basis for the risks to be adequately measured, managed and monitored, determining the compatibility of these risks with the risk profile in place.

After the reference area of the Internal Audit process was defined, it was possible to carry out the risk assessment which the Plan shall be based on in line with the provisions of the mandate to be issued for the Internal Auditing Function and to apply the standards (including ISO 31000 on Risk Management specifically for identification and assessment of risks) and the best practices. The area thus outlined consists of business and support processes existing within KME Group, each of which is characterised by its own specific objectives and the relative uncertainties (risks) that could compromise or, vice versa, facilitate achievement of these objectives.

The risk assessment carried out focused on the objectives (and risks) belonging to the operations and compliance areas, excluding from the latter area the particular portions which are already covered by specific assessment processes and the risk management area in general (e.g. Italian Law 231/2001; 81/08, etc.). Similarly, as indicated above, the administrative-accounting area was excluded from the internal audit process as it is already covered in terms of risk assessment and internal controls through the specific programme supporting the statement of the Manager in charge of Financial Reporting pursuant to article 154-bis of the TUF.

In accordance with standard ISO 31000, risk assessment is a process and as such the Company has planned its completion and continued updating, also based on the results of the verifications carried out and depending on of the changes in the reference environment.

Roles and functions involved

KME Group clearly identifies the roles and functions involved in the design, implementation, monitoring and revision of the CRMS particularly with respect to the officers involved (Manager in charge of Financial Reporting, Head of Internal Audit, Process Owner, Control Owner, Tester) who directly report to the Director responsible for the internal control system.

The Manager in charge monitors the risk management and internal control system relating to financial reporting and is responsible for the identification and valuation phases of the financial reporting risks and the identification and valuation of the controls in place for the risks identified.

Each of the phases above corresponds to a specific system output: risk details, assessment thereof in terms of the inherent risk, list of controls and mapping of the risk and item controls (control framework), valuation of the controls, valuation of the residual risk and identification of any improvement actions.

The risk valuation phase and the adequacy and efficacy of the relative controls is carried out by the Manager in charge of Financial Reporting who is supported by the consulting company Operari S.r.l.

Based on the assessment of the inherent risk and the relative controls, the Manager in charge of Financial Reporting assesses the residual risk, carries out any further framework updating activities and solves and monitors any non-compliance.

9.1. Chief Executive Officer

The Board has entrusted the Deputy Chairman Vincenzo Manes, in his capacity as Chief Executive Officer, with the task of setting up and maintaining the internal control and risk management system (the "**Director in Charge**") – Recommendation 32.b) of the Code.

As part of his duties, the Director in Charge supervised the identification of the main corporate risks (strategic, operating, financial and compliance) taking into account the characteristics of the activities carried out by the Company and its subsidiaries and periodically submitted them for examination by the Board (Recommendation 34.a).

He furthermore implemented, together with the internal control supervisors, and based on the guidelines defined by the Board, the internal control and risk management system, following its design, realisation and management and constantly verifying its adequacy and efficiency.

He followed the adaptation of the system to the dynamics of the operating conditions and the legislative and regulatory scenario.

As part of the mandate conferred upon him, the Director in Charge is entitled to request the Head of Internal Audit to carry out verifications on specific operating areas and on the compliance with the rules and internal procedures in the execution of corporate operations, concurrently reporting to the Chairman of the Control, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors.

Finally, where this became necessary, he immediately reported to the Control, Risk and Sustainability Committee and the Board of Directors regarding any problems or critical areas which arose during the execution of his work or which he became aware of, so that the Committee (or the Board) could take the appropriate actions.

9.2. Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee is composed of Non-Executive Directors Luca Ricciardi (Chairman), Francesca Marchetti and Alessandra Pizzuti.

For further details, please refer to chapter 6 above.

In compliance with the Code, the Board of Directors believes that the Company's internal control system is adequate for the types of risks typical of the Company's business and is sufficient to safeguard the Company's assets, the efficiency and effectiveness of its operations, the reliability of financial disclosure and compliance with laws and regulations.

9.3. Head of Internal Audit

The Head of Internal Audit is responsible for internal control.

The Head of Internal Audit is appointed by the Board of Directors upon proposal of the Chairwoman, to whom the Head reports on a constant basis without any established schedule⁸. Organisationally, the Head of Internal Audit is independent of all operational units and, in turn, has no operational responsibilities. He also reports to the Control, Risk and Sustainability Committee and to the Board of Statutory Auditors.

His activity is an internal audit activity, thus complying with the relative provision contained in the new Code text.

The Head of Internal Audit has direct access to all information required for the performance of his duties which are the verification and assessment of the adequacy and effectiveness of the Company's internal control system and the compliance of the various corporate functions' operations with procedures, corporate policies, laws and regulations as may be in force from time to time, particularly with respect to the reliability and integrity of information processed, the safeguard of the Company's equity and the adequacy and consistency of accounting standards for the purposes of presenting financial statements, to be carried out together with the Manager in charge of Financial Reporting.

⁸ In any case, an annual report must be submitted by the head of Internal Audit.

As required under article 6, Recommendation 33, letter a) of the Code, the Board of Directors defines the guidelines for the internal control and risk management system, in such a manner as to ensure that the main risks to which the Company and its subsidiaries are exposed are correctly identified and monitored in accordance with sound management practices.

Due to the changed size and structure of KME Group and the emphasis on the holding of the investments, the internal control function underwent reorganisation which was concluded with the outsourcing of that task, entrusted to a party with adequate professionalism and experience.

On 22 May 2024, the Board of Directors, with the favourable opinion of the Control, Risk and Sustainability Committee and after consulting with the Board of Statutory Auditors, assigned the Internal Audit engagement for the years 2024-2026 to Operari Srl, which already held that position.

The head of this function is Vittorio Gennaro, Partner and Managing Director of Operari S.r.l., already appointed as the third member of the Supervisory Board pursuant to Italian Legislative Decree 231/2001 as well.

9.4. Organisational Model pursuant to Italian Legislative Decree 231/2001

The Company has adopted an “Organisation and management model pursuant to Italian Legislative Decree 231/01” (the “Model”), which is updated in accordance with the amendments made over time to the reference law, taking into account the prevention of crime risks in the sensitive areas of the Company’s operation (referring in particular to corporate crimes and market abuse).

The Model was most recently updated by the Board of Directors on 12 January 2024, so as to take into account the new regulations introduced since its previous revision.

The Model consists of the following parts:

- “General Part”, which illustrates the content of Italian Legislative Decree 231/2001, the function of the organisation, management and control model, the duties of the Supervisory Board, the disciplinary system and, in general, the principles, logics and structure of the Model itself;
- “Special Parts”, which refer to the specific types of crime analysed and the sensitive activities identified, in order to prevent the crimes set forth in Italian Legislative Decree 231/2001; these special parts specifically regard: crimes in relations with the Public Administrations; crimes on occupational health and safety; corporate crimes; crimes of corruption between private parties; the crimes of market abuse and manipulation; the crimes of receiving, laundering and using money from unlawful activity; cybercrimes;
- Code of Ethics;
- the annexes referred to in the individual parts.

The rules set forth in the Model apply to everyone who carries out, even de facto, management, administration, direction or control functions in KME Group, their subordinates, both employees and associates, as well as all consultants, agents, attorneys-in-fact and, more generally, third parties who act even de facto on behalf of the Company, within the limits of the powers assigned to them and relating to the scope of activities identified as "at risk".

The Board of Directors also appointed a Supervisory Board with autonomous powers of initiative and control with the function of supervising the effectiveness and updating of the model and/or its constituent elements.

The Supervisory Board should in particular:

- verify the effectiveness, consistency and adequacy of the Model adopted, proposing to the responsible company functions any necessary amendments and additions;
- report to the Board of Directors on an annual basis concerning the status of the Model’s implementation and functioning;

- promote, in concert with the responsible company functions, training/information and internal communications programmes with reference to the Model, standards of conduct and the procedures adopted pursuant to Italian Legislative Decree 231/2001;
- establish internal reporting mechanisms which systematically make information from the various company functions available to perform the model validity monitoring function;
- adequately respond to demonstrations of bad conduct, proposing to the responsible corporate functions the application of internal disciplinary systems.

At the date of this Report, the Supervisory Board, appointed by the Board of Directors at its meeting on 22 May 2024, in office for the years 2024-2026, consists of two external professionals, Fabio Ambrosiani (Chairman) and Elena Pagliarani and the Head of Internal Audit, Vittorio Gennaro.

The Issuer did not take advantage of the right to assign the functions of the Supervisory Board to the Board of Statutory Auditors.

Specifically, also considering the current control system implemented by KME Group and best practices on the matter, it is deemed that the duties assigned by law to the Supervisory Board may be more effectively pursued through an ad hoc supervisory board with multiple members with a range of different skills and professional backgrounds, thus making the activities of the Supervisory Board more effective and incisive.

An extract of the Model can be viewed on the website www.itkgroup.it in the Profile section.

9.5. Independent Auditors

Deloitte & Touche S.p.A. (hereinafter referred to as "**Deloitte**") has been appointed to perform the audit, pursuant to articles 155 et seq. of the TUF, of the consolidated and separate financial statements as well as the condensed consolidated half-year report of KME Group S.p.A.

Deloitte is the "Primary Auditor". The current mandate was approved by the Shareholders' Meeting on 31 May 2016 at the recommendation of and for the reasons cited by the Board of Statutory Auditors, and will end with the financial statements as at and for the year ended 31 December 2024.

The person in charge of the mandate for the Independent Auditors is Luca Franchino. Article 17, paragraph IV of Italian Legislative Decree no. 39 of 27 January 2010 (the "Consolidated Audit Law") sets the maximum duration for such an office at 6 financial years.

The total fees paid by the Company in 2024 amounted to Euro 207 thousand.

Also in 2024, the total fees paid at the level of the subsidiaries were Euro 1,280 thousand.

During the Financial Year the Independent Auditors and firms belonging to the same network were assigned further mandates by KME and its subsidiaries, amounting to Euro 342 thousand.

Please refer to the notes to the separate financial statements relating to the Financial Year in question for further information.

As part of its supervisory duties, the Board of Statutory Auditors is also responsible for monitoring the independence of the Independent Auditors.

On **17 December 2024**, the Ordinary Shareholders' Meeting of KME Group SpA resolved, on the basis of the reasoned proposal of the Board of Statutory Auditors, to appoint KPMG SpA as the independent auditors and responsible for the sustainability reporting of KME Group SpA and its subsidiaries for the financial years 2025 to 2033.

9.6. Manager in charge of Financial Reporting and other corporate roles and functions

In its meeting on 14 May 2013, the Board of Directors, based on the favourable opinion of the Board of Statutory Auditors, appointed the Administrative Director Giuseppe Mazza in consideration of the professional requirements, characteristics and skills he offers, granting him the appropriate powers and means to exercise the duties assigned to him as the new Manager in charge of Financial Reporting.

In its meeting of 22 May 2024, the Board of Directors renewed the term of office of Giuseppe Mazza.

The term of office is the same as that for the Board of Directors, in other words until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2026.

The Manager in charge of Financial Reporting provides periodic reports to the Director in Charge, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors on his work and has an ongoing relationship with the Independent Auditors.

9.7. Coordination between the individuals involved in the internal control and risk management system

The sharing of information generated in the various areas of activity is ensured through a structured information flow which all individuals with duties within the internal control system and the risk management system can actively participate in, including insofar as the functions carried out by the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director in Charge.

This information flow will be coordinated on the occasion of the meetings of the Control, Risk and Sustainability Committee, which all involved corporate functions participate in.

To this end, we note the activity of the Manager in charge of Financial Reporting who, together with the Chairwoman, provides the certification required by paragraph 5 of article 154-bis of the TUF.

10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Directors with powers report to the Board of Directors and the Board of Statutory Auditors on transactions with reference to which they have a personal interest, not necessarily in conflict with the interests of the Company.

The Procedure applicable to related party transactions (hereinafter the "**Procedure**"), adopted in March 2003, was updated several times over the years, the last time being on 26 September 2024, effective as from 1 October 2024.

This procedure takes CONSOB recommendations into account, implements the statutory regulation and is compliant with the relevant Regulation adopted by CONSOB with its resolution no. 17221 of 12 March 2010 (hereinafter the "**Related Parties Regulation**") which requires, in particular, that related party transactions, whether carried out directly or through subsidiaries, must take place in compliance with the principles of:

- transparency;
- correctness in substance;
- correctness in procedures.

The Board of Directors believes that these procedures are sufficient to manage any conflicts of interest.

Here below are the most important provisions of the Procedure whose unabridged version is available in the specific section of the Company's website https://www.itkgroup.it/assets/files/tb/file/particorrelate/proc_parti_corr_260924.pdf.

The related parties are those which are defined and indicated by CONSOB.

The Directors and the Statutory Auditors of the Company and its subsidiaries, as identified above, where they have an interest in a transaction, either on their own behalf or on that of third parties, shall inform the Board of Directors, in the person of its Chairwoman, detailing its nature, terms, origin and extent. Those Directors who have such an interest are also obliged to abstain from voting on the issue and they shall not participate in the related discussion, except in the case where a different and unanimous resolution is passed by the Board of Directors on the issue.

An internal procedure is envisaged to draw up, manage and maintain the list of related parties which is updated every six months taking into account the information received from the Directors and the Statutory Auditors, as well as from the other key management personnel.

Group subsidiaries are required to comply with the Procedure, where applicable, and ensure the flow of information to the Company.

"Related party transactions" mean any transfers of resources, services or obligations between related parties, regardless of the fact that the action has been carried out for a consideration.

This includes:

- merger, demerger or strictly non-proportional demerger transactions, if carried out with related parties;
- any decision on the allocation of remuneration and economic benefits, in whatever form, for members of the administrative and control bodies and key management personnel.

In compliance with the CONSOB Regulation and its annexes, transactions are divided into:

- transactions of greater importance;
- transactions of lesser importance;
- regulations-exempt transactions.

Upon approval of the updated version of the Procedure, a specific Related Party Transactions Committee (hereinafter also referred to as the "RPT Committee") was appointed, composed of three independent directors who:

- oversees that the procedures regarding related party transactions comply with the applicable legislative and regulatory measures as well as their observance;
- provides the Board of Directors with its opinion regarding the Company's interest in undertaking related party transactions as well as regarding the cost-effectiveness and correctness in substance of the related conditions.

Regarding transactions of greater importance, the RPT Committee must be involved already in the negotiation and examination stages through the complete and prompt receipt of all the related information.

The RPT Committee has the discretionary power of requiring information and making its comments to the delegated bodies and the parties assigned to carry out the related negotiations, as well as being assisted by its own independent experts, at the Company's expense, for the purpose of evaluating the characteristics of the transaction.

The resolutions of the RPT Committee are validly passed by majority and specific alternative procedures are envisaged for transactions in which members of the Committee are related parties.

The minutes of the RPT Committee meetings are taken by the Secretary to the Board of Directors and, where applicable, shall contain the reasons of the Company's interest in carrying out the transaction, as well as on the basic appropriateness and correctness of the related conditions.

Transactions of a greater importance are submitted for the prior approval of the Board of Directors that passes resolutions on the issue in compliance with the procedures laid down by article 19 of the Articles of Association, after having heard the reasoned opinion of the RPT Committee on the Company's interest in carrying out the transaction, as well as on the basic appropriateness and correctness of the related conditions.

The RPT Committee's opinion is binding, i.e. transactions of a greater importance that have not had prior approval from the Committee cannot be carried out by the Board of Directors.

If the Board of Directors intends to carry out such a transaction without prior approval, it shall convene an ordinary Shareholders' Meeting, without delay, putting the approval of said transaction on the meeting agenda. The Shareholders' Meeting passes valid resolutions on the issue with the majorities laid down by the Articles of Association.

The transaction is held to be not approved and, therefore, cannot be carried out, only if the majority of the voting non-related shareholders cast their votes against the transaction and if the non-related shareholders present at the Shareholders' Meeting represent at least 10% of the share capital with voting rights.

The transactions of lesser importance referred to in article 13 of the Internal Regulation are examined and resolved upon by the competent corporate body in accordance with the related procedures currently in force.

According to the Procedure, the Chairwoman and, in the case of his absence or impediment, or as a matter of urgency, the Deputy Chairman and as long as they have no conflict of interest regarding the transaction in question, have the power to approve related party transactions of the Company and its subsidiaries for an amount not exceeding Euro 5 million.

Furthermore, the corresponding transactions of an amount in excess of Euro 5 million as well as those of a lesser amount for which a conflict of interests situation exists involving both the Chairwoman and the Deputy Chairman concurrently, must be submitted for the prior approval of the Company's Board of Directors.

In both cases, transactions must be submitted for the prior, non-binding and reasoned opinion of the RPT Committee regarding the interest in carrying out the transaction, as well as regarding the basic appropriateness and correctness of the related conditions.

For transactions that require decisions that can be made only by the Chairwoman (or the Deputy Chairman) on which the RPT Committee has expressed a justified negative opinion, the Chairwoman will inform the other members of the Board of Directors without delay. Each one of the non-executive members of the Board of Directors, excluding the members of the RPT Committee, has the faculty to call a meeting of the Board, within three days, for the purpose of passing a resolution regarding the approval of this type of transactions.

The Internal Regulation is not applicable to the following:

1. resolutions regarding the compensation of those Directors vested with special duties, which fall within the total amount approved, in advance, by the Shareholders' Meeting pursuant to article 2389, paragraph 3, of the Civil Code;
2. other transactions lower than Euro 200,000.00 with natural persons and no higher than Euro 500,000.00 (in both cases the amounts are understood to be on an annual basis and therefore can be cumulative) with other entities;
3. the so called "Remuneration plans", based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-bis of the TUF and the related executive transactions;
4. resolutions regarding the remuneration of Directors vested with special duties, other from those in point 1 above, but only in the case where the conditions laid down by the measures regarding this issue as set out in article 13, paragraph 3, letters a) and b) of the Related Parties Regulation are observed;
5. ordinary transactions finalised at conditions equivalent to normal market conditions, or standard practice;
6. transactions with, or between, subsidiaries, as well as transactions with associates as long as, within such subsidiaries or associates there are no interests, qualified as significant pursuant to the Internal Regulation, of other related parties of the Company.

Since transactions of greater importance are not subject to preparation of the "Information Document" pursuant to the applicable provisions, the Company shall:

1. communicate to CONSOB, within the timeframes laid down by the applicable measures, the name of the party involved, the subject and the amount of the transactions;

2. show in the Interim and Annual Reports on Operations which transactions, subject to disclosure obligations, have been finalised while taking advantage of the exclusion condition.

In order to assess the non-applicability of the Internal Regulation, the following shall not be considered to be "significant interests":

1. the mere sharing of one or more directors, or key management personnel, between the Company and its subsidiaries and associates;
2. the existence of relations of an equity nature, excluding those referred to in the following point 3 and, in general, those arising from the remuneration of key management personnel that is no greater than Euro 200,000.00, calculated also cumulatively on a yearly basis, between subsidiaries and associates, on the one hand, and other related parties of the Company, on the other hand, and that, in any case, impact, or are impacted by, the transaction in question;
3. the existence of Incentive Plans based on financial instruments or, in any case, on variable remuneration, which depend upon the results achieved by the subsidiaries or associates with which the transaction has been carried out and whose beneficiaries are Directors or key management personnel, also of the Company, and when the transaction in question is less than 5% of the results achieved by the subsidiaries and associates, on which the incentives are calculated;
4. when the party that controls the Company holds investments in the subsidiary or associate, if the effective weight of that investment is not higher than the effective weight of the investment owned by the same party in the Company.

Should a series of similar transactions be carried out with specific categories of related parties within the same year, they can all be authorised by the Board of Directors by means of a "Framework Resolution".

The Company supplies information, in its Interim and Annual Reports on Operations, as required by article 154-ter of the TUF, regarding the following issues:

- on the individual transactions of greater importance finalised during the reporting period;
- on any other individual related party transactions, as defined pursuant to article 2427, paragraph 2, of the Civil Code, also finalised during the accounting period, which have had a relevant impact on the financial position or on the results of operations of the Company;
- on any change or development regarding related party transactions, which were described in the last Annual Report and that have had a relevant impact on the financial position or on the results of operations of the Company, during the accounting period.

In the case of a negative opinion by the RPT Committee regarding a transaction of lesser importance, the Company shall make publicly available, within 15 days from the closing date of each quarter of the financial year and in compliance with the conditions, terms and methodologies of the CONSOB Regulation, a "Document" containing the description of the aforesaid transaction.

On a quarterly basis both the Board of Directors and the Board of Statutory Auditors shall receive from the Executive Directors of the Company a specific information report regarding related party transactions that are not subject to the prior approval of the Board of Directors.

The information report must explain the nature of the relationship, the conditions, specifically the economic conditions, the methodologies and the timeframes for the completion of the transaction, the evaluation procedure followed, the interest and the reasons underlying it.

Furthermore, a specific information document regarding performance of those transactions that have had the prior approval of the Board of Directors, also through "Framework Resolutions", shall also be supplied.

When transactions of greater importance take place, also when carried out by Italian and foreign subsidiaries, pursuant to Article 114, paragraph 5, of the TUF, an "Information Document" is drawn up in

compliance with Annex 4 of the Related Parties Regulation, and is attached to the Internal Regulation as letter c) forming an integral part of such Regulation.

The Board of Directors will periodically check the effectiveness of the procedure that has been put in place and, in any case, is charged with reviewing it together with the Board of Statutory Auditors every three years, without prejudice to the possibility of promptly making amendments, for the purpose of ensuring the highest possible level of efficiency of such Regulation.

Articles 10 (Calling Shareholders' Meetings) and 14 (Management of the Company) of the Articles of Association allow the Board of Directors to carry out related party transactions immediately, in accordance with the terms provided in the Related Parties Regulation, if it is urgent and does not require submission to the Shareholders' Meeting for approval.

If the transaction is then carried out by a subsidiary, the Board of Directors must be informed at its next meeting following the transaction under review. In addition, in case of transactions of an urgent nature and which are connected to critical situations in the Company requiring submission to the Shareholders' Meeting for approval, the transaction may be carried out by the Board of Directors by way of exception to the relevant provisions, provided that, at the subsequent Shareholders' Meeting called to pass resolutions on this issue, the provisions for such situations of the Related Parties Regulation are applied.

11. BOARD OF STATUTORY AUDITORS

11.1. Appointment of Statutory Auditors

The Board of Statutory Auditors oversees compliance with the law and the Company Articles of Association with respect to good governance and, particularly, the adequacy of the organisational, administrative and accounting structure of the Company and as it actually functions.

Article 22 of the Articles of Association, which is entirely dedicated to the Board of Statutory Auditors, sets out the requirements of personal integrity and professionalism for its members as well as the procedure for their appointment which includes:

- the submission of a list for the appointment and the *curriculum vitae* of each candidate at least 25 days before the Shareholders' Meeting on first call and so made available at least 21 days before at the Company offices, on the Company website and through Borsa Italiana S.p.A. The list must be accompanied by information on the identity of the shareholders that submitted it, the overall relevant proportion held and a declaration by shareholders other than those who hold, including jointly, controlling interest or plurality interest, confirming the absence of connected relations. It must furthermore contain exhaustive information on their personal and professional characteristics, together with a declaration that they accept the candidacy;
- if only one list or lists that are linked in accordance with current regulations have been submitted within this deadline, other lists may be filed up to the third day after the deadline for submission at the registered office. In this case, the threshold is reduced by one half;
- the presence in the list of one Alternate Auditor designated by minority Shareholders as a substitute, if required, for the Auditor also selected from a non-controlling shareholder list, should the latter no longer be in office;
- in the event that two or more lists obtain the same number of votes, the auditors in the list submitted by the Shareholder with the largest shareholding or, subordinately, the highest number of Shareholders, shall be deemed elected;
- shareholders who, alone or together with others, hold an investment, in ordinary shares, equal to the highest percentage identified in article 147-ter, paragraph 1 of the TUF, in respect of the provisions issued by CONSOB, can submit lists. Based on article 144-quater, paragraph 2 of the Consolidated Law on Finance, the applicable percentage is 2.5% of the ordinary capital pursuant to the provisions set forth by CONSOB with its determination no. 123 of 28 January 2025;

- lists with a total number of candidates equal to or higher than three must be composed of candidates which belong to both genders, so that a number of candidates at least equal to what is set forth by laws and regulations applicable over time belong to the least represented gender (rounded up). This applies to Standing as well as Alternate Auditors;
- in the event of the replacement of an Auditor, the replacing Alternate Auditor must belong to the same list as the departing Auditor, pursuant to the gender balance laws applicable from time to time.

In particular, it is noted that in accordance with articles 148-*bis* of the TUF and 144-terdecies of the Regulation, Statutory Auditors may not hold more than five positions as Statutory Auditor in issuers.

The provisions of the Articles of Association relative to the appointment of the Board of Statutory Auditors are available in the specific section of the website https://www.itkgroup.it/en/Articles_of_Association and we reiterate that the procedure has been updated and made compliant with the new applicable provisions, the latest based on the resolution of the extraordinary Shareholders' Meeting held on 30 November 2020.

11.2. Composition and operation of the Board of Statutory Auditors (pursuant to article 123-bis, paragraph 2, letters d) and d-bis), TUF)

The current Board of Statutory Auditors, consisting of Gianluca Cinti (Chairman), Alberto Villani and Giovanna Villa (Standing Auditors), and Elena Beretta and Daniele Beretta (Alternate Auditors), was appointed by the Shareholders' Meeting on 22 May 2024, for the financial years 2024, 2025 and 2026 and will therefore expire at the Shareholders' Meeting called to approve the financial statements as at 31 December 2026.

In compliance with the procedure referred to in article 22 of the Articles of Association, the following lists were presented:

- Majority List presented by the majority shareholder Quattrodue, owner of 57.11% of the ordinary share capital of the Company;
- Minority list presented by the shareholder Navig Sas di Giorgio Zaffaroni, holder of 2.57% of the ordinary share capital of the Company.

The Shareholders' Meeting had approved the Quattrodue proposal by majority vote, with 323,591,560 votes in favour equal to 97.425% of the shares represented at the meeting and 70.791% of the shares with voting rights; the minority list had obtained 8,517,609 equal to 2.564% of the shares represented at the meeting and 1.863% of the shares with voting rights.

With the exception of the Chairman Gianluca Cinti and the Alternate Auditor Daniele Beretta, who were selected from the list presented by the shareholder Navig Sas di Giorgio Zaffaroni, the remaining members of the Board of Statutory Auditors were appointed on the basis of the list presented by the shareholder Quattrodue.

It is hereby noted that the composition of the Board of Statutory Auditors is compliant with the provisions regarding the "gender quotas" due to the presence of the Standing Auditor, Giovanna Villa and the Alternate Auditor, Elena Beretta.

The names of all the members of the Board of Statutory Auditors in office during 2024 are listed in the attached Table 14a, with a brief *curriculum vitae* of each of them, which is also available in the dedicated section of the website <https://www.itkgroup.it/en/companybodies>.

* * * * *

As far as the Company is aware, none of the members of the Board of Statutory Auditors has, in the past five years, been found guilty of fraud nor, in the performance of their duties, has been associated with bankruptcy proceedings, extraordinary administration or compulsory administrative liquidation, nor, finally, has he/she been formally indicted or sanctioned by public or regulatory authorities (including professional associations) nor has he/she been prohibited by a court from membership of a Board of Directors,

management board or supervisory board of the Company or engaging in the management or administration of any issuer.

On appointment to the Board of Statutory Auditors, each member stated that he/she is in possession of the professionalism and integrity requirements required by regulations and the Articles of Association and that he/she is not subject to any of the impediments listed in article 148 of the TUF and undertakes to notify the Company within 30 days of any changes.

The Board of Directors and the Board of Statutory Auditors verify every year that each of their members still qualifies as independent in accordance with the law and article 2, Recommendations 6 and 9 of the Code.

These verifications in 2024 involved the position as the Standing Auditors of Alberto Villani and Elena Beretta as they sit, as Standing Auditors, on other Boards of Statutory Auditors belonging to other Group companies and investees as listed below.

To this end, it is considered that these situations do not limit their independence due to their personal characteristics and as such do not represent "significant" professional relations in the overall context of their activities.

The Board of Statutory Auditors announced the findings of the verification that was also conducted for the purposes of article 149, paragraph 1, letter c.-bis of the TUF requiring supervision of the actual implementation of the Code.

Other positions as Board Directors and Statutory Auditors held by the Company's Statutory Auditors at other companies and in the Group are shown in Table 14b, attached to this Report, and were provided to the Shareholders' Meeting when the Statutory Auditors were appointed.

Their current number and relevance for each Auditor are below the thresholds envisaged by CONSOB and the aforementioned ethical conventions.

The Board of Statutory Auditors carries out functions and responsibilities according to the Civil Code.

Pursuant to article 2402, paragraph 1, of the Civil Code, the Board of Statutory Auditors oversees compliance with the law and the Articles of Association with respect to good governance and, particularly, the adequacy of the organisational, administrative and accounting structure of the Company and as it actually functions.

The Board of Statutory Auditors regularly carries out its activities and constantly takes part in the meetings of the Board of Directors and the other Committees, coordinating its activities with the internal audit function in particular, and with the Control, Risk and Sustainability Committee. Furthermore, the Board of Statutory Auditors has over time acquired, developed and maintained on the occasion of the changes in its membership, the possibility of constantly being in contact with the offices of the Company which it contacts directly and in full independence.

Its relationship with the Independent Auditors is collaborative and entails the exchange of data and information.

Furthermore, in this context, the Board of Statutory Auditors monitors the independence of the Independent Auditors.

In accordance with the provisions on remuneration, compensation paid to the Statutory Auditors is shown in the table drawn up in accordance with CONSOB provisions (or "Model 1" of Annex 3C of the Issuers' Regulation) contained in the Report on Remuneration; they have been deemed to be commensurate with the commitment required, the relevance of the role held, the size of the Company and the sector in which it operates.

During the Financial Year, the Board of Statutory Auditors met 10 times (7 in 2023); participation in the meetings by the members was 100% (as in the previous year). The average duration of the meetings of the Statutory Auditors was approximately two hours.

During this year, the Board of Statutory Auditors met 2 times.

During the Financial Year, at least two members of the Board of Statutory Auditors participated in all the meetings of the Control, Risk and Sustainability Committee.

Participation in these meetings also provides the opportunity for coordinating information flows to the extent of the respective functions and activities of the Board itself, the Head of Internal Audit, the Director in Charge, the Independent Auditors and the Executive Managers of the Company.

As mentioned elsewhere in this Report, the Company has not adopted policies to ensure diversity of the composition of its control bodies, as each individual chosen to fulfil these roles is assessed at nomination in relation to their education and experience.

12. INVESTOR RELATIONS

The relative documentation is provided to all those entitled to it at all the Shareholders' Meetings. The quality and timeliness of public announcements, which are fundamental for the provision of information to Shareholders and the market, have been assured also through the development and use of the website <https://www.itkgroup.it/en>.

Up to 30 November 2012, the company's website www.kme.com contained legal and financial information about the company (KME Group S.p.A.) as well as information on the business and products of the Group's industrial companies.

On 1 December 2012, following the change of the name to Intek Group, the company adopted a new website <https://www.itkgroup.it/en>, to which visitors to the website www.kme.com, which to date contains only information about the industrial operations of the investee company KME SE, and the website www.itk.it, are directed.

Access to the site is unrestricted and all information can be easily found, with the most recent pieces of news being highlighted. In particular, the reference to the web page containing the information is properly specified.

The site is updated as and when information is released through the electronic system which, up to 28 May 2012, consisted of the NIS (Network Information System) managed by Borsa Italiana S.p.A., and then by the "SDIR/NIS".

From that date, following the implementation of Directive 2004/109/EC (the "Transparency Directive"), CONSOB, with resolution no. 18159 of 4 April 2012, amended the previous situation, authorising the operation of the system for the disclosure of regulated information now named "eMarketSDIR". The use of this service is stated on the homepage of the Company website.

The system allows disclosure to the public of press releases issued by the Company by sending them to the press agencies connected to the system, as well as to Borsa Italiana S.p.A., which in turn publishes a notice containing them, and to CONSOB.

The site reports historical, documentary, accounting and financial information (annual and half-year financial statements, and other statements and documents produced over time) as well as information on *corporate events* (e.g., *annual calendar of corporate events*, *corporate governance* and remuneration reports, terms and conditions for the exercise of rights, details regarding the calling of meetings and how to participate in them, the procedures for the appointment of the Board of Directors and the Board of Statutory Auditors).

There is a section on the website dedicated to stock market information, displaying the real-time market prices of all the financial instruments issued by the Company, together with the relevant charts.

A large section of the website is dedicated to corporate governance (corporate bodies, characteristics of securities issued, Regulations for bonds, Internal Codes and Procedures, minutes of the Shareholders' Meetings), with specific areas dedicated to any extraordinary transactions underway.

A considerable amount of information is also available in English, particularly press releases, financial statements and interim reports.

During 2024, the website www.itkgroup.it, which is available in Italian as well as in English, had over 400 thousand hits by over 370 thousand visitors with over 583 thousand pages viewed. The peak of access to the site is concentrated in July and November 2024.

It is possible to send requests to the Company by e-mail at investor.relations@itk.it.

The information role of investor relations is performed by the individual company units for their respective areas of expertise.

This decision takes account of the current internal resources and structures of the Company and ensures that information is provided as and when required.

For each Shareholders' Meeting, the website includes a specific section where it is possible to find all the documentation on the items on the Agenda as well as on how ordinary Shareholders can participate in the relevant Meetings, as required also by article 125 quater of the TUF.

A similar initiative was taken for the holders of saving shares, as well as holders of bonds.

The Board of Directors believes that a website accessible without restrictions and updated in a timely way improves and enhances the quality and quantity of information about the Company and the Group, thereby providing the Shareholders, as well as the holders of other financial instruments issued by the Company and the market, with a crucial instrument for assessing the company and its initiatives.

The speed and procedures with which the information regarding the transactions that took place during 2024 were made available confirmed the soundness of this choice and the intention to increasingly focus in the future on communication, as well as organising and updating the Company's website, an element that is becoming more and more strategic, in order to allow everyone, without any restrictions, to find information about the Company as broadly and fast as possible.

By virtue of the measures thus adopted which makes it possible to provide easily accessible information and the contained size of the Company, a special structure in charge of managing shareholder relations has not been established, as the information provided by the administrative offices of the Company which are from time to time put in charge of requests from the shareholders has been effective to this end.

13. MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C), TUF)

The Shareholders' Meeting's powers and responsibilities are those set out in the Civil Code and the TUF.

The implementation of EU Directive no. 36/2007, commonly known as the "Shareholders' Rights Directive", has profoundly changed the provisions regarding the involvement of Shareholders in the activities of listed companies. Additional changes were introduced by Italian Legislative Decree no. 91 of 18 June 2012, as subsequently amended.

The Shareholders' Meeting now consists of those who have voting rights and whose communication, sent by authorised intermediaries, has reached the Company, pursuant to the provisions in force, on the basis of the accounting records relating to the end of the accounting day on the seventh day of trading prior to the date set for the Shareholders' Meeting on first call, and which has reached the Company within the legal deadlines.

The resulting changes have been introduced in the Articles of Association and internal procedures, and are aimed at confirming and ensuring equality of treatment to all the Shareholders in the same position as regards their participation and the exercise of the right to vote at Shareholders' Meetings.

The Articles of Association (articles 2 and 14) empower the Board of Directors to determine the registered and any secondary offices, to approve mergers and demergers of subsidiaries, to reduce share capital in the event of a withdrawal by a Shareholder and to comply with new regulatory provisions and to retain authority over particular cases regarding related party transactions, naturally in compliance with the exceptions allowed by the laws in force.

It should be noted that according to article 10 of the Articles of Association, the Shareholders' Meeting shall be convened through specific notice published on the Company's website, and in the Official Journal when required, but that it has also been decided to still publish the related notice - in this case, even if only

in extract form - in one of the following national newspapers: "Il Sole 24 Ore" - "MF/Milano Finanza" - "Italia Oggi".

During 2012, as part of the aforementioned provisions, the provisions of article 125-bis of the TUF regarding the preparation of Shareholders' Meetings notices were further amended.

In any case, it should be noted that the website www.itkgroup.it contains a specific area dedicated to corporate governance, which is constantly renewed and updated. For the Shareholders' Meetings, part of the website has been dedicated to the related documentation, including not only the documentation on the items on the Agenda but also that for the exercise of Shareholders' rights as envisaged by article 125-quater of the TUF, such as, for example, the form for proxy voting, the documentation for the appointment of the Appointed Representative, and that for voting by correspondence. The procedures to ask questions during a Shareholders' Meeting and how to ask for additions to be made to the Agenda are shown in the same area.

With respect to provisions relating to the submission of shares for participation in the Shareholders' Meeting, article 11 (Attendance and representation at Shareholders' Meeting) of the Articles of Association implements the "record date" for all; in practice participation in the Shareholders' Meetings is now connected to the accounting entries as at the seventh day of trading prior to the date set for the Shareholders' Meeting on first call.

Pursuant to the new rules regarding the Shareholders' Meetings, the provisions were extended also to the Special Meetings of holders of other financial instruments issued by the Company which are traded on a regulated market, and therefore to holders of savings shares and bonds.

The provisions regarding the issue of proxies and their electronic notification which are also contained in article 11 of the Articles of Association are also worth noting. The above-mentioned article in the Articles of Association also includes the provisions on how to exercise the vote by correspondence.

The other methods of participating in Shareholders' Meetings are contained in article 10 (Calling of Shareholders' Meetings) of the Articles of Association, particularly with reference to the protection of minority shareholders with respect to the appointment of Directors and Statutory Auditors.

As a departure from the Code, the Company has decided to do without specific "Shareholders' Meeting Regulation" due to the existence of the provisions of Chapter III of the Articles of Association, available on the Company's website <https://www.itkgroup.it/en> in the Profile – Articles of Association section.

Greater details on participation at the specific meeting and the right to ask questions can be found in the Governance/Shareholders' Meetings section with reference to upcoming Shareholders' Meetings.

Within this framework, article 12 (Chairmanship of the Shareholders' Meeting) of the Articles of Association expressly requires the Chairperson of the Shareholders' Meeting to ensure the correctness of the proceedings by directing and regulating discussions and limiting the length of individual contributions.

Owners of saving shares or bonds are not entitled to participate in the meetings of the holders of ordinary shares.

Each share carries unrestricted voting rights (one vote per share) unless otherwise provided by law.

The extraordinary Shareholders' Meeting of 19 June 2015 introduced articles 11-bis, 11-ter and 11-quater, establishing the increased voting right for Shareholders that are eligible pursuant to the requirements set by the law that so request by registering the in the special register that the Company has established. One shareholder is currently registered.

During the 2024 financial year, the following shareholders' meetings were held:

- on **22 April 2024**, the Special Meeting of Savings Shareholders for the restatement of the Provision for expenses for the protection of the rights and interests of savings shareholders and for the appointment of the Common Representative of Savings Shareholders;
- on **22 May 2024**, the Ordinary Shareholders' Meeting, for the approval of the financial statements as at 31 December 2023, the Report on Remuneration for that financial year and the share-based incentive plan for the management, as well as for the appointment of the corporate bodies and for the authorisation to purchase and dispose of treasury shares and

warrants, and the Extraordinary Shareholders' Meeting for the amendment of the resolution adopted by the Extraordinary Shareholders' Meeting of 12 June 2023, relating to the cancellation of the Company's ordinary shares;

- on **17 December 2024**, the Ordinary Shareholders' Meeting for the appointment of the independent auditors and sustainability reporting for the period from 1 January 2025 to 31 December 2033, and the Extraordinary Shareholder's Meeting for the amendment of article 11 (Attendance and representation at Shareholders' Meeting) of the Articles of Association, also pursuant to Italian Law no. 21 of 5 March 2024, introducing the possibility that: (i) where specified in the notice of call, participation in the Shareholders' Meeting and the exercise of the right to vote may be exercised exclusively through the representative appointed by the Company pursuant to article 135-undecies.1 of the TUF, to whom proxies or sub-proxies can also be granted pursuant to article 135-novies of the TUF, and (ii) the notice of call may provide for participation in the Shareholders' Meeting by means of telecommunications only.

In 2025, at the date of this Report, no meeting has been held yet.

Unless otherwise provided by the applicable legislative provisions, the Articles of Association shall not be amended unless approved by the Shareholders' Meeting in the manner, quorums and with the majority prescribed by law.

The Articles of Association contain provisions for the protection of the non-controlling Shareholders in regard to the convening of the Shareholders' Meeting and additions to its Agenda (article 10), appointment of the Board of Directors (article 17) and the Board of Statutory Auditors (article 22), in relation to the possibility of collecting voting proxies and the right to vote by correspondence (article 11) and the disclosure obligations of the Executive Directors to the other Directors and the Board of Statutory Auditors (articles 14 and 18) and the Common Representative of Savings Shareholders (article 26).

In this regard, it should be noted that, with a resolution dated **17 December 2024**, the Extraordinary Shareholders' Meeting resolved to amend article 11 of the Articles of Association (Attendance and representation at Shareholders' Meeting), introducing the possibility that: (i) where specified in the notice of call, participation in the shareholders' meeting and the exercise of the right to vote may be exercised exclusively through the representative appointed by the Company pursuant to article 135-undecies.1 of the Consolidated Law on Finance, to whom proxies or sub-proxies can also be granted pursuant to article 135-novies of the Consolidated Law on Finance, and (ii) the notice of call may provide for participation in the shareholders' meeting by means of telecommunications only.

In particular, articles 17 (Appointment and composition of the Board of Directors, and duration of the office of its members) and 22 (Board of Statutory Auditors) were amended in 2007, with the introduction of the voting list method for minorities and in 2014 and 2020, by adaptation thereof to the regulations on gender balance insofar as the composition of the administration and control bodies, as introduced by Italian Law 120/2011.

Furthermore, articles 5 and 13 of the Articles of Association which respectively establish the right to request the identification of shareholders (article 83-duodecies of the TUF) and entitle shareholders to submit questions prior to the Shareholders' Meetings (article 125-bis, para. 4. b), no. 1) of the TUF) are to be noted.

The aforementioned article 125-bis, paragraph 4, letter b), no. 1) of the TUF and the following article 127-ter of the TUF require that the notice indicate the deadline by which questions can be put forward prior to the meeting, and that this deadline cannot be earlier than three days prior to the Shareholders' Meeting on the first or single call or five days if the notice provides for that the Company will give a response prior to the meeting.

In this case, the answers must be provided at least two days prior to the meeting, including through publication in the special section of the Company's website.

Legitimacy of asking questions is the responsibility of the individuals with the voting rights.

Additions to the Agenda and presentation of new resolution proposals

Article 10 of the Articles of Association highlights, in compliance with article 126-*bis* of the TUF, that Shareholders who represent at least one fortieth of the share capital may ask, within 10 days of publication of the Shareholders' Meeting notice, for an addition to the list of items to be addressed. The request must be presented in writing and must contain an indication of the items to be addressed.

Agenda items may not be added with respect to issues on which Shareholders resolve as per the law, upon proposal by Directors or based on a project or report put forward by Directors, other than those specified in article 125-*ter*, paragraph 1 of the TUF.

Following the 2012 amendments, this provision was extended in order to allow Shareholders with a similar stake, again within 10 days of publication of the notice and according to a procedure similar to that provided for the addition to the Agenda items, to put forward resolution proposals on issues already on the Agenda.

In any case, any persons with voting rights can individually put forward resolution proposals to the Shareholders' Meeting.

Pursuant to the law, the requests for additions and/or submission of a new resolution proposal shall be made using that same procedures as provided for the convening of the Shareholders' Meeting at least fifteen days prior to the date set for the meeting, making the Report available to the shareholders, accompanied by any assessments by the Board of Directors.

Request to call Shareholders' Meeting

Article 10 of the Articles of Association, in accordance with the provisions of article 2367 of the Civil Code, provides that Shareholders who represent at least one twentieth of the share capital in terms of ordinary shares can ask the Chairman of the Board of Directors to call a Shareholders' Meeting.

The request shall be made by registered letter and shall contain the list of the items to be included in the Agenda and the detailed list of those requesting the meeting, together with a copy of the suitable communication issued by the authorised intermediaries who certify ownership of the shares and their number.

14. OTHER CORPORATE GOVERNANCE ISSUES

The Issuer, aside from the Organisational Model pursuant to Italian Legislative Decree 231/2001 and the accounting control procedures illustrated in chapter 9 of the Report, does not adopt corporate governance practices other than those set forth in legislative and regulatory standards.

15. CHANGES AFTER THE YEAR END

As of the end of the Financial Year, there were no changes in the corporate governance structure other than those indicated in the specific sections.

16. CONSIDERATIONS ON THE LETTER OF 17 DECEMBER 2024, FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The letter, dated 17 December 2024, and addressed by the Chairman of the CG Committee to the Chairpersons of the Boards of Directors of Italian listed companies, was brought to the attention of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors of the Issuer at the meeting held on 24 January 2025.

It should be noted that, in line with previous practice, in order to comply with the Recommendations of the Corporate Governance Committee for 2024, the Issuer summarised the essential information on its compliance with the specific recommendations of the CG Code, including a table in the appendix to the Report indicating, for each forecast, whether it has been applied, not applied or is not applicable.

The Board of Directors acknowledged the analysis and recommendations contained in the letter and made the following observations:

- a) in compliance with Recommendation 11, the Company set the deadlines for sending the disclosure to the Board of Directors and the Committee as specified in paragraphs 4.4 and 6, respectively, of this Report. It is possible to derogate from these deadlines where strictly necessary in relation to the content of the matter and the relevant resolution (for the sake of clarity, this also applies in cases of proven urgency or priority confidentiality requirements). In such cases, the information documentation may be made available within a shorter time frame (while ensuring the timeliness, usability and completeness of the information flows) or provided directly at the meeting. As indicated in paragraphs 4.4 and 6 above, adequate and timely discussions will be held during the relevant meetings in any case. During the Financial Year, the Company never missed any of the above deadlines due to urgent or confidential matters;
- b) with regard to remuneration policy, the Company applies Recommendation 27 of the Code. In particular, the Company provides for short- and long-term variable incentives linked to predetermined and measurable performance targets described in Section I of the Report on Remuneration, to which reference should be made with particular reference to long-term variable incentives. As indicated in Section I of the Report on Remuneration, it should also be noted that the Company can, in exceptional cases, decide to award special bonuses without prejudice to the application of the procedure for transactions with related parties (where applicable);
- c) in accordance with Recommendation 4 of the Code, the Company has already stated in the 2023 Report that the granting of management powers to the Chairwoman meets the Issuer's significant organisational requirements, namely streamlining the functioning of the Company's Board of Directors.

* * *

Table 2a: INFORMATION ON THE STRUCTURE OF SHARE CAPITAL AND ON FINANCIAL INSTRUMENTS AS AT 31 DECEMBER 2024

SHARE CAPITAL STRUCTURE				
Shares issued	ISIN Code	No. of outstanding shares	No. of Voting rights	% of total share capital
Ordinary shares without increased voting rights	IT0004552359	124,453,358	124,453,358	95.0%
Ordinary shares with increased voting rights	IT0005124406	145,778,192	291,556,384	
Unregistered savings shares	IT0004552367	14,211,262		5.0%
Registered savings shares	IT0004552375			
Total		284,442,812	416,009,742	100.00%

OTHER FINANCIAL INSTRUMENTS		
	ISIN Code	No. of outstanding instruments
"KME Group SpA 2020-2025" non-convertible bonds (*)	IT0005394884	2,440,153
"KME Group S.p.A. 2022-2027" non-convertible bonds	IT0005503393	63,533,259
"KME Group SpA 2024-2029" non-convertible bonds	IT0005597874	138,804,041

(*) Repaid at maturity on 18 February 2025

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Table 2b: SHARE PERFORMANCE IN 2024

	Maximum value		Minimum value	
	Month	Price	Month	Price
Ordinary shares	April	1.056	August	0.865
Savings shares	May	1.595	January	1.130
KME Group S.p.A. 2021-2024 Warrants(*)	April	0.600	January	0.452
KME Group SpA 2020-2025 Bonds	February	100.24	July	99.54
KME Group SpA 2022-2027 Bonds	October	102.39	July	99.76
KME Group SpA 2024-2029 Bonds	September	101.77	August	99.94

(*) until the expiry date of 28 June 2024.

Investor relations:
 telephone: 02 806291
 FAX: 02 8062940
 E-mail: info@itk.it
 Website: www.itkgroup.it

* * * * *

Table 2.3 SIGNIFICANT INVESTMENTS

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Quattrodue S.p.A.	Quattrodue S.p.A.	65.80%	77.78%

Table 4.2 *Structure of the Board of Directors and its Committees established at the end of the Financial Year*

CONSIGLIO DI AMMINISTRAZIONE													COMITATO CONTROLLO RISCHI E SOSTENIBILITA'		COMITATO REMUNERAZ. (***)	
Carica	Componenti	Anno di nascita	Data di prima nomina *	In carica dal	In carica fino a	Lista **	Esecutivi	Non Esecutivi	Indip. Codice	Indip. TUF	Partecipaz. (*)	N. altri incarichi ***	(**)	Partecipaz. (*)	(**)	Partecipaz. (*)
Presidente	Diva Moriani	1968	27.04.2005	22.05.2024	31.12.2026	M	X				8/9	12		n/a	n/a	n/a
Vice Presidente	Vincenzo Manes	1960	14.02.2005	22.05.2024	31.12.2026	M	X				9/9	5		n/a	n/a	n/a
Amministratore	Marcello Gallo	1958	14.02.2005	22.05.2024	31.12.2026	M		X			7/9	9		n/a	n/a	n/a
Amministratore	James Macdonald	1951	30.04.2013	22.05.2024	31.12.2026	M		X			9/9	3		n/a	n/a	n/a
Amministratore	Ruggero Magnoni	1951	31.05.2016	22.05.2024	31.12.2026	M		X			7/9	5		n/a	n/a	n/a
Amministratore	Francesca Marchetti	1963	08.05.2018	22.05.2024	31.12.2026	M		X	X	X	9/9	1	M	6/6	n/a	n/a
Amministratore	Massimiliano Picardi	1971	22.05.2024	22.05.2024	31.12.2026	m		X	X	X	4/4	1		n/a	n/a	n/a
Amministratore	Maria Serena Porcari	1971	08.06.2021	22.05.2024	31.12.2026	M		X			7/9	5		n/a	n/a	n/a
Amministratore	Luca Ricciardi	1973	30.04.2013	22.05.2024	31.12.2026	M		X	X	X	9/9	0	P	6/6	n/a	n/a
AMMINISTRATORI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO																
Amministratore	Laura Cattaneo	1972	12.01.2024	12.01.2024	31.12.2023	m		X	X	X	4/5	1		n/a	n/a	n/a
Amministratore	Alessandra Pizzuti (****)	1962	19.06.2015	22.05.2024	20.11.2024	M		X			8/9	0	M	4/5	n/a	n/a
N. riunioni svolte durante l'Esercizio di riferimento:			CDA: 9					CCRS: 6					CR: n/a			
Quorum richiesto per la presentazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 147-ter TUF): 2,5%																

Notes

Attendance at meetings for which minutes were taken is reported in the table. It should be remembered that all the member of the Committees and those invited at the meetings, regardless of whether or not they actually attend, receive documentation and information regarding items on the Agenda with due notice, and take part in their discussion in preparation for the passing of resolutions.

* Date of first appointment for each Director means the date on which the Director was appointed for the first time (in an absolute sense) by the Issuer's BoD.

** This column indicates the list from which each Director was selected ("M" majority list; "m" minority list; "BoD" list submitted by the BoD).

*** This column indicates the number of positions as Director or Statutory Auditor held by the person concerned in other companies listed on regulated markets, in Italy or abroad, as well as in financial, banking, insurance or other companies of considerable size. Table 4.2b includes the list of these companies with reference to each Director, specifying whether or not the company in which the position is held is part of the Group of which the Issuer is the parent or part.

(*) This column indicates the attendance of directors at the meetings of the Board and the committees, respectively (no. of attendances/no. of meetings held during the effective term of office of the person concerned).

(**) This column indicates the position of the Director within the Committee: "C" if Chairperson; "M" if a member.

(***) The Committee is no longer established pursuant to the resolutions of the BoD of 19 June 2015, 8 May 2018, 8 June 2021 and 22 May 2024.

(****) Subsequently co-opted by the BoD of the Company on 24 January 2025, until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2024.

Table 4.2b Administration and control offices held by the Directors

A table showing positions as Director or Statutory Auditor held by each Director as at 31 December 2024, in other joint-stock companies, partnerships limited by shares and private limited companies, as well as foundations and associations, is set out below.

Name	Company	Office
Diva Moriani	KME SE (1)	Executive Vice Chairwoman of the Board of Directors
	KME Italy S.p.A. (1)	Member of the Board of Directors
	KME Germany GmbH (1)	Chairwoman of the Supervisory Board
	KME Mansfeld GmbH (1)	Chairwoman of the Supervisory Board
	KME S.r.l. (1)	Member of the Board of Directors
	KME Netherlands BV (1)	Chairwoman of the Supervisory Board
	KMH SpA (1)	Managing Director
	Cunova (Paragon Group)	Member of the Board of Directors
	Moncler S.p.A. (2)	Independent member of the Board of Directors, Chairwoman of the Remuneration and Appointments Committee and member of the Related Party Committee
	Assicurazioni Generali (2)	Independent member of the Board of Directors, Chairwoman of the Remuneration and Committee and Member of the Appointments and Related Party Committees
	CULTI Milano S.p.A. (1)	Member of the Board of Directors
	Fondazione Arte Dynamo	Chairwoman
	Fondazione Dynamo Camp ETS	Member of the Board of Directors
	Dynamo Academy Srl Benefit Company	Member of the Board of Directors
Vincenzo Manes	KME SE (1)	Executive Chairman
	KMH SpA (1)	Chairman of the Board of Directors
	Quattrodue S.p.A.	Managing Director
	Tod's Group SpA	Member of the Board of Directors
	Class Editori S.p.A. (2)	Member of the Board of Directors
	Fondazione Dynamo Camp ETS	Chairman of the Board of Directors
Marcello Gallo	Intek Investimenti S.p.A. (1)	Managing Director
	Immobiliare Picta S.r.l. (1)	Chairman of the Board of Directors
	ISNO 3 S.r.l. in liquidation (1)	Liquidator
	Benten S.r.l.	Member of the Board of Directors
	Lexcapital S.r.l. Benefit Company	Member of the Board of Directors
	KME SE (1)	Member of the Board of Directors
	KME Italy S.p.A. (1)	Member of the Board of Directors
	Dynamo Academy Srl Benefit Company	Member of the Board of Directors
	Fondazione Vita	Chairman of the Board of Directors
	Fondazione Dynamo Camp ETS	Member of the Board of Directors
	Fondo Filantropico Italiano ETS	Chairman
	Vita Società Editoriale SpA Benefit Company	Senior Deputy Chairman of the Board of Directors

	Fondazione Valore ETS	Member of the Board of Directors
	Keep Italy Beautiful ETS	Member of the Board of Directors
James Macdonald	Hanseatic Americas Ltd	Director
	Hanseatic Europe Sarl	Manager
	Abolango Stiftung	Director
Ruggero Magnoni	Quattrodue S.p.A.	Chairman of the Board of Directors
	IMMSI S.p.A. (2)	Member of the Board of Directors
	M&M Capital Ltd.	Chairman
	IFM Investors	Senior Advisor to IFM Global Infrastructure Fund
	RFM & Partners S.p.A.	Chairman of the Board of Directors
	Società di Progetto Brebemi S.p.A.	Member of the Board of Directors
	Fondazione Giuliano e Maria Carmen Magnoni ETS	Founding Member and Chairman
	Fondazione Laureus Sport for Good Italia ETS	Founding Member and Chairman
	Fondazione Cologni dei Mestieri d'Arte	Member of the Board of Directors
	Trilantic Capital Partners Europe	Senior Advisor and Member of the Advisory Council
	Lehman Brothers Foundation Europe	Trustee
	Fondazione Dynamo Camp ETS	Member of the Board of Directors
Luca Ricciardi	n/a	n/a
Francesca Marchetti	KME SE (1)	Member of the Board of Directors
	Riantima Immobiliare S.r.l.	Single Auditor
	Minuter Srl	Single Auditor
Maria Serena Porcari	Fondazione Dynamo Camp ETS	Managing Director
	Dynamo Academy Srl Benefit Company	Chairwoman of the Board of Directors
	CIR SpA (2)	Independent member of the Board of Directors
	CP Energy Crispiano S.r.l.	Sole Director
	CP Energy & Finance S.r.l.	Member of the Board of Directors
	Seriousfun Children Network USA	Member of the Board of Directors
	Fondazione Cassa di Risparmio di Pistoia e Pescia	Member of the General Council
	Fondazione Hospice Isabella Seragnoli	Member of the Board of Directors
	Università Commerciale Luigi Bocconi	Member of the Board of Directors
	Natural Capital Italia S.p.A. Benefit Company (1)	Member of the Board of Directors
Massimiliano Picardi	Sogefi SpA (2)	Independent member of the Board of Directors

Alessandra Pizzuti	n/a	n/a

Laura Cattaneo	Bystronic Italia Srl	Sole Auditor

- (1) company controlled by KME Group S.p.A.;
- (2) company listed on a regulated market.

* * * * *

TABLE 14a *Structure of the Board of Statutory Auditors at the end of the Financial Year*

COLLEGIO SINDACALE									
Carica	Componenti	Anno di nascita	Data di prima nomina *	In carica dal	In carica fino a	Lista **	Indip. Codice	Partecipaz. ***	N. altri incarichi ****
Presidente	Gianluca Cinti	1971	22.05.2024	22.05.2024	31.12.2026	m	X	6/6	10
Sindaco effettivo	Giovanna Villa	1966	08.05.2018	22.05.2024	31.12.2026	M	X	10/10	3
Sindaco effettivo	Alberto Villani	1962	30.04.2013	22.05.2024	31.12.2026	M	X	6/6	31
Sindaco supplente	Elena Beretta	1969	19.06.2015	22.05.2024	31.12.2026	M	X	n/a	4
Sindaco supplente	Daniele Beretta	1980	22.05.2024	22.05.2024	31.12.2026	m	X	n/a	9
SINDACI CESSATI DURANTE L'ESERCIZIO DI RIFERIMENTO									
Presidente	Silvano Crescini	1958	08.06.2021	08.06.2021	31.12.2023	m	X	4/4	10
Sindaco effettivo	Marco Lombardi	1959	01.09.2008	08.06.2021	31.12.2023	M	X	4/4	6
Sindaco supplente	Cristina Sorrentino	1969	08.06.2021	08.06.2021	31.12.2023	m	X	n/a	6
N. riunioni svolte durante l'Esercizio di riferimento: 10									
Quorum richiesto per la presentazione delle liste da parte delle minoranze per l'elezione di uno o più membri (ex art. 147-ter TUF): 2,5%									

Notes

- * Date of first appointment for each Statutory Auditor means the date on which the Statutory Auditor was appointed for the first time (in an absolute sense) by the Issuer's Board of Statutory Auditors.
- ** This column indicates the list from which each Statutory Auditor was selected ("M" majority list; "m" minority list).
- *** This column indicates the participation of the statutory auditors in the meetings of the Board of Statutory Auditors (no. of attendances in the period during which the individual was in office)
- **** This column indicates the number of positions as director or statutory auditor held by the person concerned which are relevant under article 148-*bis* of the TUF and the relative implementing provisions contained in the CONSOB Issuers' Regulation. The complete list of offices is published by CONSOB on its own website pursuant to article 144-quinquiesdecies of the CONSOB Issuers' Regulation.

Table 14b Administration and control offices held by the Statutory Auditors

Below is a table showing the Director or Statutory Auditor positions held by each Statutory Auditor as at 31 December 2024, in other joint-stock companies, partnerships limited by shares and limited liability companies.

Name	Company	Office
Gianluca Cinti	Fabrick SpA	Chairman of the Board of Statutory Auditors and of the SB
	Hype SpA	Standing Auditor and Member of the SB
	Sella Venture Partners SGR SpA	Standing Auditor
	Centrico SpA	Standing Auditor and Member of the SB
	BDY SpA	Standing Auditor
	Nivola SpA	Standing Auditor and Member of the SB
	Ronchi Holding SpA	Standing Auditor
	Ronchi Mario SpA	Standing Auditor
	Bosfin SpA	Chairman of the Board of Statutory Auditors
	Amandla Srl	Sole Director
	Banca Sella Holding SpA	Alternate Auditor
	Antares Vision SpA (2)	Alternate Auditor
	Codd&Date Srl	Alternate Auditor
Giovanna Villa	Lenovo Italy S.r.l.	Sole Auditor and Member of the SB
	Lenovo Global Technology S.r.l.	Sole Auditor and Member of the SB
	ENI S.p.A. (2)	Alternate Auditor
	Elfit S.p.A.	Member of the SB
	Cortem S.p.A.	Member of the SB
	Italian Gasket S.p.A.	Member of the SB
	ICM SpA	Alternate Auditor
	LILT Como	Standing Auditor
Alberto Villani	AGB Nielsen Media Research Holding SpA	Chairman of the Board of Statutory Auditors
	AREEF 2 - SICAF SpA	Standing Auditor
	Areef 2 Palio – Sicaf S.p.A.	Standing Auditor
	AREEF 2 Porta Nuova - SICAF SpA	Standing Auditor
	AREEF 2 - Rêve - SICAF IN GESTIONE ESTERNA SpA	Standing Auditor
	ASAF - SICAF IN GESTIONE ESTERNA SpA	Standing Auditor
	Barry Callebaut Manufacturing Italia SpA	Alternate Auditor
	Bennet S.p.A.	Standing Auditor
	BGB Holding SpA	Standing Auditor
	Carcano Antonio S.p.A.	Standing Auditor
	De Longhi SpA (2)	Standing Auditor
	De Longhi Capital Services S.r.l.	Standing Auditor
	De Longhi Appliances S.r.l.	Standing Auditor
	EB Neuro S.p.A.	Chairman of the Board of Statutory Auditors
	EDRA SpA	Chairman of the Board of Statutory Auditors

Feltrinelli SpA	Standing Auditor
FINMEG Srl	Standing Auditor
Fratelli Consolandi S.r.l.	Chairman of the Board of Statutory Auditors
Gallerie Commerciali Bennet S.p.A.	Standing Auditor
Impresa Costruzioni Grassi & Crespi S.r.l.	Alternate Auditor
Impresa Luigi Notari S.p.A.	Alternate Auditor
KMH SpA (1)	Chairman of the Board of Statutory Auditors
L C Immobiliare Srl	Statutory Auditor
Monte Titoli SpA	Alternate Auditor
Over Light S.p.A.	Standing Auditor
Pirelli Tyre SpA	Chairman of the Board of Statutory Auditors
Plurima SpA	Chairman of the Board of Statutory Auditors
PM Games Srl	Sole Auditor
Quattrodue S.p.A.	Standing Auditor
Royal Immobiliare S.r.l.	Sole Director
Selecta Digital S.p.A.	Standing Auditor
Selecta Industrial Operations S.p.A.	Standing Auditor
SRL Immobiliare Rimini	Managing Director
Sviluppo Tigullio Srl	Statutory Auditor
Vetus Mediolanum S.p.A.	Chairman of the Board of Statutory Auditors
Vianord Engineering Sas	Member of the Board of Directors
Wallaby Real Estate Srl	Statutory Auditor

Elena Beretta	Carcano Antonio S.p.A.	Alternate Auditor
	Columbus Clinic Center Srl	Alternate Auditor
	EB Neuro S.p.A.	Alternate Auditor
	Fratelli Consolandi S.r.l.	Standing Auditor
	Impresa Costruzioni Grassi & Crespi S.r.l.	Alternate Auditor
	Intek Investimenti S.p.A. (1)	Standing Auditor
	KMH SpA (1)	Alternate Auditor
	Quattrodue S.p.A.	Standing Auditor
	Romeo Maestri & Figli S.p.A.	Alternate Auditor

Daniele Beretta	Aidexa Holding SpA	Chairman of the Board of Statutory Auditors
	Codd&Date SpA	Chairman of the Board of Statutory Auditors
	D4Next SpA	Standing Auditor
	Fabrick SpA	Standing Auditor
	Fiera Milano Congressi SpA	Standing Auditor
	Focus Management SpA	Standing Auditor
	Hype SpA	Standing Auditor
	Sella Ventures SGR SpA	Standing Auditor
	Wealthype SpA	Standing Auditor

Silvano Crescini	Acqua Minerale Stella Alpina	Standing Auditor
	Altachiara S.r.l.	Chairman of the Board of Statutory Auditors
	De Gasperi S.r.l.	Sole Auditor
	Evolution Srl	Single Auditor

Sial S.r.l.	Sole Auditor
Calise S.r.l.	Sole Auditor
Bracca S.p.A.	Standing Auditor
Fonti Pineta S.p.A.	Standing Auditor
Hera Società Fiduciaria e di Revisione S.p.A.	Standing Auditor
Il Quadrifoglio Srl	Single Auditor
La Cogefin Srl	Sole Director
Rondo Schio S.r.l.	Standing Auditor

Marco Lombardi	Brandini S.p.A.	Chairman of the Board of Statutory Auditors
	KME Italy S.p.A. (1)	Chairman of the Board of Statutory Auditors
	Natural Capital Italia S.p.A. SB (1)	Chairman of the Board of Statutory Auditors
	First Capital S.p.A.	Chairman of the Board of Statutory Auditors
	First SICAF SpA	Chairman of the Board of Statutory Auditors
	Palomar S.p.A.	Standing Auditor
	Fondazione Angeli del Bello	Member of the Board of Auditors
	Klab Kids	Auditor

Cristina Sorrentino	MG Equity Securities S.p.A.	Chairwoman of the Board of Statutory Auditors
	Simplex Rapid S.r.l.	Chairwoman of the Board of Statutory Auditors
	Imbo S.p.A.	Chairwoman of the Board of Statutory Auditors
	Cortec S.p.A.	Chairwoman of the Board of Statutory Auditors
	Tecnutensil S.r.l.	Chairwoman of the Board of Statutory Auditors
	Tecma S.p.A.	Standing Auditor without accounting control
	Daq-lan S.r.l. unipersonale	Statutory Auditor
	Satem Srl	Statutory Auditor
	Satem Servizi Srl	Statutory Auditor
	G E PI Srl	Statutory Auditor
	H.T.P. High Tech Products Srl	Statutory Auditor
	Utensil Meccanica 2000 Srl	Statutory Auditor
	Autotrasporti Dolci Sergio Srl	Statutory Auditor
	Oscar Utumenti Srl	Statutory Auditor
	Impresa di Pulizie L'Artigiana Srl	Statutory Auditor

(1) company controlled by KME Group S.p.A.;

(2) company listed on a regulated market.



**REPORT ON THE REMUNERATION POLICY
FOR THE 2025 AND 2026 FINANCIAL YEARS
AND ON THE COMPENSATION PAID FOR THE 2024 FINANCIAL
YEAR**

Prepared pursuant to article 123-ter of the TUF and article 84-quater of CONSOB Resolution no.
11971 of 14 May 1999 as amended

Board of Directors
of 14 April 2025

KME Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 – 20121 Milan - Italy
Share Capital Euro 200,154,177.66 (fully paid up)
Tax Code and Milan Business
Register no. 00931330583
www.itkgroup.it

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Dear Shareholders,

The first Section of this document describes the 2025 and 2026 Remuneration Policy (hereinafter the “Policy” or the “2025 and 2026 Policy”) applicable to the members of the Board of Directors and the Board of Statutory Auditors of the company KME Group SpA (hereinafter referred to as “KME Group” or the “Company”) and to the Key Management Personnel. The second Section instead illustrates the implementation of the pay policies in force and therefore of compensation paid in the year 2024 (the “Report on compensation” or only the “Report”). In particular:

The Policy

For the current financial year, the Policy described in the first section refers to a two-year period until the end of the term of office of the Board of Directors currently in office, i.e. until the approval of the financial statements for the year ending 31 December 2026.

In the last financial year, considering the Company's delisting programme, the Remuneration Policy only covered the 2024 financial year. The possibility of carrying out this operation has made it advisable to extend the time horizon of reference also for reasons of stability and cost-effectiveness.

The Policy was prepared in line with the recommendations on remuneration of the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana SpA most recently in January 2020 (the “Code”). Specifically, the Policy is valid from the date of its approval until the approval of the Annual Financial Report relating to the year ending 31 December 2026.

The Policy is defined to such an extent so as to attract, motivate and retain resources with the professional skills (both management and technical) required to successfully manage the Company and its strategies, as defined by the Board of Directors, as well as to support the pursuit of the Company's long-term interests and sustainability.

The Policy is drafted in light of the recommendations set forth in article 5 of the Code and takes into account the provisions laid out in article 123-ter of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended (the “TUF”), article 84-quater of the CONSOB Regulation approved with resolution no. 11971 of 14 May 1999, as subsequently amended (the “Issuers' Regulation”) and Annex 3A, Scheme 7-bis, to the Issuers' Regulation; as well as the provisions set forth in the procedure for transactions with related parties, approved by the Company's Board of Directors on 11 November 2010, in the version updated on 26 September 2024, pursuant to the regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.

The Report on the compensation paid

The “Report on Compensation” shall be approved by the Board of Directors, prepared in accordance with Annex 3A, Scheme no. 7-bis, Section II, of the Issuers' Regulation, filed with the Company's registered offices and published on its website at least 21 days prior to the Shareholders' Meeting called to approve the annual financial statements. The Report refers to the year 2024 and in particular is focused, including through the use of specific tables, on the analytical presentation of the remuneration paid to Directors, Statutory Auditors, General Managers and Key Management Personnel in the course of that year.

In continuity with recent years and following guidelines provided in the *layout* document issued by Borsa Italiana S.p.A. concerning the “Report on corporate governance and ownership structures” (“*Report on Governance*”), disclosure required by the Code was included in this Report in order to avoid providing duplicate information. Mention has been given in the aforementioned Report on Governance as well.

Again, in accordance with the aforementioned indications, the Report on Governance and this Report are available also at the registered office of the Company and in the governance section of the website www.itkgroup.it. Due to their respective contents and the numerous reciprocal overlapping, it is recommended that they be read and examined jointly.

The Remuneration Policy and the Report on Compensation were approved by the Board of Directors in the meeting held on 14 April 2025.

1 Section I – The Remuneration Policy

1.1 Introduction and purpose

The KME Group is an industrial holding company whose strategic plan has evolved over time from a holding company to an investment company under IFRS 10 and finally to an industrial holding company focused on the copper world.

In particular, the Company has invested with a medium-term time-frame in the past, combining its entrepreneurial approach with a solid financial structure. The current allocation of resources involves a strong concentration in the investment in the KME group (over 90% of total assets). Within this group, for a few years now the most high-performing and promising sectors have been privileged, while instead favouring a departure from segments that have lower growth outlooks. Furthermore, a particularly active role was played in contributing to the phenomenon of progressive concentration carried out in recent years by major players in the laminates sector (“Copper”). In light of the strategy defined in April 2022, there was a further concentration of the activity in the copper sector with the gradual exit from other investments.

In 2024, the KME Group also consolidated its position as the European leader in this sector, carrying out operations to further develop production know-how and the product portfolio, to produce operational efficiencies and provide the best possible service to customers. In February 2024, KME SE signed an agreement relating to the acquisition of 100% of the shares of Blackhawk Holding GmbH, a German holding company that holds 100% share capital of Sundwiger Messingwerk GmbH, European leader in the sector of semi-finished rolled bronze products as well as a manufacturer of semi-finished rolled brass products. The transaction was completed in January 2025 and, in July 2024, KME SE became the sole shareholder of Azienda Metalli Laminati SpA.

In line with the focus on the copper world, as known, in the first few months of 2023, KME Group SpA started the project to delist its ordinary and savings shares and warrants from the market. The delisting is considered by the Company as functional to the objective of concentrating its activities in the industrial management of the KME SE Group and to offering the Company greater flexibility in the pursuit of strategies aimed at strengthening its market position, also through external growth, taking into account that the market listing does not adequately reflect the value of the KME Group.

The Company also believed that the delisting, in addition to representing a corporate simplification with related cost savings, may make it possible to implement, with greater effectiveness, any opportunities for reorganisation of the KME Group aimed at further strengthening it, more easily pursued as an unlisted company.

In line with this new strategic definition, the management believes that, in evaluating the Company’s overall performance, it is necessary to consider above all the economic results for the period, rather than the appreciation over time of the individual assets owned and their potential for creating shareholder value, which was the approach in the past.

In line with what has already been indicated in the 2024 Policy, the 2025 and 2026 Policy takes into account both the Group’s common strategic approach and the prospect of the delisting.

2 Governance of the KME Group in relation to the Policy

2.1 The corporate bodies involved in the preparation of the Remuneration Policy and relevant procedures

The mandate of the Remuneration Committee expired since the Shareholders' Meeting held on 19 June 2015, which approved the financial statements for the year ended 31 December 2014. The Company's Board of Directors, appointed by this Shareholders' Meeting, decided not to re-establish this Committee pursuant to, at the time, art. 6 of the Borsa Italiana Corporate Governance Code and now art. 5 of the Code, which considered that specifically for the Company, the duties incumbent upon the Remuneration Committee as required by the Code then in force could be satisfactorily carried out directly by the Board of Directors. The administrative body appointed by the Shareholders' Meeting on 8 May 2018, which met on the same date, also decided not to re-establish that Committee, in line with the previous three-year period. The same decision was taken by the administrative body appointed by the Shareholders' Meeting of 8 June 2021 and by that of 22 May 2024.

Also for the years 2024-2026, the Board of Directors deemed that it, in its entirety, is an entity that can adequately and efficiently define and set the incentive criteria, based on which to determine the variable component of the remuneration of Executive Directors and Key Management Personnel and for monitoring that the fixed objectives were indeed reached.

The Board continues to believe that the current definition of its strategic mission, its approach to the market and its governance structure make it easier to manage the remuneration policy, as it refers solely to the Executive Directors of the Company and any Key Management Personnel.

The Policy is valid from the date of its approval until the approval of the Annual Financial Report relating to the year ending 31 December 2026.

The Remuneration Policy applicable to the Executive Directors and the remuneration criteria of the Key Management Personnel was approved by the Board of Directors, with the favourable opinion of the Control, Risk and Sustainability Committee, after being examined by the Board of Statutory Auditors.

The Board of Directors also sought the assistance of two Independent Directors, members of the Control, Risk and Sustainability Committee, to compare the technical and substantive aspects of the Policy. Furthermore, should specific questions arise during the year or should issues concerning the remuneration of the Executive Directors need to be analysed, the Board of Directors will be assisted by at least two Independent Directors. Moreover, the positive opinion of at least two Independent Directors is necessary to check for the existence of exceptional circumstances that allow for temporary derogations to the Policy. At Board meetings where the remuneration of the Executive Directors is discussed, they shall attend the relevant discussions only if expressly authorised by the other members of the Board and shall not take part in the related votes in order to avoid any apparent conflict of interest.

The Policy thus approved by the Board of Directors is submitted to the Shareholders' Meeting for approval with a binding vote, according to article 123 *ter*, paragraph 3-bis of the TUF, when the resolution is passed on the Annual Financial Report.

Pursuant to article 123 *ter*, paragraph 3 *ter*, if the Shareholders' Meeting does not approve the Policy, or its amendments, subject to the vote of the Shareholders' Meeting itself, the remuneration set forth in the most recent Policy approved by the Shareholders' Meeting or, lacking this, practices in force, would continue to apply.

The Board of Directors is responsible for overseeing the correct implementation of the Policy adopted.

2.2 Amendments and derogations to the Policy

This Policy is valid and binding for the period specified above (two years), without prejudice to any amendments approved by the Shareholders' Meeting, according to the procedure specified in paragraph 2.1.

The derogations may be approved only in exceptional circumstances, meaning situations in which the derogations are necessary in order to pursue the long-term interests and sustainability of the Company as a whole or, also, to ensure its ability to remain competitive in the market.

Any derogations must obtain the positive opinion of at least two Independent Directors and be approved by the Board of Directors. The approval of the derogations must be preceded by the verification of i) the existence of exceptional conditions, meaning situations, not expected when the Policy was approved, the occurrence of which does not enable to the Company to stay in the market with respect to the benchmarks that the market offers at that time, and ii) the consistency of derogations with the conditions set forth in this Policy. The Independent Directors and the Board of Directors may rely on the internal consulting of the company functions involved as well as any other company function deemed useful for the assessment.

The only elements of the Policy that may be subject to exceptions relate only to the variable component of remuneration.

The derogation proposals are discussed and possibly approved with the favourable opinion of at least two Independent Directors, having consulted with the Board of Statutory Auditors, by resolution of the Company's Board of Directors, which discloses the information to the public as privileged information. The derogations and relative justifications are also disclosed at the first shareholders' meeting subsequent to their approval.

Disclosures to the public relating to derogations to this Policy concern, for each derogation:

- i. the specific elements derogated and the specific disclosure that they were included amongst the elements specified above;
- ii. information about the nature of the exceptional circumstances and justifications based on which the derogation is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to remain competitive in the market;
- iii. information on the procedure followed and the confirmation of the compliance of that procedure with the procedural conditions laid out in this Policy;
- iv. information relating to the remuneration paid in exceptional circumstances.

2.3 General Remuneration Policy Principles

2.3.1 The objectives of the remuneration policy and its changes

The Policy is an important tool to create sustainable corporate value.

It contributes to attracting and maintaining high-level professional skills and to aligning individual targets and conduct to the Group's medium to long-term strategies and plans.

The overall remuneration structure is based on the following principles:

- a balanced formulation;
- adequate balance between fixed and variable components of remuneration. The variable component shall not be predominant and shall envisage maximum limits. Particular attention shall be paid to the fixed component of remuneration, in order to retain professional skills, in line with the role covered, the responsibilities assumed and in order to maintain positive results in the future; it is sufficient for remuneration of the service even if the variable component has not been provided;
- appropriate variable remuneration, based on medium- to long-term goals and not simply on short-term initiatives. The connection between remuneration and performance shall be based on pre-set, measurable parameters linked to both quantitative and qualitative assessments, taking under consideration the risk management policy adopted by the Company;
- focusing on the creation of value for Shareholders over the medium- to long-term period.

Generally, the remuneration of the Executive Directors and Key Management Personnel is set at a level to attract, maintain and motivate the persons with the professional skills required to successfully manage the Company.

Furthermore, the incentive policies for Executive Directors and Key Management Personnel are linked to a mix of performance and/or profitability targets on the one hand and "value creation" on the other.

The 2025 and 2026 Policy does not contain any reformulations compared to the 2024 Policy. Therefore, for the 2025 and 2026 financial years, the remuneration criteria for Executive Directors will be based on:

- i. a fixed remuneration;
- ii. options relating to shares of the parent company KME Group reserved for the Executive Directors Vincenzo Manes and Diva Moriani and that of KME SE Claudio Pinassi;
- iii. medium- to long-term incentive plan based on the performance of the investee KME SE.

The Board of Directors will specifically implement the principles included in this Policy when determining the remuneration of Executive Directors and Key Management Personnel.

The Company's choice of incentives for Executive Directors and Key Management Personnel was also driven by the desire to encourage management to work on medium- to long-term plans which, among other things, allow for the interests of all stakeholders to be taken into account, and to increase staff motivation and, as a result, create a calmer and, ultimately, better working environment. Therefore, the Company believes that its 2025 and 2026 Policy is designed to respect the working conditions and well-being, employment and employability, of its employees.

In preparing this 2025 and 2026 Policy, the Company was not able to take into consideration any comments or requests from shareholders on the issues involved, as the shareholders' meeting for the approval of the 2024 Policy did not provide any insights that needed to be considered, nor have any requests or communications from shareholders been received by the Company since the date of that meeting to date. Should this occur in the future, the Company will take these elements into consideration when drafting and approving future Remuneration Policies.

2.3.2 The Remuneration Policies for Directors and Key Management Personnel

2.3.2.1 Members of the Board of Directors

The KME Group 2025 and 2026 Policy defines the guidelines which the Board of Directors complies with in order to determine both the fixed and variable remuneration of the Board members, specifically Directors with specific mandates and Key Management Personnel.

Based on article 8 of the Company's Articles of Association, all Directors, whether executive or not, shall receive 2% of net profits for the year after allocation of the portion to the legal reserve has been made.

In the event that payment pursuant to article 8 of the Articles of Association is granted, the amounts received as fixed fees are considered as an advance of the aforementioned payment.

Article 21 of the Articles of Association allows the Shareholders' Meeting to provide Directors with a fixed fee.

With reference to the three-year period from 2024 to 2026, the Shareholders' Meeting of 22 May 2024, confirming the recommendations of the outgoing Board of Directors, paid a fee of Euro 16,500 per annum for each director, plus 50% for directors who serve on the Committees established by the Company, in line with the similar remuneration paid for the previous three-year period. These amounts are, in fact, unchanged from the previous three-year period.

The Company also signed a "Directors & Officers' Liability" insurance policy (hereinafter the "D&O") which provides liability insurance coverage for Directors and Managers of the Company and the Group; the policy also covers legal expenses in case of preventive and urgent orders.

2.3.2.2 Executive Directors

Fixed component

Executive Directors receive a fixed amount based on the responsibilities and skills required for their office. The amount is set by the Board of Directors, after it has heard the opinion of the Board of Statutory Auditors.

As in the past, this Policy provides for a fixed annual remuneration of Euro 700,000 to be paid to the Deputy Chairman Vincenzo Manes and of Euro 100,000 to be paid to the Chairwoman Diva Moriani, until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2026.

Variable components

- A. With reference to the 2025 and 2026 financial years, the variable component of the remuneration of the Deputy Chairman Vincenzo Manes and the Chairwoman Diva Moriani is determined on the basis of KME SE's variable incentive plan, which is based on the operating results.
- B. The Executive Directors of the Company, Vincenzo Manes and Diva Moriani, and the Executive Director of KME SE, Claudio Pinassi, have been granted three-year options giving the right to purchase a total of 12.5 million ordinary shares of the Company at Euro 1.00, in addition to the price of Euro 0.16 per option. These ordinary shares are currently held by the Company.

The options were assigned as follows:

▪ Vincenzo Manes	5,000,000
▪ Diva Moriani	5,000,000
▪ Claudio Pinassi	2,500,000

The options will be assigned against payment; the allocation of ordinary shares, on the basis of one share for each option, through the exercise of the options, may be requested by each beneficiary, also in several tranches, by 30 June 2027, after which date the options will be cancelled if not exercised.

This variable component is suitable to strengthen the retention of the specified directors and to enhance their work in creating value for the Group.

With reference to all the elements of the variable remuneration for Executive Directors, there are no criteria for recognising or varying this component in cases of overperformance or underperformance.

Non-monetary benefits

The Company continued to provide Vincenzo Manes, as a benefit, with a residence for an amount of up to Euro 150,000 per annum, as well as an accident policy with maximum coverage of Euro 5,000,000.

Directors' Termination benefits and indemnities in case of resignation, dismissal or termination of employment after a public tender offer

With reference to the 2025 and 2026 financial years, in line with the past, there is no end of office indemnity in favour of Directors. Moreover, no compensation/indemnity is paid pursuant to "non-competition agreements" nor are any non-monetary benefits assigned or maintained or consultancy contracts concluded following the termination of the relationship.

Non-financial performance objectives

With reference to non-financial performance objectives, sustainability, understood as the economic and financial sustainability of the Company, is taken into account by the 2025 and 2026 Policy, as mentioned above, by incentivising directors and managers to choose investments with medium- to long-term returns, rather than short-term monetisation for beneficiaries.

2.4 Components of the Remuneration Package for Key Management Personnel

For Key Management Personnel, an appropriate balance is confirmed between a fixed component commensurate with the responsibilities assigned and, where appropriate, a variable component, within maximum limits, designed to link remuneration to performance.

Fixed remuneration

The fixed remuneration for Key Management Personnel is determined according to the role and responsibilities assigned, taking into account the level of remuneration in the reference market and, in some cases, the experience and career path of the individual. In the light of these factors, the fixed remuneration of Key Management Personnel can be adjusted periodically.

Variable remuneration

The variable remuneration is divided into a short-term component and a long-term share-based component with a view to the sustainability of the results and the creation of value for shareholders in the medium to long term. The assessment of the assigned performance objectives is carried out net of the effects of external variables resulting from the evolution of the reference scenario, in order to enhance the actual individual contribution to the achievement of the assigned performance objectives.

2.5 Additional information

In the preparation of the Policy, the Company:

- i. was not assisted by any consulting company or sector specialist;
- ii. did not use as a reference the remuneration policies of other companies, whether Italian or foreign.

2.6 Board of Statutory Auditors

The remuneration of the Board of Statutory Auditors is approved by the shareholders' meeting on appointment on the basis of professional rates (if applicable) and/or normal market practice. In this regard, please note that Shareholders' Meeting of 22 May 2024, determined the above-mentioned annual remuneration to the extent of Euro 46,000 for the Chairman and Euro 31,000 for each other Standing Auditor. There is no variable remuneration for members of the Board of Statutory Auditors.

The Board of Statutory Auditors did not provide the Company with any details on the quantification of the commitment required, pursuant to rule Q.1.6 of the rules of conduct of the Board of Statutory Auditors of listed companies issued by the Italian National Council of Chartered

Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

3 Section II – Report on the compensation paid in the financial year 2024

3.1 Part one: Information on the remuneration items

This Section II illustrates, with reference to the 2024 financial year, the compensation received by the members of the management and control bodies (with specific indication of names for the Executive Directors).

3.1.1 The Board of Directors

3.1.1.1 Compensation as per the Company's Articles of Association and following decision by the Shareholders' Meeting.

Based on article 8 of the Company's Articles of Association, all Directors, whether executive or not, shall receive 2% of profits for the year after allocation to the legal reserve has been made.

Article 21 of the Articles of Association allows the Shareholders' Meeting to provide Directors with a fixed fee.

The shareholders' meeting of 22 May 2024 determined, for the three-year period 2024-2026, a fee of Euro 16,500 per year for each Director, plus 50% for Directors who serve on the Committees established by the Company.

3.1.1.2 Compensation of Directors with specific powers.

Article 21 of the Articles of Associations foresees that the compensation of Executive Directors is decided by the Board of Directors, after hearing the Board of Statutory Auditors; Executive Directors are the Chairwoman Diva Moriani and the Deputy Chairman Vincenzo Manes.

The Board of Directors meeting held on 22 May 2024, resolved to provide the Chairwoman, Diva Moriani, a fixed remuneration of Euro 100,000 per year. The Deputy Chairman, Vincenzo Manes, was provided a fixed remuneration of Euro 700,000 per year.

The remuneration defined by the Board of Directors on 22 May 2024 confirms that of Diva Moriani and Vincenzo Manes for the previous term of office of the Board of Directors.

With reference to the 2024 financial year, the Executive Directors did not accrue any variable remuneration; therefore, the total remuneration paid to the Executive Directors during the 2024 financial year, including the compensation as per Articles of Association approved by the shareholders' meeting on 22 May 2024, was as follows:

- to **Vincenzo Manes**: Euro 716,500, only as a fixed amount;
- to **Diva Moriani**: Euro 116,500, only as a fixed amount.

Moreover, it should be noted that, until 22 May 2024, the position of Deputy Chairman was also held by Marcello Gallo, who received, for the period from 1 January 2024 to 22 May 2024 (date of termination of office), a pro-rata remuneration of Euro 38,927. This remuneration was in addition to the compensation as per Articles of Association of Euro 16,500 and the remuneration of Euro 241,678 paid as a Company executive.

For calculation details, see Table 3.2.1.

It should also be noted that, under the KME Group 2021/2024 Incentive Plan, Vincenzo Manes, Diva Moriani and Marcello Gallo were holders of a total of 37,500,000 Management Warrants (the Warrants). The Company purchased these Warrants in 2024 at a unit price of Euro 0.60 per Warrant, totalling Euro 22.5 million, to be settled partly in shares and partly in cash. The purchase was approved by the Board of Directors at its meeting on 22 April 2024 following a favourable opinion issued by the Company's Related Parties Committee on 18 April 2024.

3.1.1.3 Compensation of Non-Executive Directors within Committees.

The remuneration of Non-Executive Directors is supplemented due to their involvement in the Committees (increased by 50%).

The compensation attributed to them and other Directors pursuant to the Articles of Association is subject to the year positive results and allows them to participate, albeit not significantly, in the Company's financial results.

3.1.2 Stock option plan

It should be noted that three-year options have been assigned to Executive Directors Vincenzo Manes and Diva Moriani and to the CEO of KME SE Claudio Pinassi, giving them the right to purchase a total number of 12.5 million ordinary shares of the Company at Euro 1.00, plus Euro 0.16 for the purchase price of the option. These ordinary shares are currently held by the Company.

3.1.3 The Board of Statutory Auditors

The remuneration of the Chairman of the Board of Statutory Auditors and the two Standing Auditors was determined on an annual basis and for the entire term of office (2024-2025-2026 financial years) by the Shareholders' Meeting upon appointment.

For the sake of completeness, it should be noted that regarding fulfilment of the independence requirement for the members of the Board of Statutory Auditors, the "essential situations" of the individual relations between the Statutory Auditors and the Group (the overall existing economic relations) are taken into consideration; to this end, reference should be made to the paragraph on the Board of Statutory Auditors in the Report on Corporate Governance.

3.1.4 Information in the event of termination of the office of Directors

During the 2024 financial year, the Non-Executive Director Alessandra Pizzuti resigned with effect from 20 November 2024. This Director was paid the compensation due on a pro-rata basis from 1 January 2024 until the end of her term of office.

With reference to the financial years until 2024, there was also no end of office indemnity in favour of Directors, nor were they paid out in relation to the 2024 financial year.

Moreover, no compensation/indemnity is paid pursuant to "non-competition agreements" nor are any non-monetary benefits assigned or maintained or consultancy contracts concluded following the termination of the relationship.

3.1.5 Information relating to exceptions in the application of the 2024 Policy

There were no cases in the 2024 financial year.

3.1.6 Information relating to the application of ex-post correction mechanisms for variable components

There were no cases in the 2024 financial year.

3.1.7 Additional information on 2020, 2021, 2022, 2023 and 2024 financial years

Further information relating to the financial years 2020, 2021, 2022, 2023 and 2024 is provided below, with reference to:

a) total remuneration of the Executive Directors:

<i>(in Euro)</i>	Reporting company			Total compensation		
Executive Director	Vincenzo Manes	Diva Moriani	Marcello Gallo	Vincenzo Manes	Diva Moriani	Marcello Gallo
FY 2020	736,899	116,500	116,500	1,152,241	555,222	541,340
FY 2021	736,899	116,500	307,090	1,144,694	607,856	517,612
FY 2022	736,899	116,500	370,763	1,591,899	1,189,070	503,683
FY 2023	736,899	116,500	364,471	1,473,166	909,313	499,471
FY 2024	724,889	116,500	303,129	1,698,451	938,053	498,129

b) Company results:

Equity per share

FY 2020	1.17
FY 2021	1.38
FY 2022	1.57
FY 2023	1.54
FY 2024	1.12

c) average gross annual remuneration based on the full-time employees of the KME Group, other than subjects whose remuneration is indicated by name in this Section II:

Gross annual remuneration

FY 2020	Euro 63,674
FY 2021	Euro 62,927
FY 2022	Euro 61,660
FY 2023	Euro 71,034
FY 2024	Euro 68,115

As it is well known, the Company has been, since 2014, configured as a holding company of diversified investments through active and dynamic management of investments and assets in the portfolio, aiming at their best valorisation, and qualified as an investment company under IFRS 10.

On 22 April 2022, the Company's Board of Directors resolved to focus its activities on the industrial management of KME SE, an investment with strategic and long-lasting value, making provision for the progressive increase in value of additional assets in the portfolio, in the time and manner required to achieve the best results for the same Company. As a result of this, the investments are no longer consolidated at fair value, based on IFRS 10 relating to Investment companies, but on a full-line basis.

The Board believes that, with reference to this Policy, it is preferable to adopt a continuity criterion with respect to that adopted in previous years, highlighting the data relating solely to the Parent Company and not also to the companies included in the scope of consolidation. This, both for informational consistency, making the data comparable to the reader with respect to those presented in

previous years, and for the difficulty of reading and intelligibility of the information, in the case of use of data also relating to other Group companies.

3.1.8 Information on how the vote expressed by the shareholders' meeting on the second section of the Report of the previous year was taken into consideration

The shareholders' meeting called to approve the previous Report did not provide ideas that need to be considered, nor did the Company receive any requests or communications from shareholders from the date of the meeting to today's date. Should this occur in the future, the Company will take these elements into consideration when drafting and approving future Remuneration Policies.

3.2 Part II – Tables

3.2.1 Compensation to members of management and control bodies

The breakdown of compensation paid to Directors in 2024, including subsidiaries' Directors, is shown in the table below which has been prepared pursuant to CONSOB provisions ("Scheme no. 7 *bis*" – Table 1 – included in Annex 3A of the Issuers' Regulation).

Compensation paid to members of management and control bodies and to key management personnel

(A) Nome e cognome	(B) Carica	(C) Periodo per cui è stata ricoperta la carica	(D) Scadenza della carica	(1) Compensi fissi	(2) Compensi per la partecipazione a comitati (*)	(3) Compensi variabili non equity		(4) Benefici non monetari	(5) Altri compensi	(6) Totale	(7) Fair Value dei compensi equity	(8) Indennità di fine carica o di cessazione del rapporto di lavoro
						Bonus e altri incentivi	Partecipazione agli utili					
<i>Diva Moriani (1)</i>	<i>Presidente</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				116.500	-	-	-	-	-	116.500	-	-
(II) Compensi da controllate e collegate				874.115	-	-	-	7.438	-	881.553	-	-
(III) Totale				990.615	-	-	-	7.438	-	998.053	-	-
<i>Vincenzo Manes (2)</i>	<i>Vice Presidente</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				716.500	-	-	-	8.389	-	724.889	-	-
(II) Compensi da controllate e collegate				973.562	-	-	-	-	-	973.562	-	-
(III) Totale				1.690.062	-	-	-	8.389	-	1.698.451	-	-
<i>Marcello Gallo (3)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				297.105	-	-	-	6.024	-	303.129	-	-
(II) Compensi da controllate e collegate				135.000	-	60.000	-	-	-	195.000	-	-
(III) Totale				432.105	-	60.000	-	6.024	-	498.129	-	-
<i>Duncan James Macdonald (4)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				16.500	-	-	-	-	-	16.500	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				16.500	-	-	-	-	-	16.500	-	-
<i>Ruggero Magnoni (5)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				18.300	-	-	-	-	-	18.300	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				18.300	-	-	-	-	-	18.300	-	-
<i>Francesca Marchetti (6)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				16.500	8.250	-	-	-	-	24.750	-	-
(II) Compensi da controllate e collegate				30.000	-	-	-	-	-	30.000	-	-
(III) Totale				46.500	8.250	-	-	-	-	54.750	-	-
<i>Massimiliano Picardi (7)</i>	<i>Consigliere</i>	<i>22/05/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				10.053	2.164	-	-	-	-	12.217	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				10.053	2.164	-	-	-	-	12.217	-	-
<i>Maria Serena Porcari (8)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				16.500	-	-	-	-	-	16.500	-	-
(II) Compensi da controllate e collegate				5.000	-	-	-	-	-	5.000	-	-
(III) Totale				21.500	-	-	-	-	-	21.500	-	-
<i>Luca Ricciardi (9)</i>	<i>Consigliere</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				19.500	8.250	-	-	-	-	27.750	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				19.500	8.250	-	-	-	-	27.750	-	-
<i>Laura Cattaneo (10)</i>	<i>Consigliere</i>	<i>12/01/2024 - 22/05/2024</i>	<i>Approvazione bilancio 2023</i>									
(I) Compensi nella società che redige il bilancio				7.106	-	-	-	-	-	7.106	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				7.106	-	-	-	-	-	7.106	-	-
<i>Alessandra Pizzuti (11)</i>	<i>Consigliere</i>	<i>01/01/2024 - 20/11/2024</i>	<i>Approvazione bilancio 2024</i>									
(I) Compensi nella società che redige il bilancio				17.024	7.312	-	-	-	-	24.336	-	-
(II) Compensi da controllate e collegate				152.520	-	-	-	5.726	-	158.246	-	-
(III) Totale				169.544	7.312	-	-	5.726	-	182.582	-	-
<i>Gianluca Cinti (12)</i>	<i>Sindaco Effettivo</i>	<i>22/05/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				28.153	-	-	-	-	-	28.153	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				28.153	-	-	-	-	-	28.153	-	-
<i>Giovanna Villa (13)</i>	<i>Sindaco Effettivo</i>	<i>01/01/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				32.800	-	-	-	-	-	32.800	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				32.800	-	-	-	-	-	32.800	-	-
<i>Alberto Villani (14)</i>	<i>Sindaco Effettivo</i>	<i>22/05/2024 - 31/12/2024</i>	<i>Approvazione bilancio 2026</i>									
(I) Compensi nella società che redige il bilancio				18.973	-	-	-	-	-	18.973	-	-
(II) Compensi da controllate e collegate				7.500	-	-	-	-	-	7.500	-	-
(III) Totale				26.473	-	-	-	-	-	26.473	-	-
<i>Silvano Crescini (15)</i>	<i>Presidente Collegio Sindacale</i>	<i>01/01/2024 - 22/05/2024</i>	<i>Approvazione bilancio 2023</i>									
(I) Compensi nella società che redige il bilancio				19.173	-	-	-	-	-	19.173	-	-
(II) Compensi da controllate e collegate				-	-	-	-	-	-	-	-	-
(III) Totale				19.173	-	-	-	-	-	19.173	-	-
<i>Marco Lombardi (16)</i>	<i>Sindaco Effettivo</i>	<i>01/01/2024 - 22/05/2024</i>	<i>Approvazione bilancio 2023</i>									
(I) Compensi nella società che redige il bilancio				12.112	-	-	-	-	-	12.112	-	-
(II) Compensi da controllate e collegate				33.500	-	-	-	-	-	33.500	-	-
(III) Totale				45.612	-	-	-	-	-	45.612	-	-
<i>Altri dirigenti con responsabilità strategica</i>		<i>01/01/2024 - 31/12/2024</i>										
(I) Compensi nella società che redige il bilancio				210.000	-	100.000	-	-	-	310.000	-	-
(II) Compensi da controllate e collegate				60.000	-	-	-	-	-	60.000	-	-
(III) Totale				270.000	-	100.000	-	-	-	370.000	-	-

Notes

- (1) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 100,000 for the office of Chairwoman/Deputy Chairman of KME Group SpA.
Euro 595,660 as a member of the Board of KME SE.
Euro 10,000 as member of the board of directors of KMH SpA.
Euro 6,000 as a member of the Supervisory Board of KME Germany GmbH and Euro 6,000 as a member of the Supervisory Board of KME Mansfeld GmbH.
Euro 5,000 as a member of the board of directors of Culti Milano S.p.A.
Euro 251,455 as a manager of KME S.r.l. (including Euro 1,455 for lump-sum reimbursements).
The non-monetary benefits (Euro 7,438) are paid for the office of KME S.r.l. manager.
- (2) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 700,000 for the office of Chairwoman/Deputy Chairman of KME Group SpA.
Euro 963,562 as a member of the Board of KME SE.
Euro 10,000 as member of the board of directors of KMH SpA.
The non-monetary benefits (Euro 8,389) are paid for the office of Chairwoman of KME Group SpA.
- (3) Euro 16,500 for the fixed remuneration decided upon by the Shareholders' Meeting, Euro 39,927 for the office of Deputy Chairman (until 22 May 2024) and Euro 241,679 as manager of KME Group SpA.
Euro 35,000 as liquidator of Isno 3 S.r.l. in liquidation, Euro 45,000 as Chief Executive Officer of Intek Investimenti S.p.A. and Euro 20,000 as Chairman of Immobiliare Picta S.r.l.
Euro 30,000 as member of the board of directors of KME SE and Euro 5,000 as Director of KME Italy S.p.A.
The non-equity variable remuneration was paid by the subsidiary Intek Investimenti SpA.
The non-monetary benefits (Euro 6,024) are paid for the office of manager of KME Group S.p.A.
- (4) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting.
- (5) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting, in addition to attendance fee of Euro 1,800.
- (6) Euro 16,500 as fixed remuneration approved by the Shareholders' Meeting and Euro 8,250 as a member of the Control, Risk and Sustainability Committee.
Euro 30,000 as a member of the Board of KME SE.
- (7) Euro 10,053 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 22 May 2024) and Euro 2,164 (pro-rata from 26 September 2024) for the position of member of the Related Party Transactions Committee.
- (8) Euro 16,500 as fixed remuneration decided upon by the Shareholders' Meeting.
Euro 5,000 for the office of Director of Natural Capital Italia S.p.A. Benefit Company.
- (9) Euro 16,500 as fixed remuneration approved by the Shareholders' Meeting, in addition to attendance fee of Euro 1,800, and Euro 8,250 as member of the Control, Risk and Sustainability Committee.
- (10) Euro 5,905 as fixed remuneration decided upon by the Shareholders' Meeting (pro-rata from 12 January 2024 to 22 May 2024), in addition to attendance fee of Euro 1,200.
- (11) Euro 14,624 for fixed remuneration approved by the Shareholders' Meeting (pro-rata until 20 November 2024, date of resignation) plus Euro 2,400 for attendance fees and Euro 7,312 (pro-rata until 20 November 2024, date of resignation) for the position of member of the Control, Risk and Sustainability Committee.
Euro 27,288 as a member of the Board of KME SE.
Euro 2,704 as a member of the Supervisory Board of KME Germany GmbH and Euro 2,704 as a member of the Supervisory Board of KME Mansfeld GmbH.
Euro 119,824 as a manager of KME S.r.l. (including Euro 1,405 for lump-sum reimbursements).
The non-monetary benefits (Euro 5,726) are paid for the office of manager of KME S.r.l.
- (12) Euro 28,153 for fixed remuneration approved by the Shareholders' Meeting (pro-rata from 22 May 2024).
- (13) Euro 31,000 as fixed remuneration decided upon by the Shareholders' Meeting, in addition to attendance fee of Euro 1,800.
- (14) Euro 18,973 for fixed remuneration resolved by the Shareholders' Meeting (pro-rata from 22 May 2024).
Euro 7,500 as remuneration for serving as Chairman of the Board of Statutory Auditors of KMH SpA.
- (15) Euro 17,973 as fixed remuneration approved by the Shareholders' Meeting (pro-rata until 22 May 2024), in addition to attendance fee of Euro 1,200.
- (16) Euro 12,112 for fixed remuneration resolved by the Shareholders' Meeting (pro-rata until 22 May 2024).
Euro 23,000 as remuneration of the Chairman of the Board of Statutory Auditors of KME Italy SpA and Euro 10,500 as remuneration of the Chairman of the Board of Statutory Auditors of Natural Capital Italia SpA Benefit Company.
- (*) Euro 8,250 for the Control, Risk and Sustainability Committee or Related Party Transactions Committee on a pro-rata basis for the duration of the term of office.

3.2.2 Stock Options

Stock options granted to members of the management body, general managers and other key management personnel

			Opzioni detenute all'inizio dell'esercizio			Opzioni assegnate nel corso dell'esercizio						Opzioni esercitate nel corso dell'esercizio			Opzioni scadute nel corso dell'esercizio	Opzioni detenute alla fine dell'esercizio	Opzioni di competenza dell'esercizio
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Nome e cognome	Carica	Piano	Numero opzioni	Prezzo di esercizio	Periodo possibile esercizio (dal - al)	Numero Opzioni	Prezzo di esercizio	Periodo possibile esercizio (dal - al)	Fair value alla data di assegnazione	Data di assegnazione	Prezzo di mercato delle azioni sottostanti all'assegnazione delle opzioni	Numero opzioni	Prezzo di esercizio	Prezzo di mercato delle azioni sottostanti alla data di esercizio	Numero opzioni	Numero opzioni	Fair value
Vincenzo Manes	Vice-Presidente Esecutivo	KME Group 2024-2027	-	-	-	5.000.000	1,1600	1/7/2024 - 30/6/2027	0,0400	30/06/2027	0,9281	-	-	-	-	5.000.000	33.455
Diva Moriani	Vice-Presidente Esecutivo	KME Group 2024-2027	-	-	-	5.000.000	1,1600	1/7/2024 - 30/6/2027	0,0400	30/06/2027	0,9281	-	-	-	-	5.000.000	33.455
Claudio Pinassi	CEO KME SE	KME Group 2024-2027	-	-	-	2.500.000	1,1600	1/7/2024 - 30/6/2027	0,0400	30/06/2027	0,9281	-	-	-	-	2.500.000	16.728

3.2.3 *Other non-monetary plans other than stock options*

Non-monetary incentive plans other than stock options in favour of members of the management body, general managers and other key management personnel

3.2.4 Monetary incentive plan

The table below contains the monetary incentive plan in the form required by Table 3B in Scheme 7-bis in Annex 3A of the Issuers' Regulation.

Monetary incentive plans in favour of members of the management body, general managers and other key management personnel

(A)	(B)	(1)	(2)			(3)			(4)
Nome e cognome	Carica	Piano	Bonus dell'anno			Bonus di anni precedenti			Altri bonus
			(A)	(B)	(C)	(A)	(B)	(C)	
			Erogabile/Erogato	Differito	Periodo di riferimento	Non più erogabili	Erogabile/Erogato	Ancora differiti	
<i>Vincenzo Manes Vice-Presidente (*)</i>									
(I) Compensi nella società che redige il bilancio			-	-	-	-	-	-	-
(II) Compensi da controllate e collegate			-	-	-	-	-	-	-
(III) Totale			-	-	-	-	-	-	-
<i>Diva Moriani Presidente (*)</i>									
(I) Compensi nella società che redige il bilancio			-	-	-	-	-	-	-
(II) Compensi da controllate e collegate			-	-	-	-	-	-	-
(III) Totale			-	-	-	-	-	-	-
<i>Marcello Gallo Vice-Presidente (fino al 22 maggio 2024)</i>									
(I) Compensi nella società che redige il bilancio			-	-	-	-	-	-	-
(II) Compensi da controllate e collegate			-	-	-	-	-	-	-
(III) Totale			-	-	-	-	-	-	-

(*) Current office

3.2.5 Investments held by members of the management and control bodies and key management personnel

The investments held by members of the management and control bodies and Key Management Personnel are presented in this Report pursuant to CONSOB provisions ("Scheme 7-ter" – Table 1 – Annex 3A of the Issuers' Regulation).

Investments held by members of the management and control bodies and general managers

Name and surname	Office	Investee	Number of shares held at the end of 2023	Number of shares purchased during 2024	Number of shares sold during 2024	Number of shares held at the end of 2024
Marcello Gallo (*)	Director	KME Group S.p.A. - Ordinary shares	835,931	337,384	-	1,173,315
Luca Ricciardi	Director	KME Group S.p.A. – Savings shares	121,081	-	-	121,081

() Increase in shares following exercise of KME Group 2021-2024 Warrants*

Investments of other Key Management Personnel

Number of key management personnel		Investee	Number of shares held at the end of 2023	Number of shares purchased during 2024	Number of shares sold during 2024	Number of shares held at the end of 2023
1	-	-	-	-	-	-



Separate financial statements as at 31 December 2024

KME Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 – 20121 Milan - Italy
Share Capital Euro 200,154,177.66 (fully paid up)
Tax Code and Milan Business
Register no. 00931330583
www.itkgroup.it

KME Group – Separate financial statements as at 31 December 2024

Statement of financial position – Assets

<i>(in Euro)</i>	<i>Ref. Note</i>	<i>31 Dec 24</i>		<i>31 Dec 23</i>	
			<i>of which related parties</i>		<i>of which related parties</i>
Investments in subsidiaries	4.1	576,425,631	576,425,631	587,631,631	587,631,631
Investments in other companies	4.1	222,003	-	222,003	-
Non-current financial assets	4.2	10,887	-	640,555	629,984
Property, plant and equipment	4.3	11,361,620	-	3,011,306	-
Investment property	4.4	32,289	-	32,289	-
Intangible assets	4.5	6,657	-	8,184	-
Other non-current assets	4.6	2,961	-	2,961	-
Deferred tax assets	4.19	2,054,238	-	2,022,730	-
Total non-current assets		590,116,286		593,571,659	
Current financial assets	4.7	54,593,224	54,086,220	25,625,718	25,118,775
Trade receivables	4.8	1,108,866	102,441	1,971,170	760,863
Other receivables and current assets	4.9	4,793,130	3,599,259	2,747,390	1,350,904
Cash and cash equivalents	4.10	27,355,523	-	3,213,973	-
Total current assets		87,850,743		33,558,251	
Total Assets		677,967,029		627,129,910	

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in note 7.12.

KME Group – Separate financial statements as at 31 December 2024

Statement of financial position – Liabilities

<i>(in Euro)</i>	<i>Ref. Note</i>	<i>31 Dec 24</i>		<i>31 Dec 23</i>	
			<i>of which related parties</i>		<i>of which related parties</i>
Share capital		200,154,178	-	200,104,709	-
Other reserves		127,069,054	-	233,581,491	-
Treasury shares		(48,439,174)	-	(126,834,394)	-
Retained earnings		1,603,038	-	1,603,038	-
Stock option reserve		4,010,417	-	3,670,921	-
Profit/(loss) for the year		(25,058,741)	-	(14,547,728)	-
Total equity	4.11	259,338,772		297,578,037	
Employee benefits	4.12	276,251	-	454,969	-
Deferred tax liabilities	4.19	634,428	-	694,363	-
Non-current financial payables and liabilities	4.13	139,494,536	132,874,107	117,422,629	116,792,645
Bonds	4.14	198,953,914	-	156,139,064	-
Provisions for risks and charges	4.15	757,793	-	768,821	-
Total non-current liabilities		340,116,922		275,479,846	
Current financial payables and liabilities	4.16	61,257,250	712,376	49,092,603	33,850,838
Trade payables	4.17	1,707,871	374,085	3,263,966	1,149,542
Other current liabilities	4.18	15,546,214	13,928,132	1,715,458	315,674
Total current liabilities		78,511,335		54,072,027	
Total liabilities and equity		677,967,029		627,129,910	

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in note 7.12.

KME Group – Separate financial statements as at 31 December 2024

Income statement and statement of comprehensive income

<i>(in Euro)</i>	<i>Ref. Note</i>	<i>2024</i>	<i>2023</i>
		<i>of which related parties</i>	<i>of which related parties</i>
Net income from management of investments	6.1	1,199,978	238,872
Commissions on guarantees issued	6.2	866,250	859,038
Other income	6.3	829,516	1,031,842
Labour cost	6.4	(2,158,174)	(2,527,533)
Depreciation, amortisation, impairment and write-downs	6.5	(997,224)	(659,008)
Other operating costs	6.6	(5,536,348)	(2,497,306)
Operating profit/(loss)		(5,796,002)	(7,736,325)
Financial income	6.7	2,712,326	4,457,823
Financial expense	6.7	(25,102,584)	(13,095,717)
<i>Net financial expense</i>		<i>(22,390,258)</i>	<i>(8,637,894)</i>
Profit/(loss) before taxes		(28,186,260)	(16,374,219)
Current taxes	6.8	3,036,076	1,739,350
Deferred taxes	6.8	91,443	87,141
Total income taxes		3,127,519	1,826,491
Profit/(loss) from continuing operations		(25,058,741)	(14,547,728)
Profit /(loss) from discontinued operations		-	-
Net profit/(loss) for the year		(25,058,741)	(14,547,728)
Other comprehensive income:			
<i>Measurement of employee defined benefits</i>		5,997	6,849
<i>Fair value result</i>		-	(9,700,000)
<i>Taxes on other comprehensive income</i>		-	-
Items that will not be reclassified to profit or loss		5,997	(9,693,151)
Items that may be reclassified to profit or loss		-	-
Other comprehensive income:		5,997	(9,693,151)
Total comprehensive income for the year		(25,052,744)	(24,240,879)

The notes are an integral part of these financial statements.

Details of related party transactions are disclosed in note 7.12.

KME Group – Separate financial statements as at 31 December 2024

Statement of changes in equity as at 31 December 2024

<i>(in Euro thousand)</i>	<i>Share capital</i>	<i>Other reserves</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Stock option reserve</i>	<i>Profit/(loss) for the year</i>	<i>Total equity</i>
Equity as at 31 December 2023	200,105	233,581	(126,834)	1,603	3,671	(14,548)	297,578
Coverage of loss from the previous year	-	(14,548)	-	-	-	14,548	-
Purchase of treasury shares and warrants	-	(16,850)	-	-	-	-	(16,850)
Cancellation of savings treasury shares and warrants	-	(78,395)	78,395	-	-	-	-
Exercise of warrants	49	1,789	-	-	-	-	1,838
Warrant management (2021-2024-2027)	-	1,600 (*)	-	-	339	-	1,939
Other movements (additional charges on the 2023 PTO)	-	(114)	-	-	-	-	(114)
Actuarial gains/losses on pension funds	-	6	-	-	-	-	6
Comprehensive income items	-	6	-	-	-	-	6
Profit (loss) for the year	-	-	-	-	-	(25,059)	(25,059)
Total comprehensive income	-	6	-	-	-	(25,059)	(25,053)
Equity as at 31 December 2024	200,154	127,069	(48,439)	1,603	4,010	(25,059)	259,338
Reclassification of treasury shares	(48,439)	-	48,439	-	-	-	-
Equity as at 31 December 2024	151,715	127,069	-	1,603	4,010	(25,059)	259,338

As at 31 December 2024, KME Group directly held 53,243,219 ordinary shares without par value. All the shares were then fully reclassified as a deduction from share capital.

(*) The amount refers to the allocation of 10 million options to the two Executive Directors from 1 July 2024 expiring on 30 June 2027 at a price of Euro 1.6 million.

The notes are an integral part of these financial statements.

KME Group – Separate financial statements as at 31 December 2024

Statement of changes in equity as at 31 December 2023

<i>(in Euro thousand)</i>	<i>Share capital</i>	<i>Other reserves</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Stock option reserve</i>	<i>Profit/(loss) for the year</i>	<i>Total equity</i>
Equity as at 31 December 2022	200,070	288,556	(2,133)	-	2,625	5,174	494,292
Allocation of prior year's result (*)	-	259	-	1,603	-	(5,174)	(3,312)
Purchase of treasury shares and warrants (PTO)	-	(6,710)	(165,021)	-	-	-	(171,731)
Cancellation of savings treasury shares and warrants	-	(40,320)	40,320	-	-	-	-
Exercise of warrants	35	1,489	-	-	-	-	1,524
Warrant management (2021 - 2024)	-	-	-	-	1,046	-	1,046
Actuarial gains/losses on pension funds	-	7	-	-	-	-	7
Comprehensive income items	-	(9,693)	-	-	-	-	(9,693)
Profit (loss) for the year	-	-	-	-	-	(14,548)	(14,548)
Total comprehensive income	-	(9,693)	-	-	-	(14,548)	(24,241)
Equity as at 31 December 2023	200,105	233,581	(126,834)	1,603	3,671	(14,548)	297,578
Reclassification of treasury shares	(126,834)	-	126,834	-	-	-	-
Equity as at 31 December 2023	73,271	233,581	-	1,603	3,671	(14,548)	297,578

As at 31 December 2023, KME Group directly held 131,638,439 ordinary shares without par value. All the shares were then fully reclassified as a deduction from share capital.

The notes are an integral part of these financial statements.

KME Group – Separate financial statements as at 31 December 2024

Statement of cash flows – indirect method

(in Euro thousand)	2024	2023	
(A) Cash and cash equivalents at the beginning of the year	3,214	508	
Profit (loss) before tax	(28,186)	(16,374)	
Depreciation and amortisation	996	659	
Change in pension funds, post-employment benefits (TFR) and stock options	167	1,079	
Change in provisions for risks and charges	(11)	769	
Change in investments	11,206	7,000	
Change in current receivables	1,854	4,162	
Change in current payables	(3,090)	451	
(B) Cash flow from operating activities	(17,064)	(2,254)	
(Increases) in non-current property, plant and equipment and intangible assets	(11,548)	(426)	
Decreases in non-current property, plant and equipment and intangible assets	2,202	9	
(C) Cash flow from investing activities	(9,346)	(418)	
(Purchase) sale of treasury shares	-	(171,731)	
Dividend distribution	-	(3,312)	
Exercise of warrants	1,838	1,524	
Change in current and non-current financial payables	77,630	138,082	
Change in current and non-current financial receivables	(28,916)	40,815	
(D) Cash flow from financing activities	50,552	5,378	
(E) Change in cash and cash equivalents	(B) + (C) + (D)	24,142	2,706
(G) Cash and cash equivalents at the end of the year	(E) + (F)	27,356	3,214

The notes are an integral part of these financial statements.

KME Group – Separate financial statements as at 31 December 2024

Notes

1. General information

KME Group (the “Company”) is a Joint-Stock Company (Società per Azioni) registered in Italy with the Milan Monza Brianza and Lodi Companies Register under no. 00931330583 and its shares are listed on the Euronext Milan market organised and managed by Borsa Italiana SpA. The Company's registered office is at Foro Buonaparte 44 – Milan.

The separate financial statements as at 31 December 2024, (the "Financial Statements") were approved by the Board of Directors on 14 April 2025.

Though a subsidiary of Quattrodue S.p.A., the Company is not subject to management and coordination, as defined in articles 2497 et seq. of the Italian Civil Code and article 37 of the Markets Regulation, as:

- it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
- it does not participate in any centralised treasury arrangements operated by the parent or any other company under the parent's control.
- the number of independent directors (usually 3 out of 10) is such as to ensure that their opinion has a material influence on board decisions.

2. Accounting policies

2.1. Drafting criteria

The separate financial statements as at 31 December 2024, were drafted pursuant to article 154 ter of Italian Legislative Decree 58/1998 and conform to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure as set out in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002, as well as with the provisions issued in implementation of article 9 of Italian Legislative Decree 38/2005 where applicable.

The Separate Financial Statements are composed of the statement of financial position, the income statement and the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity, as well as the Notes thereto. The financial statements and the notes thereto include, besides the amounts relating to the reference year, the corresponding comparative data as at 31 December 2023. There were no changes to the structure of the statements compared to previous presentations.

In accordance with Directive 2004/109/EC (the "Transparency Directive") amended by Directive 2013/50/EU and the Delegated Regulation (EU) 2019/815 (the "ESEF Regulation"), the present financial statements of KME Group S.p.A. are prepared using the xHTML format.

The filings of the entire document at the competent offices and institutions are made in accordance with the law.

The statement of financial position has been prepared by separately classifying current and non-current assets and current and non-current liabilities.

The Company has opted for presentation of a single income statement and statement of other comprehensive income, in which the items of revenue and cost recognised during the reporting period are presented by nature, including financial expense and tax charges. "Other comprehensive income" section provides details on the items which, following the specific provisions of individual IFRS, are recognised separately from the profit (loss) for the current year. These items are divided into two categories as follows:

- items that will not be subsequently reclassified to profit or loss;

- items that will be subsequently reclassified to profit or loss, when specific conditions are met.

The statement of cash flows is presented using the indirect method, according to which the net result is adjusted for the effects of:

- changes in receivables and payables generated by operations;
- non-cash activities;
- all other items for which the cash effects are cash flows from investing or financing activities.

These Financial Statements were prepared on a going concern basis, in accordance with IAS 1, in compliance with the financial covenants, in consideration of the financial commitments of the Company and its subsidiaries, which may be covered by resources deriving from the possible disposal of investments and other non-strategic assets in the copper sector, in addition to the cash flows provided for in the business plan for the copper sector approved for the period 2025 to 2029, reinforced by further initiatives already implemented in the first few months of 2025. When assessing the applicability of the going concern assumption, the Directors also considered the uncertainties related to the achievement of the expected results in the current macroeconomic and political scenario influenced by the ongoing conflict between Russia and Ukraine, the Arab-Israeli conflict in the Middle East and other international tensions, including political and military tensions between China and the US, which continue to impact global economic prospects.

In preparing this Financial Statements, the Directors have applied the concepts of accrual accounting, clarity, significance, materiality, reliability, neutrality, prudence and comparability and applied accounting policies consistent with those used for the financial statements as at 31 December 2023, except for the accounting standards that entered into force on 1 January 2024 listed below (paragraph 2.8), whose application, nonetheless, had no effects.

Events and transactions affecting the Company are recognised and presented with respect to their economic substance rather than legal form.

Specific notes contained in the *Report on Operations* disclose the content and meaning of the non-IFRS alternative performance indicators, where applicable, in compliance with CESR recommendation 05 – 178b published on 3 November 2005.

These Financial Statements are presented in Euro, the functional currency of the Company. The statement of financial position and the income statement and the statement of other comprehensive income are provided in units of Euro, while the statement of changes in equity and the statement of cash flows are presented in thousands of Euro. The tables and data in the notes are in thousands of Euro, unless otherwise indicated.

Furthermore, the interpretative and support documents for the application of the accounting standards issued by the Italian international regulatory and supervisory bodies and standard setters (CONSOB attention calls and public statements issued by ESMA) were taken into account in the preparation of these Financial Statements.

The amount of the "Financial debt", with the details of the main components, is indicated in the relative table in the *Report on Operations*.

2.2. Investments in subsidiaries, associates and joint ventures

The instrumental investments in subsidiaries, associates and joint ventures are measured at cost less any losses.

Subsidiaries are all those companies over which the Company simultaneously has:

- power, i.e. it holds legitimate rights that bestow upon it the actual capacity to manage *relevant activities*, i.e. activities that have a significant effect on returns;
- exposure or rights to variable returns arising from relations with the company;
- the ability to exercise its power to affect the amount of its returns.

Associates are all companies over which the Company exercises significant influence but not control. Significant influence is presumed when the Company holds, directly or indirectly through subsidiaries, 20% or a greater share of the votes in the shareholders' meeting of the investee.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity.

2.3. Financial assets and liabilities – Determination of impairments

All financial assets and liabilities measured at amortised cost are subject to impairment testing as required by IFRS 9.

A financial asset is impaired when there is objective evidence that one or more events have had an adverse effect on estimated future cash flows generated by that asset.

All impairment losses are recognised in the income statement.

2.4. Other financial assets

Non-derivative financial assets and liabilities, except for equity instruments, with fixed or determinable payments, not listed on an active market and not included in any of the above categories, are classified as "*Loans and receivables*" and are carried at amortised cost using the effective interest method. The amortised cost of current *loans and receivables*, and all short-term trade payables and receivables for which the time value of money is immaterial, is deemed to correspond to their cost.

2.5. Property, plant and equipment

2.6. Investments in operating assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable costs, and are shown net of accumulated depreciation and any impairment losses determined in accordance with the methods set out below. Any item of property, plant and equipment consisting of different components with varying useful lives is accounted for separately.

Property, plant and equipment are measured at cost, net of accumulated depreciation.

Depreciation is accounted for starting from the month in which the asset becomes available for use, or when it is potentially able to provide the economic benefits associated with it. Depreciation is recognised monthly on a straight-line basis until the end of the useful life of the relevant asset or, in the event of disposal, until the last month of use.

The useful life is constantly checked taking into account any changes in the frequency of use of the assets and any changes in depreciation plans are applied prospectively.

Depreciation is calculated based on the following useful lives:

Buildings (under finance leases)	12 years
Plant and equipment	from 10 to 40 years
Other equipment	from 4 to 10 years

2.7. Leased assets

A contract, or part of it, is classified as a lease if, in exchange for consideration, it gives the right to control the use of a specific asset for a period of time, therefore, if throughout the entire period of use of the asset both of the following rights will be enjoyed:

- the right to substantially obtain all economic benefits deriving from the use of the asset; and
- the right to decide on the use of the asset.

If there is a modification of the terms and conditions of the contract, a new assessment will be performed to determine whether the contract is or contains a lease.

The Company does not apply these rules to:

- leases of intangible assets;
- short-term leases (duration equal to or less than 12 months);
- leases in which the underlying asset is modest in value (asset with a unit value equal to or lower than Euro 5,000).

Once it is verified whether a contract is a lease, at the start date of the contract, the right-of-use asset and the lease liability are recognised.

The right-of-use asset is initially valued at cost, which includes:

- the amount of the initial valuation of the lease liability;
- the payments due for the lease made at or before the start date net of lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of costs that will need to be incurred for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset to the conditions set forth in the terms and conditions of the lease.

The initial valuation of the lease liability is based on the present value of payments due for the lease not paid at that date. The payments due for the lease are discounted using the rate of financing deemed most representative of the cost of money.

Every lease component is recognised as a lease, separated from the non-lease components.

The duration of the lease is determined as the non-cancellable period of the lease, in addition to both of the following periods:

- periods covered by a lease extension option, if there is reasonable certainty that the option will be exercised; and
- periods covered by the lease termination option, if there is reasonable certainty that the option will not be exercised.

If there is a change in the non-cancellable period of the lease, the duration of the lease will be redetermined.

After the date of initial recognition, the asset is valued by applying the cost model. The right-of-use assets is then amortised on a straight-line basis from commencement date to the end of the lease term.

After the commencement date, the lease liability is valued:

- by increasing the carrying amount to take into account interest on the lease liability;
- by decreasing the carrying amount to take into account the payments made for the lease;
- by redetermining the carrying amount to take into account any new valuations or modifications of the lease or the revision of payments due for the lease.

The interest on the lease liability and the variable payments due for the lease, not included in the valuation of the lease liability, are recognised in the income statement for the year in which the event or circumstance that triggered the payments takes place.

In the financial statements, right-of-use assets are shown separately from other assets, lease liabilities separately from other financial liabilities, and interest expense on the lease liability is recognised as financial expense and separately from depreciation of the right-of-use asset.

2.8. Impairment

Property, plant and equipment are tested for impairment whenever there is specific objective evidence thereof ("Impairment test"). The test involves estimating the recoverable amount of the asset, defined as the

higher of net selling price and value in use, compared to its carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting projected cash flows at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the relevant asset. To the extent that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount with the difference either being recognised in the income statement or in a revaluation reserve previously created on the revaluation of the relevant asset. Subsequent revaluations are treated in the opposite way. Information regarding impairment tests are contained in the paragraph *"Financial assets and liabilities"*.

2.9. Investment property

The item refers to land and buildings held to collect rents, generate returns on the invested capital, or for both of these purposes. These assets are measured at fair value and therefore are not depreciated on a straight-line basis.

2.10. Intangible assets

2.11. Other intangible assets with finite useful lives

An intangible asset with a finite useful life is an identifiable asset without physical substance that is controlled by the entity and from which future economic benefits are expected.

The intangible assets are systematically amortised based on their residual useful life, which is the period over which the assets will be used by the Company, generally between 3 and 5 years. Intangible assets are not considered to have any residual value at the end of their useful life.

In addition, they are carried net of any impairment losses, in line with the accounting treatment for *"Property, plant and equipment"*.

2.12. Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and highly liquid short-term financial investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (IAS 7, paragraph 7).

2.13. Equity

The Company's share capital consists of ordinary and savings shares, all without par value, fully subscribed and paid up at the balance sheet date, reduced by any share capital to be received. The value of repurchased treasury shares is reported in accordance with IAS 32 as a reduction of subscribed share capital. Such adjustments are reported in the notes only, whilst the historical cost of owned treasury shares is recognised separately as a negative figure that reduces equity.

The costs for equity transactions are used directly as a reduction of reserves.

2.14. Receivables and payables

Receivables and payables are recognised at amortised cost. When the difference between present and par value is insignificant, such as for short-term trade receivables and payables, they are recognised at their par value.

2.15. Current and deferred taxes

Tax expense for the year includes both current and deferred taxation. Income taxes are recognised in the income statement, unless they relate to transactions recognised directly in equity, in which case the relevant tax is also recognised directly in equity.

The current tax expense represents the estimated income tax payable computed on taxable income for the period as determined with reference to current tax rates or those substantially in effect at the balance sheet

date. Deferred taxes are recognised using the equity method, based on timing differences between the carrying amounts of the assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for the following timing differences: initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit (loss) or taxable profit (loss); differences associated with investments in subsidiaries and interests in joint arrangements, but only to the extent that it is probable that the reversal will not occur in the foreseeable future. The Company also does not recognise deferred tax liabilities arising on the initial recognition of goodwill. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates established by measures that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities can only be offset if the entity has the legal right to offset current tax amounts and the deferred tax amounts relate to income taxes and are levied by the same taxation authority on the same entity or different entities that intend to settle current tax amounts on a net basis or realise the asset and settle the liability at the same time.

Deferred tax assets are recognised to the extent that it is likely that there will be sufficient future taxable income to absorb them. Deferred tax assets are tested for impairment at the end of each reporting period and are reduced to the extent that they are not likely to be recovered.

2.16. Employee benefits

Post-employment benefits (TFR) are payable under plans which, depending on their economic substance, are classified either as a "defined contribution" plan or a "defined benefit" plan. The Company's liability under defined contribution plans is limited to the payment of contributions to a separate legal entity (including the Government or a fund), and consists of contributions due at the balance sheet date. Liabilities under defined benefit plans, such as post-employment benefits (TFR) pursuant to article 2120 of the Italian Civil Code, less any plan assets, are determined on the basis of actuarial assumptions and the attribution of benefits to periods of service. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions or plan terms and conditions are recognised in other comprehensive income.

The measurement of defined benefit plans is carried out by independent actuaries.

2.17. Provisions for risks and charges

Provisions for risks and charges are liabilities, the amount or due date of which are uncertain; they are only detected if:

- the Company has a present (legal or implicit) obligation owing to a past event;
- it is probable that resources will be needed to produce economic benefits to meet the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is, therefore, the best estimate of the expenditure required to settle the present obligation at the balance sheet date or transfer it to a third party. Where the time value of money is material, the provision is equal to the present value of expenditures required to settle the obligation.

2.18. Revenue recognition

Revenue is recognised based on the following phases:

- identify the contract (or contracts) with the customer;
- identify the performance obligations;
- determine the transaction price: the transaction price is the amount of the consideration that the company is entitled to in exchange for the transfer of the promised services to the customer;
- allocate the transaction price to the performance obligations in the contract;
- recognise the revenue when the performance obligation is met.

Specifically, revenue can be recognised:

- at a point in time, when the performance obligation has been met by transferring the promised good or service to the customer, or
- over time, as the performance obligation is met by transferring the promised good or service to the customer.

2.19. Dividends

Dividends to be paid are recognised as liabilities only in the year in which they were approved by the Shareholders' Meeting. Dividends to be received are recorded only when the right to receive payment has been established.

2.20. Earnings/(loss) per share

Pursuant to IAS 33, paragraph 4, this kind of information is presented only for consolidated figures.

2.21. Use of estimates

The preparation of the separate financial statements and notes thereto in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The estimates were mainly used to determine: the recoverable amount of investments in equities for impairment testing purposes, the useful lives of non-current assets and the related recoverable amount, provisions for credit risks, any impairment losses, the cost of retirement benefits, the estimated current and deferred tax charges and other provisions.

These estimates and assumptions are periodically checked and any variations are immediately recognised in the income statement. At the balance sheet date, the Directors were of the opinion that the estimates and assumptions used were the best indicators of the actual amounts given the information to hand. In addition, the Directors believed that the estimates and assumptions adopted did not imply any material adjustments to carrying amounts of assets and liabilities.

2.22. Newly applied accounting standards

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time as from 1 January 2024:

- on 23 January 2020, the IASB published "*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and on 31 October 2022 it published "*Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*". These amendments aim to clarify how to classify payables and other liabilities as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to satisfying certain metrics (i.e. covenants). The adoption of these amendments did not impact the Company's financial statements.
- On 22 September 2022 the IASB published an amendment entitled "*Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize an income or loss that relates to the retained right of use. The adoption of this amendment did not impact the Company's financial statements.
- On 25 May 2023, the IASB published the "*Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*". The document requires an entity to provide additional information on reverse factoring arrangements that allow users of the financial statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The adoption of these amendments did not impact the Company's financial statements.

2.23. IFRS accounting standards, amendments and interpretations were endorsed by the European Union as at 31 December 2024, not yet applicable on a compulsory basis and not adopted early by the Company as at 31 December 2024

As at the reporting date, the competent bodies of the European Union completed the endorsement process required for adoption of the amendments and the standards described below, but these standards are not mandatory and have not been adopted in advance by the Company as at 31 December 2024:

- On 15 August 2023 the IASB published an amendment called "*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*". The document requires an entity to apply a consistent method for assessing whether one currency is convertible into another and, if not, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The amendment will be effective for periods beginning on or after 1 January 2025. Earlier application is permitted. No significant impacts are expected on the financial statements of the Company.

As at the reference date of this document, the competent bodies of the European Union had not yet concluded the approval process required for adoption of the amendments and the standards described below.

- On 30 May 2024, the IASB published the document "*Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*". The document clarifies certain problematic aspects emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on achieving ESG objectives (i.e. green bonds). In particular, the amendments aim to:
 - clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for assessment of the SPPI test;
 - determine that the date of settlement of the liabilities through electronic payment systems is that on which the liability is paid in full. However, an entity is allowed to adopt an accounting policy that offers derecognition of a financial liability before delivering liquidity on the settlement date if certain specific conditions are met.

With these amendments, the IASB has also introduced additional reporting requirements, particularly regarding investments in equity instruments designated at FVOCI. The amendments will apply from financial statements for years beginning on or after 1 January 2026. The adoption of these amendments is not expected to have a significant effect on the Company's financial statements.

- On 18 July 2024, the IASB published a document named "*Annual Improvements Volume 11*". The document contains clarifications, simplifications, corrections and amendments to improve the consistency of various IFRS.

The amended standards are:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*;
- *IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7*;
- *IFRS 9 Financial Instruments*;
- *IFRS 10 Consolidated Financial Statements*; and
- *IAS 7 Statement of Cash Flows*.

These amendments will be effective for periods beginning on or after 1 January 2026. Early application is permitted. We are currently estimating the possible effects of introducing these amendments on the financial statements of the Company.

- On 18 December 2024, the IASB published an amendment named "*Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7*". The purpose of this document is to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the

amount of electricity generated and purchased can vary due to factors beyond our control, such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7.

The amendments include:

- clarification of the application of the "own use" requirements to this type of contract;
- the criteria for recognising such contracts as hedging instruments; and
- new disclosure requirements to help the users of financial statements understand how these contracts affect an entity's financial performance and cash flows.

The amendment will be effective for periods beginning on or after 1 January 2026. Earlier application is permitted. The adoption of this amendment is not expected to have a significant effect on the Company's financial statements.

- On 9 April 2024, the IASB published a new standard, *IFRS 18 Presentation and Disclosure in Financial Statements*, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the financial statement layouts, particularly the income statement. In particular, the new standard requires:
 - revenues and costs to be classified into three new categories (operating, investment and financial sections), as well as into the taxes and discontinued operations categories already present in the income statement layout;
 - two new sub-totals to be presented, the operating profit (loss) and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and
- introduces a number of changes to the cash flow statement, including the requirement to use the operating result as a starting point for presenting the statement of cash flows prepared by the indirect method and the removal of certain classification options for some existing items (for example, interest paid, interest collected, dividends paid and dividends collected).

The new standard will enter into force from 1 January 2027, but early application is permitted. We are currently estimating the possible effects of introducing this new standard on the financial statements of the Company.

- On 9 May 2024, the IASB published a new standard: *IFRS 19 Subsidiaries without Public Accountability: Disclosures*. The new standard introduces some simplifications to the disclosures required by IFRS in the financial statements of a subsidiary that meets the following requirements:
 - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
 - its own parent company prepares IFRS-compliant consolidated financial statements.

The new standard will come into force on 1 January 2027 and does not apply to the Company, given that it has issued equity and debt instruments listed on regulated markets.

- On 30 January 2014 the IASB published IFRS 14 – *Regulatory Deferral Accounts* which allows only first-time adopters to continue to recognize the amounts relative to assets subject to regulated fees ("Rate Regulation Activities") according to the previous accounting standards that had been adopted. Since the Company is not a first-time adopter, the standard does not apply.

3. Financial risk management policy

KME Group, as a holding company, is indirectly exposed to the risks of the companies in which it has ownership interests and, therefore, in particular to those of KME SE, group operating in the semi-finished copper products sector.

The Company's financial results depend on the dividends distributed by its subsidiaries, and therefore, in addition to the financial performance, they also reflect the investment and dividend distribution policies of the subsidiaries.

Corporate investments are by their nature investments that carry a certain level of risk. Indeed, these types of investments do not provide the certainty that the invested capital will be refunded in full or they could produce cash flows that are insufficient for remuneration of the capital investment or in any case result in performances that could trail behind market performances.

Types of risk:

a) credit risk: there are no significant geographical concentrations of credit. Existing guidelines guarantee adequate assessment of customers' creditworthiness. This is achieved by selecting customers on the basis of historical experience and equity and/or financial position;

b) liquidity risk: it can arise from difficulties in raising finance for operating activities as and when required. All inflows and outflows and cash balances are centrally monitored. The Company intends to meet its cash requirements for the repayment of short-term financial payables and capital expenditure through cash from operating activities, cash on hand and fresh bank borrowings or the roll-over of existing bank credit and the issue of retail bond loans;

c) currency risk: the Company is exposed to this risk only indirectly due to the risk that the fair value of the investments operating in currencies other than the Euro will be influenced by changes in exchange rates;

d) interest rate risk: the interest rate risk to which the Company is exposed originates mainly from non-current financial liabilities. Floating rate liabilities expose the Company to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value;

e) risk of fluctuation of the share value: the Company is exposed to market fluctuations insofar as the listed shares it holds in its portfolio and changes in the market parameters used for determination of the value of investments through valuation techniques. The risk of fluctuations in the values of these equity interests, recognised under the item "Investments in equity interests and fund units" is not actively managed using financial hedging instruments.

4. Notes to the statement of financial position

4.1. *Investments*

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Investments in subsidiaries	576,426	587,632	(11,206)
Other investments	222	222	-
Investments	576,648	587,854	(11,206)

The breakdown of the item is as follows:

<i>Name</i>	<i>Registered office</i>	<i>Investment held</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Difference</i>
Subsidiaries and associates					
KMH SpA	Milan	84.08%	480,000	480,000	-
KME SE	Osnabrück (D)	10.00%	58,410	58,410	-
Culti Milano S.p.A.	Milan	77.17%	37,982	37,982	-
Intek Investimenti S.p.A.	Milan	n/a	-	11,200	(11,200)
Ergyca Tracker 2 Srl	Florence	51.00%	24	24	-
Newint S.r.l.	Milan	100.00%	10	10	-
Nextep Srl Benefit Company	Milan	n/a	-	6	(6)
Total subsidiaries and associates			576,426	587,632	(11,206)
Vita Società Editoriale S.p.A.	Milan		222	222	-
Total other investments			222	222	-
Investments			576,648	587,854	(11,206)

During the year, as part of a corporate reorganisation project, the investment in Intek Investimenti SpA was sold to KME SE. Prior to the sale, the value of this investment had increased by Euro 2,318 thousand due to the waiver of financial receivables from the same. The sale generated a capital gain of Euro 982 thousand compared to the carrying amounts.

Impairment test as at 31 December 2024

As required by the reference accounting standards, the book value of investments was subject to impairment.

The aforementioned impairment tests were also carried out by taking into account the provisions of IAS 36 and the ESMA and CONSOB recommendations, and therefore taking into consideration all the potential external effects of the current macroeconomic and geopolitical context on the subsidiaries business.

The results relating to the main investments held are provided below.

KMH SpA/KME SE

With regard to the investment held, also through KMH SpA, in KME SE, the impairment test was carried out, with the methodological support of an external consultant, by determining the "value in use" using the method of discounted cash flows (UDCF).

The UDCF method was developed by using, as an information base, economic forecasts and changes in some statement of financial position items included in the KME SE 2025-2029 Business Plan (the "Plan") drafted, taking into account the final figures as at 31 December 2024, by the administrative bodies of KME SE and approved by them on 14 April 2025. The approved Plan reflects the best estimate of the main macroeconomic and economic developments that could affect the business of the KME SE Group.

The terminal value was calculated by assuming the long-term EBITDA equal to the average of the Plan's EBITDA (explicit period, 1 January 2025 – 31 December 2029), with a level of amortisation corresponding to

investment using a long-term growth rate "g" equal to zero and a WACC of 9.74% (rate of 9.91% in the measurements carried out as at 31 December 2023) taking into account recorded historical data.

The WACC rate was calculated on the basis of the following parameters:

- risk free rate: average for the second half of 2024 of ten-year government bonds for each country (between 2.28% and 3.50%);
- market risk premium: approximately 5.50% (from a minimum of 5.13% to a maximum of 5.93%);
- additional equity cost risk: 2.66%;
- cost of debt: 3.11%;
- Unlevered Beta: 0.92.

CULTI Milano S.p.A.

The impairment test on the investment in CULTI Milano was also carried out on the basis of the UDCF applied to its subsidiaries.

For each party (entity) of the CULTI group, the terminal value was calculated on the basis of the related historical EBITDA and considering the forecast data of the plan approved by the Board of Directors at its meeting on 20 March 2025 (explicit period, 1 January 2025 – 31 December 2029), using a long-term growth rate "g" equal to zero and reaching a specific WACC for each party (entity); taking into account the contribution of each country to the Terminal Value EBITDA, the weighted average discount rate applied is around 10.04% (10.86% as at 31 December 2023).

Sensitivity analysis

For both KME SE/KMH SpA and CULTI Milano SpA, in accordance with the methodological indications provided by accounting standard IAS 36, a sensitivity analysis was also carried out in order to understand how the recoverable amount may vary following changes in the value of EBITDA (a decrease of 5% and 10%) on the terminal value. Moreover, in order to better appreciate the sensitivity of the results of the impairment test with respect to the changes in the basic assumptions, at the same growth rate (equal to zero), a sensitivity analysis was also carried out for the purpose of calculating the value in use with respect to the overall WACC discount rate (an increase of 0.5% and 1.0%) used to calculate the terminal value.

Both in the base case and in the case of a joint worsening of the EBITDA and WACC parameters, as indicated above, the impairment test carried out has ascertained that there are no impairment losses on the investments, with positive headroom maintained.

4.2. Non-current financial assets

This item consists of the following:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Guarantee fees receivable	-	630	(630)
Other non-current financial assets	11	11	-
Non-current financial assets	11	641	(630)

"Guarantee fees receivables" represented the present value of guarantee fees that are receivable in future years, in more than 12 months, for guarantees issued by the Company to banks on behalf of the non-consolidated subsidiaries to which the loans and credit facilities were granted. These receivables were matched by payables of the same amount, representing the present value of the amount of the guarantees issued. As at 31 December 2024, these types of receivables were only short-term.

4.3. Property, plant and equipment

The breakdown of the item is as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Buildings	10,135	1,974	8,161
Other assets	1,227	1,037	190
Property, plant and equipment	11,362	3,011	8,351

The increase in this item is mainly related to the signing of a property lease agreement for the office space in the building located at Foro Buonaparte 44, Milan, the Company's historic headquarters. The property was owned by the indirect subsidiary Immobiliare Picta Srl, which sold it to a lease company with which KME Group SpA subsequently entered into a 12-year property lease agreement. The property is currently mainly leased to other companies of the KME group.

The breakdown between owned and leased assets as at 31 December 2024 is provided below:

<i>(in Euro thousand)</i>	<i>Owned</i>	<i>Leased</i>	<i>Total</i>
Buildings	-	10,135	10,135
Other assets	1,148	79	1,227
Property, plant and equipment	1,148	10,214	11,362

That of the previous year was the following:

<i>(in Euro thousand)</i>	<i>Owned</i>	<i>Leased</i>	<i>Total</i>
Buildings	-	1,974	1,974
Plant and equipment	-	-	-
Other assets	1,030	7	1,037
Property, plant and equipment	1,030	1,981	3,011

For owned assets, the changes during the reporting period under review and those of the previous reporting period can be analysed as follows:

<i>(in Euro thousand)</i>	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Total</i>
Cost				
Balance as at 31 December 2022	-	170	2,507	2,677
Increases	-	-	216	216
Balance as at 31 December 2023	-	170	2,723	2,893
Increases	-	-	161	161
Balance as at 31 December 2024	-	170	2,884	3,054
Accumulated depreciation				
Balance as at 31 December 2022	-	170	1,652	1,822
Increases	-	-	41	41
Disposals	-	-	-	-
Balance as at 31 December 2023	-	170	1,693	1,863
Increases	-	-	43	43
Disposals	-	-	-	-
Balance as at 31 December 2024	-	170	1,736	1,906
Net carrying amount				
31 Dec 2022	-	-	855	855
31 Dec 2023	-	-	1,030	1,030
31 Dec 2024	-	-	1,148	1,148

Changes in leased assets were as follows:

<i>(in Euro thousand)</i>	<i>Buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Total</i>
Cost				
Balance as at 31 December 2022	4,695	-	130	4,825
Increases	208	-	-	208
Disposals	(470)	-	(41)	(511)
Balance as at 31 December 2023	4,433	-	89	4,522
Increases	11,307	-	78	11,385
Disposals	(4,723)	-	-	(4,723)
Balance as at 31 December 2024	11,017	-	167	11,184
Accumulated depreciation				
Balance as at 31 December 2022	2,340	-	89	2,429
Increases	589	-	25	614
Disposals	(470)	-	(32)	(502)
Balance as at 31 December 2023	2,459	-	82	2,541
Increases	944	-	6	950
Disposals	(2,521)	-	-	(2,521)
Balance as at 31 December 2024	882	-	88	970
Net carrying amount				
31 Dec 2022	2,355	-	41	2,396
31 Dec 2023	1,974	-	7	1,981
31 Dec 2024	10,135	-	79	10,214

4.4. Investment property

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Investment property	32	32	-

The amount relates to a non-building plot of land located in Castronno (VA).

4.5. Intangible assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Other	7	8	(1)
Intangible assets	7	8	(1)

The item refers to assets that have a definite useful life and relate to software.

The movements relative to the year under review and the previous year are shown below:

<i>(in Euro thousand)</i>	<i>Total</i>
Cost	
Balance as at 31 December 2022	32
Increases	2
Decreases	(14)
Balance as at 31 December 2023	20
Increases	2
Decreases	(2)
Balance as at 31 December 2024	20
Accumulated amortisation	
Balance as at 31 December 2022	22
Increases	4
Decreases	(14)
Balance as at 31 December 2023	12
Increases	3
Decreases	(2)
Balance as at 31 December 2024	13
Net carrying amount	
	31 Dec 2022 10
	31 Dec 2023 8
	31 Dec 2024 7

4.6. Other non-current assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Other receivables	3	3	-
Other non-current assets	3	3	-

The item refers exclusively to guarantee deposits.

4.7. Current financial assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Financial receivables due from related companies	53,314	24,296	29,018
Guarantee fees receivable	772	823	(51)
Financial assets held for trading	272	272	-
Other current financial assets	235	235	-
Current financial assets	54,593	25,626	28,967

"Financial receivables due from related companies" as at 31 December 2024 include receivables from the direct subsidiaries KMH SpA of Euro 25,496 thousand and Newint Srl of Euro 24,315 thousand, and from the indirect subsidiaries Intek Investimenti SpA of Euro 2,585 thousand and Immobiliare Pictea Srl of Euro 952 thousand arising from transaction accounts. These amounts are net of adjustments of Euro 34 thousand made pursuant to IFRS 9.

"Guarantee fees receivable" are the amount of guarantee fees that are receivable within 12 months, for guarantees issued by the Company to banks on behalf of subsidiaries, in particular KME SE, to which loans and credit facilities were granted. These receivables are matched by payables of the same amount, as the fair value of the present value of the collateral provided is estimated to be equal to that of the related receivable.

In reference to CONSOB Communication no. DEM/11070007 of 5 August 2011 which drew on the document issued by the European Securities and Markets Authority (ESMA), it is specified that the Company has no investments in sovereign debt securities.

4.8. Trade receivables

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Receivables – lease and factoring activities	1,006	1,210	(204)
Receivables due from related companies	103	761	(658)
Trade receivables	1,109	1,971	(862)

"Receivables – lease and factoring activities" relate to non-performing loans from the business previously handled by Fime Leasing and Fime Factoring, companies previously incorporated by the KME Group.

"Receivables due from related companies" mainly refer to administrative services provided.

4.9. Other receivables and current assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Receivables due from related companies	3,539	1,351	2,188
Tax receivables	782	1,119	(328)
Prepayments and accrued income	155	69	86
Other	317	208	109
Other receivables and current assets	4,793	2,747	2,055

"Receivables due from related companies" consist of positions arising from the tax consolidation scheme.

"Tax receivables" include receivables for direct taxes of Euro 273 thousand, of which Euro 165 thousand relate to the balance for the 2024 tax year of the tax consolidation scheme and VAT credits of Euro 509 thousand.

Prepayments and accrued income are due to the recording of prepayments mainly for travel costs and services attributable to subsequent periods.

The item “*Other receivables*” includes pending costs to be charged back of Euro 157 thousand.

All the receivables are due within twelve months.

4.10. Cash and cash equivalents

This item consists of bank and postal deposits and cash on hand.

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Bank and postal deposits	27,349	3,206	24,143
Cash on hand	7	8	(1)
Cash and cash equivalents	27,356	3,214	24,142

For details of the liquidity generated and absorbed during the year, please refer to the Company's statement of cash flows.

4.11. Equity

The "*Share Capital*" as at 31 December 2024 amounted to Euro 200,154,177.66 divided into a total of 284,442,812 shares of which 270,231,550 ordinary shares (95.00% of the share capital) and 14,211,262 savings shares (5.00% of the share capital). None of the shares have a par value.

	<i>Ordinary shares</i>		<i>Savings shares</i>		<i>Total Shares</i>	
	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Issued on 1 January	310,399,224	306,937,071	14,211,262	15,246,505	324,610,486	322,183,576
Cancelled for PTO	(45,114,520)	-	-	(1,035,243)	(45,114,520)	(1,035,243)
New issue (exercise of warrants)	4,946,846	3,462,153	-	-	4,946,846	3,462,153
Issued on 31 December	270,231,550	310,399,224	14,211,262	14,211,262	284,442,812	324,610,486

During the year, 4,946,846 ordinary shares were issued following the exercise of warrants and 45,114,520 ordinary shares were cancelled, purchased through a public tender offer.

As at 31 December 2024, the Company held 53,243,219 ordinary treasury shares representing 19.70% of the ordinary share capital (18.72% of the total share capital). The change compared to 31 December 2023 is attributable to the allocation of 33,280,700 ordinary shares to the subscribers of the Public Exchange Offer on KME Group warrants launched by the Company in the first quarter of 2024 and the cancellation of 45,114,520 ordinary shares as required by the shareholders' resolution of 22 May 2024.

The free and available "*Stock Option Reserve*" arises as a result of the valuation according to IFRS 2 of the remuneration plans.

The breakdown of the item "*Other reserves*" is shown below:

<i>(in Euro)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Share premium reserve	8,942,402	5,553,429	3,388,973
Legal reserve	12,611,201	12,611,201	-
Reserve for treasury shares held	(48,439,174)	126,834,394	(78,395,220)
Available reserve (extraordinary)	71,296,756	102,694,484	(31,397,728)
Tax suspension reserve	3,484,481	3,484,481	-
Fair value reserve FVOCI Investment	(9,700,000)	(9,700,000)	-
Reserve for 2022 PEO costs	(1,136,613)	(1,136,613)	-
Reserve for 2023 PTO costs	(6,883,143)	(6,768,684)	-
Reserve for IFRS differences on post-employment benefits	14,796	8,799	5,997
Other reserves	127,069,054	233,581,490	(106,512,437)

The "*Legal reserve*" can be used to cover losses.

The available "*Extraordinary reserve*" decreased due to its use to cover the loss for the previous financial year and for the purchase of management warrants.

Pursuant to article 2431 of the Italian Civil Code, the available "*Share premium reserve*", which increased due to the exercise of warrants and the allocation of 10 million options to the two Executive Directors, expiring on 30 June 2027, may be distributed to shareholders subject to a minimum balance on the Legal Reserve of one fifth of share capital.

The "*Tax suspension reserve*" originated as part of the extraordinary transactions of 2012, deriving from the merged company Intek S.p.A.

The following table includes the details of the possibility of use of the equity reserves:

<i>(in Euro)</i>	<i>Amount</i>	<i>Possibility of use</i>	<i>Portion available</i>	<i>Portion not available</i>	<i>Uses made in the previous 3 financial years to cover losses</i>
Share capital	200,154,178			200,154,178	
<i>Reserves:</i>					
Share premium reserve (*)	8,942,402	A, B, C	8,942,402	-	
Legal reserve	12,611,201	B		12,611,201	
Reserve for treasury shares held	48,439,174	-	-		
Available reserve (extraordinary)	71,296,756	A, B, C	71,296,756		14,547,728
Tax suspension reserve	3,484,481	A, B, C	3,484,481		
Fair value reserve FVOCI Investment	(9,700,000)	-		(9,700,000)	
Reserve for 2022 PEO costs	(1,136,613)	-		(1,136,613)	
Reserve for 2023 PTO costs	(6,883,143)	-		(6,883,143)	
Reserve for IFRS differences on post-employment benefits	14,796	-		14,796	
Retained earnings	1,603,038	A, B, C	1,603,038		
Stock option reserve	4,010,417	A, B, C	4,010,417		
Total Share Capital and Reserves	132,682,509		89,337,094	195,060,419	14,547,728
Non-distributable portion			27,419,635		
Residual distributable portion			61,917,459		

Legend: A for share capital increase – B to cover losses – C for distribution to shareholders

(*) Share premium reserve fully available after allocation to legal reserve up to 20% of the share capital

4.12. Employee benefits

This item relates to the "Post-employment benefits"; the amount is determined based on the vested benefits at the end of the year, in compliance with law employment contracts and IAS 19, and is composed as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2023</i>	<i>Increases</i>	<i>Contributions to Funds</i>	<i>Decreases</i>	<i>31 Dec 2024</i>
Clerical workers	325	46	(16)	(95)	260
Executives	121	37	(29)	(124)	5
IFRS Adjustments	9	2	-	-	11
Employee benefits	455	85	(45)	(219)	276

The main criteria used in the measurement of "Employee benefits" are as follows:

<i>General criteria</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Discount rate	3.18%	3.08%
Rate of increase in future remuneration	1.00%	1.00%
Average remaining working life	12.3 years	9.6 years
General criteria		

A discount rate based on the "Iboxx Eurozone Corporate AA" index was used also as at 31 December 2024, for the actuarial valuation of post-employment benefits (TFR).

4.13. Non-current financial payables and liabilities

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Payables to related companies	132,401	115,187	17,214
Lease liabilities – related parties	473	1,606	(1,133)
Lease liabilities	6,621	-	6,621
Payables for financial guarantees issued	-	630	(630)
Non-current financial payables and liabilities	139,495	117,423	22,072

"Payables to related companies" derive entirely from the loan agreement with KMH signed as part of the delisting ("upstream loan"), which matures on 31 December 2026 and bears an interest rate increasing from 11% to 16%.

The item "Lease liabilities", both to third parties and to related parties, represents financial liabilities, maturing beyond twelve months, recognised in application of IFRS 16 and refer to properties, especially the property in Milan, Foro Buonaparte 44, and cars; liabilities to related parties refer to payables to Immobiliare Picta for the leases of the properties in Foro Buonaparte, Milan.

The item "Payables for financial guarantees issued" represented the contra-entry of the item recorded under non-current financial assets having the same origin and it represents the fair value of the liabilities assumed against the guarantees issued, having assessed any risk situations and consequently the contingent liabilities, pursuant to the instructions set forth in IAS 37.

4.14. Bonds

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
KME Group bonds - 4.5% - 2020/2025	-	92,648	(92,648)
KME Group bonds - 5.0% - 2022/2027	63,502	63,491	11
KME Group bonds - 5.75% - 2024/2029	135,452	-	135,452
Bonds	198,954	156,139	42,815

As at 31 December 2024, the item refers to:

- the KME Group 2022/2027 Bonds, listed on the MOT, issued in September 2022 with a fixed rate of 5.0%, outstanding for a nominal amount of Euro 63,533 thousand;
- the KME Group 2024/2029 Bonds, listed on the MOT, issued in August and December 2024 with a fixed rate of 5.75%, outstanding for a nominal amount of Euro 138,804 thousand.

As at 31 December 2023, the item also included the KME Group 2020/2025 Bonds issued in February 2020 with a fixed rate of 4.5%, outstanding for a nominal amount of Euro 92,819 thousand. During 2024, following two public exchange offers with the KME Group 2024/2029 Bonds, the outstanding bonds were reduced to Euro 52,707 thousand, repaid and subsequently cancelled in February 2025. In these financial statements, considering their maturity within twelve months, they are reported under short-term financial liabilities.

All bonds are shown net of the issue costs, which are deferred along the duration of the security so as to determine a constant effective interest rate.

4.15. Provisions for risks and charges

A summary of the movements relating to the provisions for risks and charges is as follows:

(in Euro thousand)	31 December 2023			Increases	Released/ Utilised	31 December 2024		
	Non-current	Current	Total			Non-current	Current	Total
Other provisions for risks and charges	769	-	769	-	(11)	758	-	758
Total	769	-	769	-	(11)	758	-	758

The provision is related to guarantees issued in favour of a subsidiary for the recoverability of a receivable acquired by the subsidiary.

At the approval date of these financial statements, as far as the Directors are aware, there were no other significant contingent liabilities.

4.16. Current financial payables and liabilities

(in Euro thousand)	31 Dec 2024	31 Dec 2023	Change
Bonds	58,898	4,478	54,420
Payables due to banks	-	9,929	(9,929)
Payables for financial guarantees issued	772	823	(51)
Payables to related companies	563	33,271	(32,708)
Lease liabilities	875	12	863
Lease liabilities – related parties	149	580	(431)
Current financial payables and liabilities	61,257	49,093	12,164

"Payables to related companies" refer to a current account opened with Isno 3 Srl in liquidazione.

"Payables due to banks" were reduced to zero following the repayment, upon maturity at the end of July 2024, of the credit facility of Euro 10,000 thousand with Banco BPM, secured by pledge on Culti Milano shares.

The item "Bonds" of Euro 58,898 thousand includes the principal amount of the *KME Group SpA 2020/2025 Bond* (Euro 52,680 thousand net of the remaining issue discount) and the relative interest accruing (Euro 2,054 thousand), as well as the interest accruing on the *KME Group SpA 2022/2027 Bond* (Euro 862 thousand) and the *KME Group SpA 2024/2029 Bond* (Euro 3,301 thousand).

The item "Payables for financial guarantees issued" represents the contra-entry of the item with the same origin, entered in the current financial assets. For further details, please refer to comment to paragraphs 4.7 and 4.13.

"Lease liabilities" relate to the short-term share of the registered financial liability in application of IFRS 16.

4.17. Trade payables

The carrying amount of trade payables is believed to approximate their fair value.

(in Euro thousand)	31 Dec 2024	31 Dec 2023	Change
Trade payables – third parties	1,334	2,222	(875)
Trade payables – related parties	374	1,042	(681)
Trade payables	1,708	3,264	(1,556)

The carrying amount of trade payables is believed to approximate their fair value.

4.18. Other current liabilities

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Payables to related companies	13,928	315	13,613
Tax liabilities	902	377	525
Payables to employees	192	261	(69)
Payables to social security institutions	133	97	36
Other liabilities	391	665	(274)
Other current liabilities	15,546	1,715	13,831

“*Payables to related companies*” include liabilities to executive directors, not yet settled, arising in relation to the purchase of management warrants in June 2024.

The item “*Payables to employees*” mainly refers to amounts which have accrued but have not yet been settled.

The item “*Tax liabilities*” mainly refers to payables for withholding amounts to be paid (Euro 847 thousand).

4.19. *Deferred tax assets and liabilities*

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Deferred tax assets	2,054	2,023	31
Deferred tax liabilities	(634)	(694)	60
Deferred tax assets and liabilities	1,420	1,329	91

Deferred tax assets and liabilities can be broken down by financial statement items as follows:

<i>(in Euro thousand)</i>	<i>Deferred tax assets</i>		<i>Deferred tax liabilities</i>	
	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Investment property	9	9	-	-
Investments	-	-	500	525
Trade receivables	765	831	134	169
Current financial assets	18	5	-	-
Other current liabilities	299	297	-	-
Deferred taxes on equity components	963	881	-	-
Total	2,054	2,023	634	694

Deferred taxes are computed on timing differences between the amounts of assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes.

The Company also has previous tax losses totalling Euro 30,115 thousand, for which no related deferred tax assets have been recognised.

5. *Commitments and guarantees*

KME Group S.p.A. is the guarantor for KME SE and its main subsidiaries for Euro 100 million for the loan obtained from a pool of banks and for additional bank credit facilities for Euro 15.0 million.

In December 2015, the Company indicated its willingness to issue a guarantee of up to Euro 5.0 million for Associazione Dynamo for the granting of a mortgage loan for the renovation of certain buildings located in Limestre. This mortgage is also secured by other collaterals; it amounts to Euro 1.258 million as at 31 December 2024.

6. Notes to the income statement

6.1. *Net income from management of investments*

This item consists of the following:

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>	<i>Change</i>
Gains/(losses) from the sale of investments and securities	961	-	961
Dividends	239	239	-
Net income from management of investments	1,200	239	961

The item "Income from the sale of investments and securities" refers to the sale of Intek Investimenti (Euro 982 thousand), net of the loss incurred following the closing of the liquidation of Nextep Srl SB (Euro 21 thousand).

CULTI Milano received dividends for both the 2024 and 2023 financial years.

6.2. *Commissions on guarantees issued*

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>	<i>Change</i>
Commissions on guarantees issued	866	859	7
Commissions on guarantees issued	866	859	7

These refer to the remuneration of the guarantees issued to investee companies for securing loans.

6.3. *Other income*

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>	<i>Change</i>
Provision of services to related companies	571	249	322
Income from "special situations"	126	749	(623)
Other income and revenues	133	34	99
Other income	830	1,032	(202)

The "Provision of services to related companies" item contains the amounts invoiced to related companies for administrative support services and lease income. The increase is related to this last item.

"Income from special situations" refers to the activities of the incorporated entity Intek SpA connected to the undertaking of compositions with creditors.

6.4. *Labour cost*

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>	<i>Change</i>
Wages and salaries	(1,467)	(1,814)	347
Social security contributions	(436)	(443)	7
Other Labour costs	(255)	(271)	16
Labour cost	(2,158)	(2,528)	370

Other Labour costs include remuneration to associates of Euro 108 thousand, in addition to contribution expense of Euro 92 thousand, costs for a welfare plan of Euro 85 thousand and an allocation to the employees' post-employment benefits (TFR) of Euro 100 thousand, net of cost recovery for seconded staff of Euro 130 thousand.

The average number of employees is given here below:

	31 Dec 2024	31 Dec 2023	Change
Executives	3	3	-
Clerical workers	11	11	-
Workers	-	1	(1)
Average number of employees	14	15	(1)

6.5. Amortisation, depreciation, impairment and write-downs

(in Euro thousand)	2024	2023	Change
Depreciation of property, plant and equipment	(43)	(41)	(2)
Depreciation of leased assets	(951)	(614)	(337)
Amortisation of intangible assets	(3)	(4)	1
Depreciation, amortisation, impairment and write-downs	(997)	(659)	(338)

The increase in the item “*depreciation of leased assets*” is related to the property lease agreement on the property in Milan, Foro Buonaparte, 44.

6.6. Other operating costs

(in Euro thousand)	2024	2023	Change
Directors' and Statutory Auditors' fees	(1,215)	(1,260)	45
Professional services	(1,565)	(1,211)	(354)
Travel costs	(316)	(219)	(97)
Other personnel expense	(57)	(49)	(8)
Legal and company disclosure	(95)	(109)	14
Electricity, heating, postal and telephone costs	(68)	(63)	(5)
Insurance premiums	(107)	(97)	(10)
Training and seminars	(7)	(26)	19
Property leases	(514)	(774)	260
Maintenance	(78)	(40)	(38)
Rent and lease expense	(39)	(17)	(22)
Other taxes	(76)	(29)	(47)
Membership fees	(198)	(193)	(5)
Other net costs	(817)	(709)	(108)
Donations	(25)	(49)	24
Bank service charges	(31)	(20)	(11)
	(5,208)	(4,865)	(343)
Release of provisions	11	-	11
Charges on warrants	(339)	(1,046)	707
Allocation to provisions for risks	-	(769)	769
Other operating costs	(5,536)	(6,680)	1,144

"Charges on warrant management" include the effects of the actuarial calculation in application of the provisions of IFRS 2 and have as a counter-entry an increase in equity.

6.7. Net financial expense

(in Euro thousand)	2024	2023	Change
Interest income from group companies	2,508	4,394	(1,886)
Other financial income and interest	204	64	140
Total financial income	2,712	4,458	(1,746)
Interest paid by group companies	(15,776)	(4,294)	(11,482)
Loan interest expense	(512)	(1,169)	657
Interest expense on securities issued	(8,296)	(7,501)	(795)
Interest expense for leases	(466)	(111)	(355)
Other financial expenses	(53)	(21)	(32)
Total financial expenses	(25,103)	(13,096)	(12,007)
Total net financial expenses	(22,391)	(8,638)	(13,753)

“Interest expense from group companies” also includes the charges relating to the loan obtained by KMH to finance the public tender offers.

“Interest expense on securities issued” increased in relation to the interest on the *KME Group SpA 2024/2029 Bond*.

The breakdown of the interest income and interest expense from related parties is provided under paragraph 7.12.

6.8. Current and deferred taxes

(in Euro thousand)	2024	2023	Change
Current taxes	3,037	1,739	1,298
Deferred taxes	91	87	4
Current and deferred taxes	3,128	1,826	1,302

Since 2007, KME Group S.p.A. and most of its Italian subsidiaries have elected to apply the Italian domestic tax consolidation regime, determining IRES (Italian corporate income tax) on a taxable base that corresponds to the algebraic sum of the taxable income and losses of each of the participating entities. The financial relationships, responsibilities and mutual obligations are set out in the domestic tax consolidation regime agreement and regulations, according to which taxable losses of the Parent Company and/or subsidiaries can be offset against the tax savings realised by the Parent Company and/or subsidiaries with taxable income.

Reconciliation of theoretical tax charge and the effective charge:

(in Euro thousand)	2024	2023
Profit/(loss) before taxes	(28,139)	(16,374)
Tax charge at theoretical rate	6,765	3,930
- Other	(5,340)	(2,389)
- Previous year taxes	-	285
- Use of previous losses for taxable income	1,703	-
Total effective tax charge	3,128	1,826

The item "Other" mainly refers to non-deductible income components, in particular interest expense.

7. Additional information

7.1. *Financial instruments by category*

Additional information on financial instruments by category of financial assets and liabilities is presented below; please note that the table also shows miscellaneous receivables and other assets as well as miscellaneous payables and other liabilities.

	31 Dec 2024	31 Dec 2023	Change
Financial assets at fair value through profit or loss	1,279	1,960	(681)
Financial assets at fair value through other comprehensive income	222	222	-
Amortised cost	85,649	31,054	54,595
Financial assets	87,150	33,236	53,914
Financial liabilities at fair value through profit or loss	(772)	(1,453)	(681)
Financial payables and liabilities at amortised cost	(415,286)	(325,804)	(89,435)
Financial liabilities	(416,058)	(327,257)	(88,801)

7.2. *Financial instruments by financial statement item*

The reconciliation of financial instruments with financial statement items as at 31 December 2024 is provided below:

(in Euro thousand)	Total financial statement item	Outside the scope of IFRS 7	Total Financial Instruments	At cost	At fair value
Investments in other companies	222	-	222	-	222
Non-current financial assets	11	-	11	11	-
Other non-current assets	3	-	3	3	-
Current financial assets	54,593	-	54,593	53,314	1,279
Trade receivables	1,109	-	1,109	1,109	-
Other receivables and current assets	4,793	937	3,856	3,856	-
Cash and cash equivalents	27,356	-	27,356	27,356	-
Total financial assets	88,087	946	87,150	85,649	1,501
Non-current financial payables and liabilities	(139,495)	-	(139,495)	(139,495)	-
Bonds	(198,954)	-	(198,954)	(198,954)	-
Current financial payables and liabilities	(61,257)	-	(61,257)	(60,485)	(772)
Trade payables	(1,708)	-	(1,708)	(1,708)	-
Other current liabilities	(15,546)	(902)	(14,644)	(14,644)	-
Total financial liabilities	(416,960)	(902)	(416,058)	(415,286)	(772)

7.3. *Notional value of financial instruments and derivatives*

No derivative financial instruments are recognised as at 31 December 2024.

7.4. *Credit risk exposure and impairment losses*

The carrying amount of financial assets is KME Group S.p.A.'s maximum exposure to the credit risk.

7.5. Foreign currency exchange risk exposure

KME Group S.p.A. had no financial statements items or sale or purchase commitments denominated in foreign currencies at the year end.

7.6. Exposure to the risk of fluctuations in share value

The carrying amount of financial assets is KME Group S.p.A.'s maximum exposure to this risk.

7.7. Interest rate risk exposure

As at 31 December 2024, the Company's interest-bearing financial assets and liabilities had the following interest rate risk exposure:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Financial assets	50,729	21,978
Financial liabilities	(333,415)	(306,795)
Fixed rate instruments	(282,686)	(284,817)
Financial assets	2,585	2,318
Financial liabilities	-	(9,929)
Floating rate instruments	2,585	(7,611)

7.8. Sensitivity analysis of the cash flows of floating rate financial instruments

A 50-basis-point (bps) increase (decrease) in interest rate receivable or payable at the year-end would have led to an impact on equity and the result for the year of around Euro 13 thousand.

7.9. Fair value and carrying amount

Pursuant to IFRS 13 paragraph 91, we declare that the carrying amount of the financial assets and liabilities recognised in these Financial Statements do not diverge from their fair value.

7.10. Fair value hierarchy

IFRS 7, paragraph 27A and IFRS 13 require financial instruments recognised at fair value in the statement of financial position to be classified based on a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy shall have the following levels:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 – unobservable market inputs for the asset or liability.

For financial instruments outstanding as at 31 December 2024 and for comparative purposes as at 31 December 2023, the table below shows the fair value hierarchy of financial assets and liabilities that are measured at fair value on a recurring basis (Level 3 includes the carrying amounts of unlisted financial assets carried at cost in the absence of an available fair value).

The analysis of assets and liabilities by fair value level is as follows:

<i>(in Euro thousand)</i>	<i>Total Fair value as at 31 December 2024</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Investments in other companies	222	-	-	222
Current financial assets	1,279	-	-	1,279
Total financial assets	1,501	-	-	1,501
Current financial payables and liabilities	(772)	-	-	(772)
Total financial liabilities	(772)	-	-	(772)

<i>(in Euro thousand)</i>	<i>Total Fair value as at 31 December 2023</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Investments in other companies	222	-	-	222
Non-current financial assets	630	-	-	630
Current financial assets	873	-	-	873
Total financial assets	1,725	-	-	1,725
Non-current financial payables and liabilities	(630)	-	-	(630)
Current financial payables and liabilities	(823)	-	-	(823)
Total financial liabilities	(1,453)	-	-	(1,453)

Financial instruments reclassification

With regard to financial assets and liabilities that are measured at fair value on a recurring basis, there were no transfers from Level 3 to other levels and vice versa in 2024 resulting from changes in the significant input variables of observable valuation techniques.

7.11. Disclosure of payments for services rendered by the Independent Auditors

In accordance with article 149-*duodecies* of the "Issuers' Regulation", the following table shows the payments made during the year, net of expenses, VAT and any supervisory contribution, for services provided to the company and its subsidiaries by the Independent Auditors, Deloitte & Touche S.p.A. and other companies belonging to its network:

<i>(in Euro thousand)</i>	<i>Total</i>	<i>KME Group S.p.A.</i>	<i>Subsidiaries</i>
a) audit fees	1,487	207	1,280
b) fees for non-audit services	342	225	117
- audit services for certification purposes	342	225	117
- other fees	-	-	-
c) fees charged by firms in the Independent Auditors' network	-	-	-
Independent Auditors' fees	1,829	432	1,397

7.12. Detail of transactions with related parties

The tables below show the relations involving payables, receivables, costs and revenue with related parties. For information regarding the nature of the transactions, reference should be made to the comments under the individual items.

Receivables and payables

(in Euro thousand)	Current financial assets	Trade receivables	Other receivables and current assets	Non-current financial payables and liabilities	Current financial payables and liabilities	Trade payables	Other current liabilities
Immobiliare Picta S.r.l.	952	-	-	(473)	(149)	(256)	-
Intek Investimenti S.p.A.	2,583	-	-	-	-	-	-
Isno 3 Srl in liquidation	-	-	-	-	(563)	-	-
KMH SpA	25,480	-	-	(132,401)	-	-	-
KME Germany Bet. GmbH	-	-	-	-	-	(2)	-
KME Srl	-	-	-	-	-	(13)	-
Natural Capital Italia S.p.A. SB	-	5	-	-	-	-	-
Newint Srl	24,299	-	-	-	-	-	-
Oasi Dynamo FoodCo S.r.l.	-	-	-	-	-	(12)	-
Quattrodedue S.p.A.	-	19	-	-	-	-	-
Scent Company S.r.l.	-	-	-	-	-	(1)	-
Società Agricola Agrienergia	-	97	77	-	-	-	-
Trèfimetaux SA	-	7	-	-	-	-	-
Directors and Statutory Auditors	-	-	-	-	-	(90)	(13,897)
Receivables from guarantees	772	-	-	-	-	-	-
Receivables/Payables for group VAT	-	-	-	-	-	-	(31)
Receivables/Payables for tax consolidation scheme	-	-	3,462	-	-	-	-
	54,086	102	3,599	(132,874)	(712)	(374)	(13,928)
Total	54,593	1,109	4,793	(139,495)	(61,257)	(1,708)	(15,546)
Incidence	99.07%	9.20%	75.09%	95.25%	1.16%	21.90%	89.59%

Costs and revenues

<i>(in Euro thousand)</i>	<i>Net income from management of investments</i>	<i>Commissions on guarantees issued</i>	<i>Other operating income</i>	<i>Labour cost and other operating costs</i>	<i>Financial income</i>	<i>Financial expense</i>
Culti Milano S.p.A.	239	-	15	(4)	-	-
Immobiliare Picta S.r.l.	-	-	25	(382)	8	(76)
Intek Investimenti S.p.A.	982	-	15	-	108	-
Isno 3 Srl in liquidation	-	-	15	-	-	(31)
KMH	-	-	15	-	457	(15,692)
KME Italy S.p.A.	-	66	-	(4)	-	-
KME Mansfeld	-	7	-	-	-	-
KME SE	-	750	-	(521)	-	-
KME Srl	-	-	428	(25)	-	-
Natural Capital Italia S.p.A. SB	-	-	9	-	-	-
Nextep S.r.l. SB	(21)	-	-	-	-	-
Newint Srl	-	-	1	-	1,873	-
Oasi Dynamo FoodCo S.r.l.	-	-	-	(13)	-	-
Quattrodue S.p.A.	-	-	15	-	-	-
Scent Company Srl	-	-	-	(4)	-	-
Serravalle Copper Tube S.r.l.	-	34	-	-	-	-
Società Agricola Agrienergia	-	-	32	-	-	-
Tréfinetaux SA	-	9	-	-	-	-
Directors/Statutory Auditors and other executives	-	-	-	(1,659)	62	(18)
	1,200	866	570	(2,160)	2,508	(15,817)
Total	1,200	866	830	(7,694)	2,712	(25,103)
Incidence	100.00%	100.00%	68.67%	33.95%	92.48%	63.01%

7.13. Proposal to approve the 2024 financial statements

Please refer to the *Report on Operations*.

List of direct investments as at 31 December 2024

Investments <i>(in Euro)</i>	Notes	Nominal value as at 31 December 2024	Balance as at 31 December 2023		Change for the year (+/-)		Write-backs/ (Adjustments)	Balance as at 31 December 2024				Market value as at 31 December 2024	
		Euro	Quantity	Book value	Quantity	Value		Quantity	%	Average carrying amount	Book value	Unit value	Equivalent value
Subsidiaries and other investments (recognised under financial assets)													
KMH SpA		50,000,000	50,000,000	480,000,000	-	-	-	50,000,000	100.00%		480,000,000		
KME SE		no par value	2,791,775	58,410,000	-	-	-	2,791,775	10.00%		58,410,000		
Ergyca Tracker 2 Srl		10,000	5,100	24,506	-	-	-	5,100	51.00%		24,506		
Culti Milano S.p.A.		no par value	2,388,750	37,981,125	-	-	-	2,388,750	77.17%		37,981,125	14.4000	34,398,000
Intek Investimenti SpA		no par value	9,108,000	11,200,000	(9,108,000)	(11,200,000)	-	-	-		-		
Newint S.r.l.		10,000	10,000	10,000	-	-	-	10,000	100.00%		10,000		
Nextep Srl Benefit Company		10,000	6,000	6,000	(6,000)	(6,000)	-	-	-		-		
Intomalte S.p.A.		516,460	103,292	1	-	-	-	103,292	20.00%		1		
Total			587,631,632		(9,114,000)	(11,206,000)	-				576,425,632		
Treasury shares (recognised as a reduction in Equity)													
Intek Group S.p.A. – ordinary shares		no par value	131,638,439	126,834,394	(78,395,220)	(78,395,220)	-	53,243,219	-	0.9098	48,439,174	0.9140	48,664,302
Total			126,834,394		(78,395,220)		-				48,439,174		
Total			714,466,026		(89,601,220)		-				624,864,806		

List of indirect investments as at 31 December 2024

Company name	Registered office	Activity	Currency	Share capital	% stake	Investor Company	Total investment
Acqua Dynamo Srl Società Benefit	Italy	Sales	Euro	27,000	100.00%	Intek Investimenti SpA	84.83%
AML - Azienda Metalli Laminati SpA	Italy	Industry	Euro	3,300,000	75.76%	KME Italy S.p.A.	84.83%
Bakel SpA	Italy	Sales	Euro	100,000	24.90%	KME Mansfeld GmbH	19.22%
Bakel Inc	United States	Sales	USD	1,000	100.00%	Culti Milano SpA	19.22%
Bertram's GmbH	Germany	Services	Euro	300,000	100.00%	Bakel Srl	84.83%
Blitz F24-518 GmbH	Germany	Services	Euro	25,000	100.00%	KME Germany GmbH	84.83%
Blitz F24-519 GmbH	Germany	Services	Euro	25,000	100.00%	KME Germany GmbH	84.83%
Culti Milano Asia Ltd.	Hong Kong	Sales	HKD	7,500,000	60.00%	KME Germany GmbH	46.30%
Culti Milano China Ltd.	China	Sales	RMB	3,300,000	100.00%	Culti Milano SpA	46.30%
cunova GmbH	Germany	Industry	Euro	25,000	100.00%	Culti Milano Asia Ltd.	38.17%
cunova Kalip Servis Sanavi ve Ticaret A.S.	Turkey	Sales	TRY	950,000	85.00%	Magnet Joint Venture GmbH	32.45%
cunova Service Germany GmbH	Germany	Services	Euro	25,000	85.00%	cunova GmbH	32.45%
cunova Service India Private Ltd.	India	Services	INR	35,296,010	71.50%	cunova GmbH	27.29%
cunova Mexico S.A. de C.V.	Mexico	Services	MXN	7,642,237	99.99%	cunova GmbH	38.17%
					0.01%	Magnet Joint Venture GmbH	
cunova Service Spain S.A.U.	Spain	Services	Euro	60,910	100.00%	cunova GmbH	38.17%
cunova Service USA LLC	United States	Industry	USD	31,393,840	100.00%	cunova GmbH	38.17%
cunova Special Products America Inc.	United States	Industry	USD	6,353,000	100.00%	cunova Special Products America Inc.	38.17%
Dalian Dashan Chrystallizer Co. Ltd.	China	Industry	RMB	40,000,000	70.00%	cunova GmbH	26.72%
Dalian Dashan Heavy Machinery Co. Ltd.	China	Industry	RMB	20,000,000	70.00%	cunova GmbH	26.72%
Dalian Dashan Surface Machinery Co. Ltd.	China	Industry	RMB	10,000,000	70.00%	cunova GmbH	26.72%
Dynamo Academy Srl Impresa sociale	Italy	Services	Euro	13,500	44.44%	cunova GmbH	37.70%
Dynamo The Good Company Srl Società Benefit	Italy	Sales	Euro	12,700	21.26%	Immobiliare Pictea Srl	18.03%
EM Moulds SpA	Italy	Industry	Euro	3,090,000	100.00%	Intek Investimenti SpA	38.17%
Evidal Schmoele Verwaltungsgesellschaft mbH	Germany	Not operating	Euro	30,000	50.00%	cunova GmbH	42.41%
Fossati Uno Srl	Italy	Real Estate	Euro	100,000	35.00%	KME SE	29.69%
Il Post Srl	Italy	Publishing	Euro	396,516	28.01%	Immobiliare Pictea Srl	23.76%
Immobiliare Pictea Srl	Italy	Real Estate	Euro	80,000	100.00%	Intek Investimenti SpA	84.83%
Intek Investimenti S.p.A.	Italy	Holding company	Euro	9,108,000	100.00%	KME SE	84.83%
Irish Metal Industries Ltd. In liquidation	Ireland	in liquidation	Euro	127	100.00%	KME SE	84.83%
ISNO 3 Srl in liquidazione	Italy	in liquidation	Euro	1,754,906	60.72%	KME Yorkshire Ltd.	51.51%
KM Copper Bars GmbH	Germany	Industry	Euro	25,000	100.00%	Intek Investimenti SpA	84.83%
KME Stolberg GmbH	Germany	Industry	Euro	1,000,000	100.00%	KME Mansfeld GmbH	84.83%
KME Srl	Italy	Services	Euro	115,000	100.00%	KME SE	84.83%
KME (Suisse) S.A.	Switzerland	Sales	CHF	100,000	100.00%	KME SE	84.83%
KME Yorkshire Ltd.	United Kingdom	Other	GBP	10,014,603	100.00%	KME Germany GmbH	84.83%
KME America Inc.	United States	Sales	USD	5,000	100.00%	KME SE	84.83%
KME America Marine Holding Inc.	United States	Holding company	USD	6,447,014	100.00%	KME Germany GmbH	38.17%
KME America Marine Tube and Fitting, LLC	United States	Design	USD	6,950,961	100.00%	cunova GmbH	38.17%
KME AssetCo GmbH	Germany	Other	Euro	25,001	100.00%	KME America Marine Holding Inc.	84.83%
KME France SAS	France	Other	Euro	2,932	100.00%	KME Special Products GmbH & Co. KG	84.83%
KME Germany GmbH	Germany	Industry	Euro	20,000,000	100.00%	Tréfinmetaux SAS	84.83%
KME Grundstuecksgesellschaft SE & Co. KG	Germany	Real Estate	Euro	50,000	99.00%	KME SE	84.83%
					1.00%	KME Germany GmbH	
KME India Private Ltd.	India	Sales	INR	6,500,000	99.80%	KME SE	84.83%
					0.20%	KME Special Products GmbH & Co. KG	
KME Italy SpA	Italy	Industry	Euro	44,603,903	100.00%	KME SE	84.83%
KME Magna Service Ukraine LLC	Ukraine	Sales	UAH	14,174,000	70.00%	KME SE	26.72%
KME Mansfeld GmbH	Germany	Industry	Euro	38,349,000	100.00%	cunova GmbH	84.83%
KME Metals (Shanghai) Trading Ltd.	China	Sales	USD	100,000	100.00%	KME SE	84.83%
KME Middle East FZE (L.L.)	UAE	Sales	AED	250,000	100.00%	KME SE	84.83%
KME Netherlands BV	Netherlands	Industry	Euro	34,018,000	100.00%	KME SE	84.83%
KME Rolled France SAS	France	Industry	Euro	952,000	100.00%	KME SE	84.83%
KME SE	Germany	Holding company	Euro	142,743,879	89.00%	KME Italy SpA	84.83%
KME Service Centre Slovakia s.r.o.	Slovakia	Industry	Euro	1,015,734	100.00%	KMH SpA	84.83%
KME Service Centre UK Ltd.	United Kingdom	Industry	LST	2,130,000	100.00%	KME SE	84.83%
KME Service Russland Ltd.	Russia	Services	RUB	10,286,000	70.00%	KME SE	26.72%
KME Spain S.A.U.	Spain	Sales	Euro	92,446	100.00%	cunova GmbH	84.83%
KME Special Holding GmbH	Germany	Holding company	Euro	25,000	100.00%	KME SE	84.83%
KME Special Products GmbH & Co. KG	Germany	Industry	Euro	500	100.00%	KME SE	84.83%
KMETAL Srl	Italy	Agency activities for the purchase and sale of metals	Euro	100,000	100.00%	KME SE	84.83%
KME Yorkshire Ltd.	United Kingdom	Industry	LST	10,014,603	100.00%	KME SE	84.83%
Magnet Joint Venture GmbH	Germany	Holding company	Euro	45,455	45.00%	KME SE	38.17%
Mecchld Srl	Italy	Holding company	Euro	40,000	20.00%	KME Special Products GmbH & Co. KG	16.97%
Natural Capital Italia SpA Società Benefit	Italy	Real Estate	Euro	147,500	74.58%	Intek Investimenti SpA	70.74%
					8.81%	Natural Capital Italia SpA Società Benefit	
Oasi Dynamo Società Agricola Srl	Italy	Agriculture	Euro	35,000	100.00%	Natural Capital Italia SpA Società Benefit	70.74%
Oasi Dynamo FoodCo Srl	Italy	Sale of food products	Euro	10,000	100.00%	Natural Capital Italia SpA Società Benefit	70.74%
Scent Company Srl	Italy	Sales	Euro	100,000	100.00%	Culti Milano SpA	77.17%
Serravalle Copper Tubes Srl	Italy	Industry	Euro	3,000,000	100.00%	KME SE	84.83%
Società Agricola Agrienergia Srl	Italy	Industry	Euro	20,000	51.00%	Oasi Dynamo Società Agricola Srl	36.08%
Special Steels & Alloys SE Asia Pte Ltd.	Singapore	Sales	SGD	352,088	41.32%	cunova GmbH	15.77%
Trefimetaux SAS	France	Industry	Euro	11,000,000	100.00%	KME SE	84.83%
Valika SAS	France	Trading in metals	Euro	200,000	51.00%	KME SE	43.26%

**CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO
ARTICLE 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98, AS
AMENDED AND SUPPLEMENTED**

1. Having regard to the requirements of article 154-*bis*, paragraphs 3 and 4, Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Diva Moriani, Chairwoman, and Giuseppe Mazza, Manager in charge of Financial Reporting of KME Group S.p.A., hereby certify:
 - the adequacy with respect to the characteristics of the Company and
 - the effective applicationof the administrative and accounting procedures for the preparation of the financial statements during 2024.
2. No material findings emerged in this regard.
3. Moreover, they certify that:
 - 3.1. the separate financial statements:
 - a) were prepared in accordance with the applicable set of international accounting standards endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
 - b) reflect the balances recorded in the accounting books and records;
 - c) give a true and fair view of the assets, liabilities, financial position and results of operations of the issuer;
 - 3.2. the Report on operations includes a reliable analysis of the development and performance of the business and the situation of the issuer, together with a description of the principal risks and uncertainties that it faces.

Milan, 14 April 2025

The Chairwoman

The Manager in charge of Financial
Reporting

signed Diva Moriani

signed Giuseppe Mazza

***Board of Statutory Auditors' Report to the Shareholders' Meeting
of KME Group S.p.A. on the financial statements as at 31 December 2024
pursuant to article 153 of Italian Legislative Decree 58/98 and article 2429,
paragraph 2 of the Italian Civil Code***

Dear Shareholders,

The Board of Statutory Auditors reports on the supervisory activities as required by the law (and in particular by article 153 of Italian Legislative Decree 58/98, the "Consolidated Law on Finance" or "TUF"), the rules of conduct for Boards of Statutory Auditors of listed companies issued by the Italian National Council of Chartered Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the Recommendations of CONSOB regarding corporate audits and the activities of the Board of Statutory Auditors, articles 2429 et seq. of the Italian Civil Code as well as articles 17 and 19 of Italian Legislative Decree no. 39/2010 and the indications contained in the Corporate Governance Code for listed companies with which KME Group S.p.A. (the "Company") complies as described in the "Report on Corporate Governance and Ownership Structure".

The Board of Statutory Auditors for 2024 has assessed the suitability of its members and the adequate composition of the body with reference to the requirements of professionalism, competence, integrity, correctness, independence and absence of causes of incompatibility required by law, as well as the availability of time and resources adequate to the complexity of the activities subject to supervision.

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on 22 May 2024, in accordance with the current legal, regulatory and statutory provisions, and will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2026.

The members of the Board of Statutory Auditors complied with the limit on the accumulation of offices envisaged by article 144-terdecies of the issuers' regulation.

It is hereby confirmed that the composition of the Board of Statutory Auditors in office complies with the gender diversity provisions of article 148, paragraph 1-bis of the Consolidated Law on Finance.

In view of the above, the information required by CONSOB communication no. DEM/1025564 of 6 April 2001, as amended and supplemented, is provided below.

Significant events occurred in 2024 at Group level

The most significant transactions that took place in 2024 and in the course of this year until this report was drafted are summarised below:

Delisting

In 2024, due to the economic trend, the completion of the delisting process started in 2023 was postponed, thereby delaying the reverse merger of KME Group S.p.A. into the unlisted subsidiary KMH S.p.A.

Copper sector

In this sector, as highlighted in the "2024 Report on operations" prepared by the Directors ("Report on operations" or "Financial Report"), the decline in demand in the reference markets continued in 2024 with the first signs already visible in the last quarter of 2022 and becoming more pronounced in the second half of 2023.

In order to counteract this trend, while waiting for the market to recover, all the cost-cutting actions available in the various countries in order to minimise the negative impact on profitability and the generation of financial resources of the Group.

Given the economic situation, management focused exclusively on new acquisitions that were instrumental in recovering sales volumes. In particular, during 2024, KME SE continued to implement its strategy of focusing on copper rolled products and, to this end:

- in July 2024, the acquisition of 75.76% of the share capital of Azienda Metalli Laminati S.p.A. of which the KME Group already held 24.24% was completed;
- in March 2024, a contract was signed relating to the acquisition of 100% of the shares of Blackhawk Holding GmbH, a German holding company that holds 100% of Sundwiger Messingwerk GmbH, European leader in the sectors of semi-finished bronze products and a manufacturer of semi-finished rolled brass products; transaction finalised in January 2025;
- in February 2024, a Business Combination Agreement was signed jointly with Paragon and SDCL EDGE Acquisition Corporation, a special purpose acquisition company with securities listed on the NYSE, which concerns the special products business of Cunova GmbH, company held by KME SE through an indirect

investment of 45%, and the aerospace business (KME Aerospace). The project was not implemented and alternative solutions are being considered after some changes to improve governance were proposed and then implemented in agreement with Paragon.

Cosmetics and air fresheners sector – investment in CULTI Milano S.p.A.

In 2024, CULTI Milano S.p.A. ("CULTI") and its subsidiaries recorded an increase in consolidated revenues, with total sales rising by 8.9% and EBITDA increasing by 11.9%.

At the end of the 2024, CULTI sold part of its investment in the subsidiary Bakel S.p.A., which accounted for 25.11% of the share capital. The Financial Report provides information on this transaction, which includes a possible price increase depending on the planned admission to trading on the EGM market initiated by Bakel S.p.A., which may be completed in the first half of 2025.

Other significant transactions

During the financial year, the Company promoted the additional significant transactions described below.

Partial Voluntary Public Exchange Offer on “KME Group S.p.A. 2021 – 2024” warrants (the “Warrants”)

- During January 2024, as previously announced, the Company launched a partial voluntary Public Exchange Offer concerning a maximum of 78,635,148 outstanding Warrants, for a consideration of 10 Ordinary Shares, in the portfolio of the Issuer, for every 23 Warrants tendered and, therefore, of 1 Ordinary Share, in the portfolio of the Issuer, for every 2.3 Warrants tendered (the "Warrant PEO Consideration"), for a maximum total number of 34,189,630 Ordinary Shares pursuant to the resolution of the Ordinary and Extraordinary Shareholders' Meeting of 12 June 2023, (the "Maximum Total Consideration" and, in aggregate, the "Warrant PEO" or the "Offer"). The Warrants subject to the Warrant PEO represented 94.42% of the 83,286,883 outstanding Warrants as at the Offer Document Date. The Warrant PEO was partial in nature, taking into account the limits imposed by the resolution of the Ordinary and Extraordinary Shareholders' Meeting of 12 June 2023, compared to the total number of outstanding Warrants;
- on 16 January 2024, the Company, pursuant to article 102, paragraph 3, of the Consolidated Law on Finance, filed the Offer Document at CONSOB for carrying

out the related investigation, which ended with CONSOB's approval of the Offer Document with resolution no. 23002 of 14 February 2024;

- with reference to the Warrant PEO Consideration, consisting of Ordinary Shares offered in exchange to the Warrant holders who had subscribed to the Offer, KME, by virtue of the provisions of article 1, paragraph 4, letter f) of Regulation (EU) 2017/1129 (the "Prospectus Regulation") was exempt from the obligation to publish a prospectus for the offer of the Ordinary Shares set forth in article 3, paragraph 1, of the Prospectus Regulation, having prepared and published the Exemption Document together with the Offer Document, pursuant to articles 34-ter, paragraph 2, letter a), and 36, paragraph 3 of the Issuers' Regulation, in accordance with the Prospectus Regulation itself, as subsequently supplemented by Commission Delegated Regulation (EU) no. 2021/528 of 16 December 2020;
- the Warrant PEO was held from 19 February to 8 March 2024. At the end of the offer period, a total of 76,545,610 Warrants were subscribed, representing 97.34% of the Warrants involved in the Warrant PEO and 92.07% of the outstanding Warrants at the closing date of the Offer;
- Quattrodedue S.p.A., the controlling shareholder of KME Group S.p.A., in accordance with the commitments under the investment agreement relating to the 2023 delisting transaction and in the related shareholders' agreement with Lynstone SSF Holdings II S.à r.l., tendered the Warrant PEO on all 73,680,892 Warrants it owns;
- the delivery of the Ordinary Shares to be offered as Warrant PEO Consideration took place on 15 March 2024. A total of 33,280,700 Ordinary Shares (of which 32,035,170 in favour of Quattrodedue), representing 10.70% of the ordinary share capital of KME Group S.p.A. at that date, were credited to the subscribers;
- following the Offer, 6,588,576 Warrants remained outstanding, of which 4,347,476 were subsequently exercised, resulting in the issue of 4,347,476 ordinary shares;
- as at 28 June 2024, their expiry date, all rights lapsed and therefore, to all intents and purposes invalidating the residual 2,241,100 Warrants.

Purchase of Management Warrants

- As already highlighted in the Board of Statutory Auditors' report to the Shareholders' Meeting in 2023, by resolution of the Board of Directors of 22 April

2024, after obtaining the prior opinion of the Related Party Transactions Committee in application of the *"Procedure applicable to related party transactions"* adopted by KME, agreements were resolved upon between the Company and the Executive Directors, aimed at the disposal by the latter to the Company of all the Management Warrants held by them, amounting to no. 37.5 million warrants, for a unit price of Euro 0.60 per Management Warrant and a total of Euro 22.5 million, with the right for the holders of Management Warrants to decide, by 28 June 2024, the method of payment (whether entirely in cash or partly in cash and partly in kind, with ordinary shares of the Company, or entirely in kind) by 31 December 2024;

- the Executive Directors decided to receive the consideration in the form of 5,650,000 ordinary shares, with the remainder to be paid in cash, deferring part of the settlement of the transaction until 31 December 2025;
- it should be noted that the Board of Directors and the Related Party Transactions Committee deemed the Agreements to be economically advantageous for the Company, as purchasing the warrants would prevent significant dilution of the share capital that would have resulted from converting the warrants into ordinary shares. The purchase price (Euro 0.60) was in line with that of the previous 2023 Warrant PTO, which offered warrant holders the opportunity to sell their warrants to the Company; this opportunity was denied to Management Warrant holders. The purchase of the Management Warrants at "a discount" was motivated by the same social interest that had already formed the basis of the Warrant PTO, since it had a buy-back effect that was favourable for the Company as it improved its capital and income ratios. The implicit consideration in the event of payment in kind (Euro 1.00 per share) was also the same as that considered in the Ordinary Shares PTO. At the time the Agreements were approved, the prices of the KME Group 2021/2024 Warrants and the KME Group Ordinary Shares were close to those considered;
- the purchase of the Management Warrants was approved by the Shareholders' Meeting of 22 May 2024.

Issue of the "KME Group S.p.A. 2024-2029" Bond Loan

- In view of the maturity of the "KME Group S.p.A. 2020-2025" Bond Loan in February 2025, the Board of Directors resolved on 20 May 2024 to carry out a

transaction that envisaged: (i) a full voluntary public exchange offer on 4,297,158 2020-2025 Bonds with a nominal value of Euro 21.60 per unit, the consideration being represented by 92,818,548 new KME Group S.p.A. 2024-2029 Bonds, with a nominal value of Euro 1.00 each for a total of Euro 92.8 million, and (ii) a public offer for subscription of 2024-2029 Bonds for a total of Euro 57.2 million, which can be increased to Euro 150 million based on the level of subscription to the 2020-2025 bond exchange offer;

- With reference to the 2020-2025 Bond Exchange Offer, 1,291,910 2020-2025 bonds were subscribed, with a 30% subscription rate, and, consequently, the 2020-2025 bonds still outstanding and traded on the MOT amounted to 3,005,248 bonds for a total of Euro 64.9 million;
- With reference to the subscription offer, applications were received for 56,198,624 2024-2029 Bonds, for an amount of Euro 56.2 million compared to Euro 57.2 million for the offer;
- In November, in order to complete the debt funding envisaged, a new public subscription offer of 2024-2029 bonds was launched for a total of Euro 70.5 million for which subscription applications were received for 42,494,109 2024-2029 bonds, for an amount of Euro 42.5 million;
- To allow holders of 2020-2025 bonds to benefit from the opportunity to exchange them for 2024-2029 Bonds, in November, the Company also promoted a new partial public exchange offer of Euro 45.4 million corresponding to 70% of the 2020-2025 Bonds still outstanding on that date. With reference to this new exchange offer, 560,095 2020-2025 bonds were subscribed, with a 26.9% subscription rate with consideration represented by 12,206,052 2024-2029 bonds for a total amount of Euro 12.2 million;
- therefore, as a result of the above transactions, there were 138,804,041 outstanding 2024-2029 bonds for a nominal value of Euro 138.8 million, while 2,440,153 2020-2025 bonds, with a nominal value of Euro 52.7 million, were still outstanding and traded on the MOT until 18 February 2025, their natural maturity date on which they were repaid.

Review of the agreements relating to the Senior Guaranteed and Secured Fixed Rate Notes issued by KMH S.p.A.

- In April 2025, an agreement was reached with Lynstone SSF Holdings II Sàrl, the subscriber of notes amounting to Euro 110.8 million issued by the subsidiary KMH S.p.A. in connection with the delisting transaction started in 2023, which extended its maturity date to 31 December 2027, without any change in the interest rate (15% from February 2025), providing for interim repayments of Euro 15 million in September 2025 and March 2026, Euro 45 million in March 2027, with the remaining balance due on the maturity date;
- This transaction, together with the issue of the "KME Group S.p.A. 2024-2029" Bond Loan, is functional to the goal of extending the average maturity of the Group's debt highlighted in the Report on Operations.

Internal corporate organisation

With reference to KME Group S.p.A.'s main investees, the following is summarised:

- KME SE (held directly and indirectly through KMH S.p.A.) is the parent of a global leading group in the production and marketing of semi-finished products in copper and its alloys, which focused on the Copper sector, following the transfer of control of the special products business (now headed up by the company Cunova GmbH), in which it retains a 45% interest;
- CULTI Milano S.p.A., company whose shares are listed on the EGM market, increasingly geared towards personal well-being, in addition to the consolidation of its traditional business in the environmental fragrance segment.

Continuing the corporate rationalisation process and the Parent Company's progressive focus on Copper business operations, in 2024, KME Group S.p.A. sold its investment in Intek Investimenti S.p.A., the vehicle in which the investment and private equity activities of the Company have been concentrated in the last few years, to its subsidiary KME SE.

Applied accounting standards and other information

The modification of the strategy outlined in the Annual Financial Report for the year 2022 meant the Company no longer satisfied the requisites, set forth in paragraphs 27 and 28 of IFRS 10, to qualify as an investment entity, on the basis of which the previous financial statements of the Company and of the Group had been drawn up; therefore, the financial

statements for the year ended 31 December 2024 represent the third set of financial statements in which the Company does not qualify as an investment entity.

This led, already as from 2022, to the change in the measurement criteria of investments (asset item "Investments in equity interests and fund units") for which the fair value was replaced by the criterion of cost; in this regard, the fair value at the date of loss of the qualification of investment entity represented the new cost.

The carrying amount of the investments – which represents one of the key elements of the procedures implemented by the independent auditors, particularly with regard to the investment in KME SE – was subject to impairment as required by the reference accounting standards, taking into account the provisions of IAS 36 and the recommendations of ESMA and CONSOB, and thus taking into account all potential external effects arising from the impact of ongoing conflicts and recent uncertainties in international economic markets.

For KME SE, the impairment test was carried out with the methodological support of an external consultant, identified in the company EY Advisory S.p.A., by determining the “value in use” using the discounted cash flows method (UDCF) based on of the 2025–2029 Business Plan of KME SE, prepared and approved by its administrative bodies. The terminal value was calculated by assuming the long-term EBITDA equal to the average EBITDA of the 2025-2029 Plan, with a level of amortisation corresponding to investment using a long-term growth rate "g" equal to zero (as in 2023) and a weighted average WACC discount rate based on the countries in which the companies within the scope of KME SE operate, which stands at around 9.74% (WACC of 9.91% in 2023).

Also for CULTI Milano S.p.A., the impairment test was carried out on the basis of the UDCF applied to its subsidiaries. The terminal value – 1 January 2025/31 December 2029 – was calculated using a long-term growth rate "g" equal to zero and a weighted average WACC for the various entities of 10.04% (WACC of 10.86% in 2023).

The impairment test was supported by a sensitivity analysis to understand the change in the recoverable amount due to changes in EBITDA on the terminal value and with the same growth rate of the WACC discount rate and, both in the base case and in the case of a joint deterioration of the EBITDA and WACC parameters, the impairment test has ascertained that there are no impairment losses on the investments.

In relation to the actual application of the measurement criterion of equity investments, the Board of Statutory Auditors verified, also through meetings with the management and the independent auditors, who also examined the matter with the internal support of specialists in business valuation, that the determination of the value of investments was reasonable and supported by an independent and reliable expert.

The following table summarises the results of the measurements of the investments in the 2024 financial statements, compared with their carrying amounts of the previous year:

<i>Name</i>	<i>Registered office</i>	<i>Investment held</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Difference</i>
Subsidiaries and associates					
KMH SpA	Milan	84.08%	480,000	480,000	-
KME SE	Osnabrück (D)	10.00%	58,410	58,410	-
CULTI Milano S.p.A.	Milan	77.17%	37,982	37,982	-
Intek Investimenti S.p.A.	Milan	-%	-	11,200	(11,200)
Ergyca Tracker 2 Srl	Florence	51.00%	24	24	-
Newint S.r.l.	Milan	100.00%	10	10	-
Nextep Srl Benefit Company	Milan	-%	-	6	(6)
Total subsidiaries and associates			576,426	587,632	(11,206)
Vita Società Editoriale S.p.A.	Milan		222	222	-
Total other investments			222	222	-
Investments			576,648	587,854	(11,206)

* * *

In accordance with Directive 2004/109/EC (the "Transparency Directive") amended by Directive 2013/50/EU and the Delegated Regulation (EU) 2019/815 (the "ESEF Regulation"), although the marking according to the XBRL language is provided exclusively for the consolidated financial statements, the financial statements of KME Group S.p.A. are prepared using the XHTML format.

The Shareholders' Meeting of 22 May 2024, which approved the financial statements and renewed the corporate bodies, also resolved to approve the 2024 report on the remuneration policy prepared pursuant to article 123-ter of the Consolidated Law on Finance, as well as the KME Group S.p.A. 2024-2027 share incentive plan in favour of Executive Directors of KME Group S.p.A. and KME SE. The Shareholders' Meeting also resolved to authorise the purchase, for a period of 18 months, of ordinary and savings shares as well as of warrants and management warrants and the sale of ordinary shares.

The Extraordinary Shareholders' Meeting of 22 May 2024, resolved to amend the Extraordinary Shareholders' Meeting resolution of 12 June 2023, relating to the cancellation of the ordinary treasury shares of KME Group S.p.A.

Finally, the Shareholders' Meeting was held on 17 December 2024 and resolved:

- in ordinary session, on the basis of the reasoned proposal of the Board of Statutory Auditors, to appoint KPMG S.p.A. as the independent auditors and responsible for the sustainability reporting of KME Group S.p.A. and its subsidiaries for the financial years 2025 to 2033;
- in extraordinary session, to amend article 11 of the Articles of Association (Attendance and representation at Shareholders' Meeting), introducing the possibility that: (i) where specified in the notice of call, participation in the Shareholders' Meeting and the exercise of the right to vote may be exercised exclusively through the representative appointed by the Company pursuant to article 135-undecies.1 of the TUF, to whom proxies or sub-proxies can also be granted pursuant to article 135-novies of the TUF, and (ii) the notice of call may provide for participation in the Shareholders' Meeting by means of telecommunications only.

Atypical or unusual transactions, including intra-group or related-party transactions during 2024

The Board of Statutory Auditors is not aware of any atypical or unusual transactions during the year 2024, except for the extraordinary transactions mentioned above.

Comments on ordinary related-party transactions are provided in the Notes to the financial statements and in the Report on Operations and on the above transactions subject to the prior opinion of the Related Party Transactions Committee.

The Board of Statutory Auditors also carried out its supervisory activities in this regard by participating in the meetings of the Control, Risk and Sustainability Committee in 2024 and in the first half of 2025, as well as through appropriate updates received during dedicated meetings from the Internal Audit function and from the Supervisory Board pursuant to Italian Legislative Decree 231/2001. No critical issues emerged from those meetings.

Observations or requests for information by the Independent Auditors/complaints by Shareholders pursuant to article 2408 of the Italian Civil Code/representations

In 2024 and until the date on which this report was drafted, the Board of Statutory Auditors did not receive any reports pursuant to article 2408 of the Italian Civil Code.

Duties of the independent auditors

A summary of the engagements and fees of the independent auditors Deloitte & Touche S.p.A. is provided below:

<i>(in Euro thousand)</i>	Total	<i>KME Group S.p.A.</i>	<i>Subsidiaries</i>
a) audit fees	1,487	207	1,280
b) fees for non-audit services	342	225	117
- audit services for certification purposes	342	225	117
- other fees	-	-	-
c) fees charged by firms in the Independent Auditors' network	-	-	-
Independent Auditors' fees	1,829	432	1,397

In particular, the Board of Statutory Auditors, also in its capacity as Internal Control and Audit Committee ("CCIRC"), examined the non-audit services commissioned, ensuring that they did not present any potential risks in terms of independence.

As previously indicated, in view of the expiry of the external audit entrusted to Deloitte & Touche S.p.A. with the approval of the financial statements as at 31 December 2024, the Ordinary Shareholders' Meeting on 17 December 2024 resolved, based on the reasoned proposal of the Board of Statutory Auditors – also in its capacity as CCIRC – to entrust the external audit and the sustainability reporting of KME Group S.p.A. and its subsidiaries for the 2025 to 2033 financial years to KPMG S.p.A.

Opinions issued by the Independent Auditors in compliance with legal requirements

During the 2024 financial year, no opinion was issued in accordance with the law.

Supervisory activities concerning observance of the law and the Articles of Association

The Board of Statutory Auditors has regularly attended the meetings of the Board of Directors and had regular contacts, as mentioned above, with the Internal Audit function and the Supervisory Board pursuant to Italian Legislative Decree 231/2001, as well as

with the independent auditors Deloitte & Touche S.p.A.; it also participated in all the meetings of the Control, Risk and Sustainability Committee, in addition, obviously, to continuous interaction with the Company during the year; together with the Control, Risk and Sustainability Committee, it participated in a meeting with CONSOB regarding the application of the new CSRD (Corporate Sustainability Reporting Directive), paying particular attention to topics related to stakeholder engagement. Also with regard to relations with the Supervisory Authority, the Board of Statutory Auditors was kept constantly informed by the Company of the requests received from CONSOB pursuant to articles 115 and 187-octies, paragraph 3, letter a, and of the relevant responses.

During 2024, the Board of Statutory Auditors met 10 times (7 times in 2023) and participation in the meetings by the members was 100% (as in the previous financial year).

During the current year, at the date of this report, the Board of Statutory Auditors has met 4 times, including that for the preparation of this report.

For information on the regulations and operation of the corporate bodies, see to the Report on Corporate Governance, contained in the Annual Financial Report.

In the performance of its supervisory duties, at the meetings and frequent discussions mentioned above, the Board of Statutory Auditors has:

- a) confirmed that the Company complied with its legal requirements and Articles of Association during the year;
- b) confirmed that the Company respected the principles of proper management, and that there was a satisfactory management structure and an adequate internal control system;
- c) confirmed that no information of particular relevance emerged at meetings with the Independent Auditors and the Directors, including pursuant to article 150 of the Consolidated Law on Finance;
- d) confirmed that the subsidiaries had provided the parent company with all the information required to fulfil its legal reporting requirements, and that the parent had issued appropriate instructions, also pursuant to article 114, paragraph 2 of the Consolidated Law on Finance;
- e) confirmed that the company's reporting obligations to the Supervisory Authorities had been met.

Where deemed necessary, the Board of Statutory Auditors also had contacts with the members of the Boards of Statutory Auditors of the subsidiaries, and with the persons in charge at their independent auditors.

The Company prepared and approved a Report on Corporate Governance in accordance with regulatory requirements, which this Board of Statutory Auditors has found adequate for its purposes. No instances of non-compliance with these requirements emerged in the performance of our supervisory activities.

The organisational structure of the Company appears to be adequate for its activities also for the purpose of detecting any signs of crisis of the company pursuant to article 2086 of the Italian Civil Code and articles 3 and 25 novies of Italian Legislative Decree 14/2019.

The Board of Statutory Auditors also verified:

- that the Company adhered to the Corporate Governance Code published by Borsa Italiana S.p.A.;
- that the Company established the Control, Risk and Sustainability Committee, which operated regularly throughout 2024;
- that 3 of the members of the Board are independent directors, a number which is considered adequate for the activities of the Board;
- that the Executive Directors reported to the Board the operations carried out under the delegated powers conferred on them.

In conclusion, based on the internal and external information flows acquired, the Board of Statutory Auditors has ascertained that the organisational structure, internal procedures, corporate documents and resolutions of the corporate bodies comply with the law, the provisions of the Articles of Association and the applicable regulations, as well as with the codes of conduct that the Company has declared it will comply with.

The Board of Statutory Auditors acknowledges that each of the Company's bodies and functions has fulfilled the reporting obligations required by the applicable laws.

Monitoring of compliance with the principles of proper administration

Through participation in the meetings of the Board of Directors and of the Board committees and by obtaining information from the heads of the relevant control functions, the Board of Statutory Auditors monitored compliance with the principles of proper

management and obtained from the directors, in accordance with the frequency required by law, the information required on the activities carried out by the Company and the Group of which it is the parent company, as well as on the most significant economic, financial and equity transactions approved and implemented during the financial year by the Company and the Group, also in accordance with article 150, paragraph 1, of the Consolidated Law on Finance.

Based on the information made available, the Board of Statutory Auditors can state that the transactions carried out are in accordance with the principles of proper management, comply with the law and the articles of association, and are not manifestly imprudent, rash, in conflict of interest or contrary to jeopardise the integrity of corporate assets.

Monitoring of the adequacy of the risk management

KME Group S.p.A., in its position as a holding company, is indirectly exposed to the risks relating to the investees, primarily KME SE, the Company's main subsidiary, and the economic results depend mainly on the dividends distributed by the investees.

In compliance with the CONSOB recommendation of 18 March 2022, which draws the attention of Issuers to the impact of the Russian-Ukrainian conflict, the Board points out that the KME Group S.p.A. and its subsidiaries do not have significant commercial relations with Russia and Ukraine, even in the climate of obvious uncertainty deriving from the current policy, and the impacts on the increase in prices and on the supply of raw materials could influence the trend and development prospects that are currently unforeseeable.

The business outlook will be correlated to the demand trend in KME SE's reference sectors and to the wider international macro-economic dynamics.

There also remains a possibility for KME Group S.p.A. and the group as a whole to benefit from the development of other investments or non-core activities in the copper sector, through disposal.

Monitoring of the adequacy of the organisational structure

Based on the information acquired and the information provided above, the Board of Statutory Auditors finds the organisational structure to be adequate in terms of its structure, procedures, competences and responsibilities, also considering the size and purpose of the Company.

In particular, the Board of Statutory Auditors verified, also pursuant to article 2086 of the Italian Civil Code, that the Company has an organisational structure that makes it possible to identify any situations of business crisis and positively and concretely monitored the results of that organisational structure.

There are also no findings in the report of the Internal Audit function.

During the year 2024, as stated, no issues emerged in relation to the independence of each member of the Board of Statutory Auditors or with regard to its operation.

Similarly, it has encountered no issues in neither the operation of the Board of Directors nor of the Control, Risk and Sustainability Committee.

The Independent Directors, as members of the Board of Directors, carried out their functions also with reference to the remuneration paid to the Executive Directors, given the absence of a Remuneration Committee.

Regarding the operation of the corporate bodies, and in order to avoid duplication of information, please see the Report on Corporate Governance prepared by the Directors.

Monitoring of the adequacy of the internal control system

Based on the information acquired, the Board of Statutory Auditors reports that the overall internal control, internal audit and risk management system, particularly with regard to the Control, Risk and Sustainability Committee activities, was found to be adequate:

- the Board of Directors is responsible for governing the internal control system. On the other hand, the organisational units are responsible for managing the process of identifying, measuring, managing and monitoring risks, and for defining the relevant countermeasures;
- the Internal Audit function is responsible for verifying that internal procedures are suitable for ensuring adequate containment of the Issuer's and the Group's risks, and for assisting the Group in identifying and assessing major risk exposures, including all risks that may be significant to the medium- to long-term sustainability of the company's business;
- the Manager in charge of Financial Reporting is responsible for the internal control and risk management system relating to financial reporting and, therefore, takes steps to identify and assess financial reporting risks, to identify and implement appropriate controls to mitigate the possibility of such risks materialising, and to

monitor and evaluate the effectiveness of these controls within the context of a risk management and internal control system relating to the financial reporting process;

- in line with the provisions of Italian Legislative Decree 125/2024, the Manager in charge of financial reporting is the person who, together with the delegated administrative bodies, is responsible for certifying the Sustainability Report pursuant to article 154-bis, paragraph 5-ter, of the Consolidated Law on Finance;
- the director in charge of the internal control and risk management system, in consultation with the Control, Risk and Sustainability Committee, identifies the main business risks and implements the guidelines by overseeing the design, implementation and management of the Internal Control and Risk Management System and verifying its adequacy and effectiveness.

In 2024, the Board of Statutory Auditors supervised the internal control system by holding regular meetings with the Head of Internal Audit, the Heads of other corporate functions and the Supervisory Board, and attended 6 meetings of the Control, Risk and Sustainability Committee. In this regard, it notes the following:

- from the meetings held with the Supervisory Board and the information acquired, it appears that, in 2024, the Supervisory Board focused its supervisory activities on verifying sensitive processes and reviewing the 231 organisational model, particularly in the light of the new regulations;
- through regular meetings with the Head of Internal Audit and the acquisition of information flows, the Board of Statutory Auditors monitored the audit plan and its outcomes, during both the planning phase and the analysis of the audits carried out and the related follow-ups, with particular reference to the areas covered by Italian Law 262/2005.

The Board acknowledges that the Annual reports of the control functions conclude with an overall favourable opinion on the Company's internal control structure.

Monitoring of the adequacy of the administrative-accounting system and the statutory audit of the accounts

The Board of Statutory Auditors, also as CCIRC, was in regular contact with the independent auditors Deloitte & Touche S.p.A., also evaluating the materiality thresholds adopted and the ways in which the data on subsidiaries was used.

Today, Deloitte & Touche S.p.A. issued its own report on the financial statements without any comments.

There are no issues, with particular regard to the requirement for the appointed audit firm to be independent, also on the basis of the declaration provided today by the independent auditor itself.

Today, the Independent Auditors also issued the Additional Report to the Internal control and audit committee (article 11, Regulation (EU) 537/2014).

The Board of Statutory Auditors also confirmed that the financial statements have been drafted according to the accounting standards adopted and that the notes to the financial statements indicate the valuation criteria adopted, their compliance with the corresponding accounting standards and the other information required by the applicable law.

The Board of Statutory Auditors also examined the report in which the Chairwoman and the Manager in charge of financial reporting certified that, pursuant to article 154-bis, paragraph 5-ter of the Consolidated Law on Finance, the sustainability report included in the report on operations was prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013, and Italian Legislative Decree 125/2024 with the specifications adopted pursuant to article 8, fourth paragraph of Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020.

Supervisory activities on the consolidated sustainability statement

The Board of Statutory Auditors received information from the Company and from the Independent Auditors Deloitte & Touche S.p.A. concerning the adequacy of the procedures, processes and structures for monitoring the production, reporting, measurement and representation of results and sustainability information.

In 2024, the Board of Statutory Auditors concentrated its efforts on the amendments introduced by Italian Legislative Decree 125/2024, which implements the Corporate Sustainability Reporting Directive (CSRD). Specifically, it monitored the adequacy of the organisational structures and processes and procedures implemented to represent and achieve social and environmental objectives, as well as risk management and the collection of non-financial data.

The Board of Statutory Auditors also monitored compliance with the provisions of Regulation (EU) 852 of 18 June 2020, in relation to disclosure on the European taxonomy and acknowledged the activities carried out to define the double materiality relating to the organisation's environmental impact and financial risk opportunities arising from ESG factors on the review of data collection procedures and the internal control system, and on the preparation of business policies to ensure compliance with ESG reporting obligations.

In compliance with the provisions of Italian Legislative Decree 125/2024, the Company must publish a sustainability report using the ESRS metrics required for large public-interest entities.

The Board of Statutory Auditors verified that the Board of Directors had approved the Consolidated Sustainability Statement on 14 April 2025.

In accordance with the relevant regulations, the reporting scope for 2024 was the same as that for the consolidated financial statements, and the consolidated sustainability report is contained in a specific section of the report on operations that accompanies the consolidated financial statements.

The Board of Statutory Auditors also acknowledges that the Company has considered the European Union taxonomy introduced by Regulation (EU) 2020/852 in its sustainability report.

Deloitte & Touche S.p.A. issued its report certifying the Consolidated Sustainability Statement today, the contents of which confirm what was disclosed during the information exchange.

Actual implementation of the rules on corporate governance

With regard to corporate governance and its adaptation, the Board of Statutory Auditors confirms, on the basis of the information received, that the Company has complied with the Corporate Governance Code established by Borsa Italiana S.p.A. and that no critical issues have arisen during the year.

Monitoring of relations with subsidiaries and parent companies

The Board of Statutory Auditors has received constant flows of information regarding relations with other Group companies, including through constant participation in the Control, Risk and Sustainability Committee.

The Board also collected autonomous information from the control bodies of the investees, where deemed necessary.

Monitoring of related-party transactions

With regard to related-party transactions, the Board, mainly through its participation in the Control, Risk and Sustainability Committee, was informed of related-party transactions and made no observations in this regard.

Analysis of the 2024 financial statements

The financial statements for the year ended 31 December 2024, show a loss of Euro 25,058,741, which is proposed to be covered through partial use of the same amount of the Extraordinary Reserve.

Today, the Independent Auditors issued an unreserved opinion on the financial statements.

The Chairwoman of the Company, Diva Moriani, and the Manager in charge of Financial Reporting, Giuseppe Mazza, on 14 April 2025, provided the Directors and Statutory Auditors with a written statement, also for the purposes of article 154-bis of the Consolidated Law on Finance, certifying the adequacy, for a company of this type, of the management and accounting policies for the preparation of separate and consolidated financial statements for 2024, and their compliance with international financial reporting standards.

Proposal to the Shareholders' Meeting

The Board of Statutory Auditors is of the opinion that the financial statements as at and for the year ended 31 December 2024, and the allocation of the loss for the year, as highlighted in the Annual Financial Report for the year 2024 prepared by the Board of Directors should be approved.

Milan, 24 April 2025

THE BOARD OF STATUTORY AUDITORS (with unanimous consent)

The Chairman

(signed Gianluca Cinti)

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
KME Group S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KME Group S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2024, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Santa Sofia, 28 - 20122 Milano | Capitale Sociale: Euro 10.688.930,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Impairment test for investment in KME SE

Description of the key audit matter

As indicated in the paragraph “4.1 Investments” of the explanatory notes, the financial statements as at 31 December 2024 include investments in subsidiaries amounting to € 576 million, of which € 538 million related to the controlling interest held in KME SE, also through KMH S.p.A.

This paragraph indicates that, as required by the relevant accounting standards, the Company carried out an impairment test. The impairment test was carried out by comparing the recoverable value of the investment - determined according to the value in use method - with its book value.

The main assumptions adopted by the Directors of KME Group S.p.A. to estimate the aforementioned value in use concern:

- the forecast of KME SE’s expected cash flows for the explicit period based on the Business Plan 2025 – 2029 of KME SE prepared and approved by the relevant governing bodies;
- the projections of these cash flows for the determination of the terminal value;
- the determination of the discount rate (WACC) and the long-term growth rate (g-rate).

The explanatory notes to the financial statements show that the impairment test performed not revealed any impairment of the investment in KME SE.

Considering the subjectivity of the estimate of expected cash flows and of the key variables of the valuation model adopted by the Company, as well as the relevance of the value of the investment in KME SE, also held through KMH S.p.A., the impairment test is considered to be a key aspect of the audit of the Company’s financial statements as at 31 December 2024.

Audit procedures performed

The main procedures carried out as part of our audit work, also with the support of evaluation specialists, have included the following:

- analysis, also through meetings and discussions with the Company’s management, of the model used by the Directors for the execution of the impairment test and of the relative modalities for the determination of the value of use of the investment in KME SE;

- understanding and recognition of the relevant controls put in place by the Company on the impairment test process;
- verification of the reasonableness of the main assumptions adopted for the formulation of cash flow forecasts, and the determination of the discount rate and long-term growth rate used in the valuation model;
- verification of the mathematical accuracy of the model used to determine the value in use.

We have also reviewed the completeness and compliance with IAS 36 requirements of the disclosure provided by the Company.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's 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 Company'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 modify 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of KME Group S.p.A. has appointed us on 31 May 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of KME Group S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements as at 31 December 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of KME Group S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of KME Group S.p.A. as at 31 December 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of KME Group S.p.A. as at 31 December 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Franchino
Partner

Milan, Italy
24 April 2025

As disclosed by the Directors on page 1, the accompanying financial statements of KME Group S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



Consolidated Financial Statements as at 31 December 2024

KME Group S.p.A.
Registered and Administrative Office:
Foro Buonaparte, 44 – 20121 Milan - Italy
Share Capital Euro 200,154,177.66 (fully paid up)
Tax Code and Milan Business
Register no. 00931330583
www.itkgroup.it

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated statement of financial position – Assets

<i>(in Euro thousand)</i>		<i>31 Dec 24</i>		<i>31 Dec 23</i>	
	<i>Ref. Note</i>		<i>of which related parties</i>		<i>of which related parties</i>
Property, plant and equipment	4.1	527,582		529,206	
Investment property	4.2	67,182		66,724	
Goodwill	4.3	394,445		394,833	
Intangible assets	4.4	46,222		50,430	
Investments in subsidiaries	4.5	9,023	9,023	18,126	18,126
Equity-accounted investments	4.5	6,077	6,077	13,977	13,977
Investments in other companies	4.5	4,914	-	884	-
Other non-current assets	4.6	6,413	-	4,870	-
Non-current financial assets	4.7	76,589	51,018	3,167	-
Deferred tax assets	4.22	88,224		82,751	
Total non-current assets		1,226,671		1,164,968	
Inventories	4.8	400,583		374,179	
Trade receivables	4.9	59,079	23,224	55,158	10,978
Current financial assets	4.10	79,596	30,140	94,284	69,974
Other receivables and current assets	4.11	21,156	87	26,465	243
Cash and cash equivalents	4.12	181,242		118,609	
Total current assets		741,656		668,695	
Non-current assets held for sale	4.13	11,947		11,947	
Total Assets		1,980,274		1,845,610	

The notes are an integral part of these consolidated financial statements.

Details of related party transactions are disclosed in the descriptions of the relevant explanatory notes.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated statement of financial position – Liabilities

<i>(in Euro thousand)</i>	<i>Ref. Note</i>	<i>31 Dec 24</i>	<i>of which related parties</i>	<i>31 Dec 23</i>	<i>of which related parties</i>
Share capital		200,154		200,105	
Other reserves		138,679		244,287	
Treasury shares		(48,439)		(126,834)	
Retained earnings/(accumulated losses)		(6,066)		20,069	
Other comprehensive income reserve		(2,172)		(614)	
Profit/(loss) for the year		(64,882)		(40,335)	
Equity attributable to the shareholders of the Parent company		217,274		296,678	
Non-controlling interests		53,056		62,137	
Total Group equity	4.14	270,330		358,815	
Employee benefits	4.15	116,674		126,639	
Deferred tax liabilities	4.22	106,641		107,496	
Non-current financial payables and liabilities	4.16	176,790		223,916	
Bonds	4.17	198,954		230,710	
Other non-current liabilities	4.18	2,099		1,489	
Provisions for risks and charges	4.19	5,177		6,168	
Total non-current liabilities		606,335		696,418	
Current financial payables and liabilities	4.16	252,332	563	127,286	
Trade payables	4.20	717,452	35,350	551,180	45,514
Other current liabilities	4.21	122,473	14,616	95,790	127
Provisions for risks and charges	4.18	11,352		16,121	
Total current liabilities		1,103,609		790,377	
Liabilities directly associated to assets held for sale		-		-	
Total liabilities and equity		1,980,274		1,845,610	

The notes are an integral part of these consolidated financial statements.

Details of related party transactions are disclosed in the descriptions of the relevant explanatory notes.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated income statement and statement of comprehensive income

<i>(in Euro thousand)</i>	<i>Ref. Note</i>	<i>2024</i>	<i>of which related parties</i>	<i>2023</i>	<i>of which related parties</i>
Revenues from sales and services	5.1	1,565,438	2	1,880,532	194,241
Change in inventories of finished and semi-finished products		338		(876)	
Own work capitalised		2,171		1,463	
Other income	5.2	60,917	70	25,411	78
Purchases and change in raw materials		(1,092,501)	-	(1,317,919)	(108,721)
Labour cost	5.3	(226,788)	(823)	(234,083)	(2,132)
Depreciation, amortisation, impairment and write-downs		(48,254)	-	(57,562)	-
Other operating costs	5.4	(240,340)	(2,589)	(264,124)	(5,361)
Operating profit/(loss)		20,981		32,842	
Financial income		23,074	2,766	14,698	5,091
Financial expense		(102,487)	(49)	(85,649)	(1,313)
<i>Net financial expense</i>	5.5	<i>(79,413)</i>		<i>(70,951)</i>	
Result of investments	5.6	(10,454)	(10,034)	(8,388)	(8,388)
Profit/(loss) before taxes		(68,886)		(46,497)	
Current taxes		(5,526)		(7,384)	
Deferred taxes		3,501		7,402	
Total income taxes	5.7	(2,025)		18	
Result from continuing operations		(70,911)		(46,479)	
Profit (loss) from discontinued operations		-		-	
Net result for the year		(70,911)		(46,479)	
Other comprehensive income:					
<i>Measurement of employee defined benefits</i>		<i>(2,215)</i>		<i>(4,734)</i>	
<i>Taxes on other comprehensive income</i>		<i>(306)</i>		<i>1,752</i>	
<i>Fair value measurements</i>		<i>-</i>		<i>(9,700)</i>	
Items that will not be reclassified to profit or loss		(2,521)		(12,682)	
<i>Foreign currency translation gains/(losses)</i>		<i>1,121</i>		<i>(1,572)</i>	
<i>Net change in cash flow hedge reserve</i>		<i>(522)</i>		<i>(151)</i>	
<i>Taxes on other comprehensive income</i>		<i>58</i>		<i>64</i>	
Items that may be reclassified to profit or loss		657		(1,659)	
Total other comprehensive income, net of tax effect		(1,864)		(14,341)	
Total OCI for the year		(72,775)		(60,820)	
<i>Net profit (loss) for the period attributable to:</i>					
- non-controlling interests		(6,029)		(6,144)	
- shareholders of the parent company		(64,882)		(40,335)	
Net result for the year		(70,911)		(46,479)	
Total comprehensive income attributable to:					
- non-controlling interests		(6,311)		(6,677)	
- shareholders of the parent company		(66,464)		(54,143)	
Total OCI for the year		(72,775)		(60,820)	
Earnings per share (in Euro)					
Basic earnings/(loss) per share		(0.2922)		(0.1409)	
Diluted earnings/(loss) per share		(0.2284)		(0.0878)	

The notes are an integral part of these consolidated financial statements.

Details of related party transactions are disclosed in the descriptions of the relevant explanatory notes.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated Statement of changes in equity as at 31 December 2024

<i>(in Euro thousand)</i>	<i>Share capital</i>	<i>Other reserves</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Other comprehensive income reserve</i>	<i>Net result</i>	<i>Total equity attributable to the shareholders of the Parent company</i>	<i>Non-controlling interests</i>	<i>Total Group equity</i>
Equity as at 31 December 2023	200,105	244,287	(126,834)	20,069	(614)	(40,335)	296,678	62,137	358,815
Allocation of prior year's result	-	(14,548)	-	(25,821)	-	40,335	(34)	-	(34)
Purchase of treasury shares and warrants	-	(16,850)	-	-	-	-	(16,850)	-	(16,850)
Cancellation of savings treasury shares and warrants	-	(78,395)	78,395	-	-	-	-	-	-
Exercise of Parent Company Warrants	49	1,789	-	-	-	-	1,838	-	1,838
<i>Warrant management</i>	-	1,939	-	-	-	-	1,939	-	1,939
Other movements ⁽¹⁾	-	457	-	(314)	24	-	167	(2,770)	(2,603)
Comprehensive income items	-	-	-	-	(1,582)	-	(1,582)	(282)	(1,864)
Net result	-	-	-	-	-	(64,882)	(64,882)	(6,029)	(70,911)
Total comprehensive income	-	-	-	-	(1,582)	(64,882)	(66,464)	(6,311)	(72,775)
Equity as at 31 December 2024	200,154	138,679	(48,439)	(6,066)	(2,172)	(64,882)	217,274	53,056	270,330
Reclassification of treasury shares	(48,439)	-	48,439	-	-	-	-	-	-
Equity as at 31 December 2024	151,715	138,679	-	(6,066)	(2,172)	(64,882)	217,274	53,056	270,330

As at 31 December 2024 the Company held 53,243,219 ordinary treasury shares without par value. All the shares were then fully reclassified as a deduction from share capital.

(1) Other movements are mainly due to changes in the scope of consolidation.

The notes are an integral part of these consolidated financial statements.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated Statement of changes in equity as at 31 December 2023

<i>(in Euro thousand)</i>	<i>Share capital</i>	<i>Other reserves</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Other comprehensive income reserve</i>	<i>Net result</i>	<i>Total equity attributable to the shareholders of the Parent company</i>	<i>Non-controlling interests</i>	<i>Total Group equity</i>
Equity as at 31 December 2022	200,070	287,267	(2,133)	1,143	13,188	35,456	534,991	34,546	569,537
Allocation of prior year's result	-	258	-	31,851	-	(35,456)	(3,347)	(763)	(4,110)
Purchase of treasury shares and warrants	-	(6,710)	(165,021)	-	-	-	(171,731)	-	(171,731)
Cancellation of savings treasury shares and warrants	-	(40,320)	40,320	-	-	-	-	-	-
Exercise of Parent Company Warrants	35	1,490	-	-	-	-	1,525	-	1,525
<i>Warrant management</i>	-	1,046	-	-	-	-	1,046	-	1,046
Other movements	-	1,267	-	(12,925)	(5)	-	(11,663)	35,031	23,368
Comprehensive income items	-	(11)	-	-	(13,797)	-	(13,808)	(533)	(14,341)
Net result	-	-	-	-	-	(40,335)	(40,335)	(6,144)	(46,479)
Total comprehensive income	-	(11)	-	-	(13,797)	(40,335)	(54,143)	(6,677)	(60,820)
Equity as at 31 December 2023	200,105	244,287	(126,834)	20,069	(614)	(40,335)	296,678	62,137	358,815
Reclassification of treasury shares	(126,834)	-	126,834	-	-	-	-	-	-
Equity as at 31 December 2023	73,271	244,287	-	20,069	(614)	(40,335)	296,678	62,137	358,815

As at 31 December 2023 the Company held 131,638,439 ordinary treasury shares without par value. All the shares were then fully reclassified as a deduction from share capital.

The purchase and cancellation of treasury shares and warrants relate to the Public Exchange Offers promoted in June 2023 and concluded in October 2023: based on the final results, in execution of the resolution of the Extraordinary Shareholders' Meeting of 12 June 2023, the savings shares and warrants subscribed were cancelled without any capital reduction, which resulted in an automatic increase in the "implicit accounting parity" of the residual shares.

The notes are an integral part of these consolidated financial statements.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Consolidated statement of cash flows – indirect method

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
(A) Cash and cash equivalents at the beginning of the year	118,609	128,844
Profit (loss) before tax	(68,886)	(46,497)
Amortisation, depreciation, impairment and write-downs	48,254	57,562
Change in inventories	(19,766)	75,443
Change in trade receivables	3,218	26,694
Change in trade payables	88,561	(132,440)
Change in provisions for personnel, provisions for risks and charges	(20,279)	(9,329)
Change in other assets and liabilities	92,713	59,481
Changes in fair value of derivatives	(7,801)	(1,697)
Result from equity accounted investments	10,974	8,388
Financial result (without currency and fair value effects)	57,734	56,539
Income taxes	(13,672)	(13,184)
Other non-monetary changes	(32,390)	5,623
(B) Cash flow from operating activities	138,660	86,583
(Increases) in non-current property, plant and equipment and intangible assets	(11,634)	(1,077)
Decreases in non-current property, plant and equipment and intangible assets	(26,983)	(28,773)
Change in other non-current assets/liabilities	(1,100)	19
Change in investments	(14,373)	34,766
Interest received	9,406	6,631
Dividends received	420	-
(C) Cash flow from investing activities	(44,264)	11,566
Changes in equity against payment	1,838	(115,897)
Dividends paid	(34)	(3,346)
Change in current and non-current financial payables	117,038	102,980
Change in current and non-current financial receivables	(63,611)	(14,090)
Interest payments	(65,023)	(42,381)
Other financial payments	(23,934)	(37,569)
(D) Cash flow from financing activities	(33,726)	(110,303)
(E) Change in cash and cash equivalents	60,670	(12,154)
(F) Changes in consolidated scope and reclassification ex IFRS 5	1,866	1,888
(G) Exchange rate-related changes in cash and cash equivalents	97	31
(H) Cash and cash equivalents at the end of the year	181,242	118,609

The notes are an integral part of these consolidated financial statements.

KME Group SpA – Consolidated financial statements as at 31 December 2024

Notes to the 2024 Consolidated Financial Statements

1. General information

KME Group is a Joint-Stock Company (Società per Azioni) registered in Italy with the Milan Companies Register under no. 00931330583 and its shares are listed on the *Euronext Milan* market organised and managed by Borsa Italiana S.p.A.

The consolidated financial statements as at 31 December 2024, (the "Financial Statements") were approved by the Board of Directors on 14 April 2025 and will be published in accordance with the legal and regulatory requirements.

Although a subsidiary of Quattrodue S.p.A., KME Group S.p.A. is not subject to management and coordination, as set forth in articles 2497 et seq. of the Italian Civil Code and article 37 of the Markets Regulation, insofar as that:

- it has autonomous powers of negotiation with respect to contractual arrangements with customers and suppliers;
- it does not participate in any centralised treasury arrangements operated by the parent or any other company under the parent's control;
- the number of independent directors (usually 3 out of 10) is such as to ensure that their opinion has a material influence on board decisions.

2. Accounting policies

2.1. Drafting criteria

The consolidated financial statements as at 31 December 2024 (the "Consolidated Financial Statements") were drafted pursuant to Article 154-ter of Italian Legislative Decree 58/1998 and are compliant with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure as set out in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002, as well as with the provisions issued in implementation of article 9 of Italian Legislative Decree 38/2005.

For the purposes of these Consolidated Financial Statements, financial statement data with uniform and consistent accounting standards have been used.

The consolidated financial statements as at 31 December 2024 are composed of the consolidated statement of financial position, the consolidated income statement and the statement of other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, as well as the Notes thereto. Assets and liabilities to be realised or settled within twelve months from the reporting date or held primarily for trading are classified as current; the consolidated income statement is prepared according to the cost-by-nature method.

The consolidated financial statements and the notes thereto include, besides the amounts relating to the reference year, the corresponding comparative data relating to the previous year.

For the composition of the Group as at 31 December 2024 reference should be made to the paragraph "Consolidation principles".

These Consolidated Financial Statements were prepared on a going concern basis, in accordance with IAS 1, in compliance with the financial covenants, in consideration of the financial commitments of the Group, which may be covered by resources deriving from the possible disposal of investments and other non-strategic assets in the copper sector, in addition to the cash flows provided for in the business plan for the copper sector approved for the period 2025 to 2029, reinforced by further initiatives already implemented in the first few months of 2025. When assessing the applicability of the going concern assumption, the Directors also considered the uncertainties related to the achievement of the expected results in the current macroeconomic and political scenario influenced by the ongoing conflict between Russia and Ukraine, the Arab-Israeli conflict

in the Middle East and other international tensions, including political and military tensions between China and the US, which continue to impact global economic prospects.

In preparing the Consolidated Financial Statements, the Directors have applied the concepts of accrual accounting, clarity, significance, materiality, reliability, neutrality, prudence and comparability and applied accounting policies consistent with those used for the consolidated financial statements as at 31 December 2023, to which reference should be made for their description, except for the accounting standards that entered into force on 1 January 2024 listed below (paragraph 2.8), whose application, nonetheless, had no significant effects.

The Group has not yet applied the accounting standards listed in the paragraphs below (paragraph 2.9) which, albeit already issued by the IASB, will become effective after the reference date of these consolidated financial statements or have not yet completed the process of endorsement by the European Union.

Events and transactions affecting the Company are recognised and presented with respect to their economic substance rather than legal form.

Specific notes contained in the *Report on Operations* disclose the content and meaning of the non-IFRS alternative performance indicators, where applicable, in compliance with CESR recommendation 05 – 178b published on 3 November 2005.

These Consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company and all the main consolidated subsidiaries. The tables and data in the notes are reported in thousands of Euro, unless otherwise indicated.

Furthermore, the interpretative and support documents for the application of the accounting standards issued by the Italian international regulatory and supervisory bodies and standard setters (CONSOB attention calls and public statements issued by ESMA) were taken into account in the preparation of these Consolidated Financial Statements, also in the context resulting from the ongoing conflict between Russia and Ukraine and between Israel and Palestine.

ESMA – European common enforcement priorities for 2024 corporate reporting

ESMA's Public Statement of 24 October 2024 reiterates, inter alia, certain recommendations on the preparation of financial statements and related disclosures. In particular, it drew attention to:

1. the aspects related to liquidity risk: ESMA emphasises the importance of (i) applying the new requirements set out in IAS 7 Statement of Cash Flow in relation to Supplier Finance Arrangements (SFAs), (ii) classifying non-current liabilities subject to covenants, and (iii) correctly presenting the Cash Flow Statement. The Group considered these aspects and believes that the information provided is in line with ESMA's requests;

2. climate-related aspects, to which ESMA (i) emphasised the importance of consistency and connection between information on climate-related risks and opportunities provided in financial statements and information included in sustainability reporting, (ii) recommended including them in the assumptions used in the impairment test process, and (iii) drew the attention of the issuers to the advisability of reporting climate-related information in a specific note in the financial statements or including specific references to the notes in which such information is disclosed. The Group believes that it has complied with the above requests;

3. the recommendations on the preparation of the financial statements in the ESEF format, the Group considered these aspects to be relevant and disclosed them in these consolidated financial statements (please refer to the following paragraph with regard to the "ESEF Regulation").

The single electronic communication format for the preparation of annual financial reports

Directive 2004/109/EC (the "Transparency Directive") amended by Directive 2013/50/EU and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation") introduced the obligation for issuers of securities listed on the regulated markets of the European Union to prepare the annual financial report in the *eXtensible Hypertext Markup Language* ("XHTML"), based on the single electronic communication format ESEF ("European Single Electronic Format"), approved by ESMA. This is in order to make the annual financial reports readable by both human users and automatic devices and to improve the comparability and analysis of the information included in the annual financial reports.

Therefore, from the financial year started on 1 January 2021, the annual financial report was expected to be prepared and published in XHTML format using the Inline Extensible Business Reporting Language ("iXBRL"), only for the marking of the consolidated financial statements. Furthermore, from the financial year started on 1 January 2022, the issuers are also required to mark the information contained in the notes to the consolidated financial statements.

The document in PDF format does not constitute fulfilment of the obligations deriving from the Transparency Directive and the ESEF Regulation for which a specific XHTML format has been developed. The filings of the entire document at the competent offices and institutions are made in accordance with the law.

As mentioned above, on 25 October 2024, ESMA published the document "European common enforcement priorities for 2024 corporate reporting" in which the application of the ESEF Regulation was recalled.

2.2. Events occurred after the reporting period

With regard to a description of significant events occurring after the end of the year, please refer to the *Report on Operations*.

2.3. Basis of presentation

With reference to the consolidated financial statement layouts, there are no changes compared to those presented in the 2023 annual financial report.

2.4. Consolidation principles

The consolidated financial statements as at 31 December 2024 reflect the consolidation of the Parent Company and the companies directly and indirectly controlled, jointly controlled or associates.

The assets and liabilities which are expected to be disposed of are reclassified under the assets and liabilities items intended to highlight these cases and its economic effects are shown in a separate item in the income statement.

Subsidiaries

Subsidiaries are all companies over which the Parent Company simultaneously has:

- power, i.e. it holds legitimate rights that bestow upon it the actual capacity to manage *core business activities*, i.e. activities that have a significant effect on returns;
- exposure or rights to variable returns arising from relations with the company;
- the ability to exercise its power to affect the amount of its returns.

The assets, liabilities, income and expenses of the subsidiaries consolidated on a line-by-line basis are recognised in the consolidated financial statements at their full value; the carrying amount of the investments is eliminated by offsetting it against the underlying interest in the respective equity, and the individual assets and liabilities are measured at their fair value at the date when control of the investee was established. Any difference, if positive, is recognised under the asset item "Goodwill"; if negative, in the income statement. The portion of equity and profit (loss) attributable to Non-controlling interests is recognised under the relevant items. After initial recognition, "goodwill" is measured according to the provisions of *IAS 36 – Impairment of Assets*.

Insignificant subsidiaries and companies whose consolidation does not produce substantial effects are excluded from the scope of consolidation. However, the effects of these exclusions are immaterial and therefore their omission does not influence the economic decisions of the users of these Consolidated Financial Statements.

Unrealised profits on intra-group transactions, if material, are derecognised. Receivables, payables, income, expenses, guarantees, commitments and contingencies in connection with transactions among consolidated companies are also derecognised. Intra-group losses are not derecognised as they are deemed to

represent an impairment loss on the asset sold. All financial statements of subsidiaries, if necessary, have been adjusted to ensure consistency of accounting policies and measurement standards with those of the Group.

In the case of the sale or transfer of an investee, the deconsolidation is accounted for from the date of effective loss of control.

In the case of the transfer of a subsidiary to a jointly-controlled or associate, the profit or loss from the loss of control is recognised in the income statement, as provided for by IFRS 10, paragraph 25. In this case, it:

- a) derecognises the assets and liabilities of the former subsidiary from the consolidated statement of financial position;
- b) recognises any investment retained in the former subsidiary at the corresponding fair value on the date the control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRS. This fair value becomes the basis for the next posting of the investment;
- c) recognises the gain or loss associated with the loss of control attributable to the former controlling interest;
- d) reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRS, the amounts previously recognised in other comprehensive income in relation to the former subsidiary.

Scope of consolidation

The following table lists the companies consolidated on a line-by-line basis as at 31 December 2024, indicating their changes compared to 31 December 2023:

Name	Registered office	Currency	% ownership	
			direct	indirect
KME Group S.p.A.	Italy	Euro	Parent company	
KME SE	Germany	Euro	10.00%	74.83%
KMH SpA	Italy	Euro	84.08%	
CULTI Milano S.p.A.	Italy	Euro	87.64%	
Azienda Laminati Metalli SpA	Italy	Euro		84.83%
Bertram's GmbH	Germany	Euro		84.83%
CULTI Milano Asia Ltd.	Hong Kong	HKD		52.58%
Blitz F-24 518 GmbH	Germany	Euro		84.83%
Blitz F-24 519 GmbH	Germany	Euro		84.83%
CULTI Milano China Ltd.	China	RMB		52.58%
Immobiliare Pictea S.r.l.	Italy	Euro		84.83%
Intek Investimenti S.p.A.	Italy	Euro		84.83%
KM Copper Bars GmbH	Germany	Euro		84.83%
KME AssetCo GmbH	Germany	Euro		84.83%
KME France	France	Euro		84.83%
KME Germany GmbH	Germany	Euro		84.83%
KME Grundstücksgesellschaft SE & Co. KG	Germany	Euro		84.83%
KME Italy S.p.A.	Italy	Euro		84.83%
KME Mansfeld GmbH	Germany	Euro		84.83%
KME Netherlands B.V.	Netherlands	Euro		84.83%
KME Rolled France S.A.S.	France	Euro		84.83%
KME S.r.l.	Italy	Euro		84.83%
KME Service Centre Slovakia s.r.o.	Slovakia	Euro		84.83%
KME Service Centre UK Ltd	Great Britain	GBP		84.83%
KME Spain S.A.U.	Spain	Euro		84.83%
KME Special Holding GmbH	Germany	Euro		84.83%
KME Special Products GmbH & Co. KG	Germany	Euro		84.83%
KME Stolberg	Germany	Euro		84.83%
KME Yorkshire Ltd.	Great Britain	GBP		84.83%
KMETAL S.p.A.	Italy	Euro		84.83%
Natural Capital Italia S.p.A. Benefit Company	Italy	Euro		63.28%
Scent Company S.r.l.	Italy	Euro		87.64%
Serravalle Copper Tubes Srl	Italy	Euro		84.83%
Trefimetaux SAS	France	Euro		84.83%
Valika S.A.S.	France	Euro		43.26%

Note 1: Azienda Metalli Laminati is a new subsidiary of the Group that was formed when KME Italy SpA acquired 75.80% of the company's share capital. As at 31 December 2024, the group holds 100% of the company's share capital. As at 31 December 2023, the company was an associate because the group held a 24.20% stake through KME Mansfeld GmbH.

Note 2: In December 2024, Culti Milano SpA sold 25.11% of its investment in Bakel SpA (formerly Bakel Srl), so Bakel SpA and its subsidiary Bakel Inc were removed from the scope of consolidation and the residual investment in Bakel SpA was recognised under investments in other companies and measured at fair value.

Note 3: Service Centre Italy SpA was merged by incorporation into the parent company KME Italy SpA.

Note 4: Blitz F-24 518 GmbH and Blitz F-24 519 GmbH are newly established companies.

Intek Investimenti SpA was also added to the line-by-line scope of consolidation following the sale by KME Group to KME SE for internal reorganisation reasons. Until 31 December 2023, Intek Investimenti SpA was consolidated at cost as it was considered that the effect on the consolidated financial statements would have been immaterial for financial reporting in that approximately 0.6% of the "Total Assets" of the

consolidated financial statements as at 31 December 2023 were represented for the most part by non-controlling interests due to be merged – also in view of their line-by-line consolidation – into the item “Investments”. The first consolidation, through the sub-consolidated KME SE, entailed the recognition in equity of a positive reserve for Euro 982 thousand, equal to the difference between the carrying amount of the company and its fair value at the time of disposal. This fair value, in consideration of the composition of the net assets of the company, represented mostly by a portfolio of non-controlling interests that has not recorded significant changes in the last two years, is believed to be a good approximation of the fair value of the company at the date that KME ceased to be an investment entity (22 April 2022). Therefore, even if the company had been included in the scope of consolidation from 22 April 2022, the present value of its net assets in the consolidated financial statements would not have been significantly different from the value recognised.

In addition to the above, there have been no other changes of interest within the Group that have affected the scope of consolidation. As a result of the above, as at 31 December 2024 the number of companies included in the scope of consolidation was 35, compared to 34 at the end of 2023.

Given the above, in the tables of the notes to the financial statements, where highlighted:

- “Change in the scope of consolidation” refers to the entry into the scope of consolidation of Azienda Laminati Metalli SpA, Blitz F-24 518 GmbH, Blitz F-24 519 GmbH, in addition to Intek Investimenti SpA and the exit of Bakel SpA and by Bakel Inc.

Some subsidiaries are not included in the scope of consolidation as the effect in the Consolidated Financial Statements would be immaterial for financial reporting.

With reference to the controlled entities, in terms of significance, the main subsidiary is KME SE, based in Germany, parent company of the KME SE group, a European industrial group and global leader in the production and marketing of copper and copper alloy products. The KME SE Group is composed of several production sites in Germany, Italy, France and Spain and is also represented worldwide by a vast network of commercial companies, agents and service centres to meet the needs of customers in the main industrial sectors.

The consolidation was carried out starting from the sub-consolidated financial statements of KME SE and CULTI Milano, whose data in these Consolidated Financial Statements are represented as the KME SE group and the CULTI group.

Azienda Laminati Metalli

The price paid for the purchase of 75.80% of Azienda Laminati Metalli SpA was Euro 7.5 million, compared with a fair value of the net assets acquired of Euro 9.9 million. The fair value of the acquisition also resulted in the recognition of a capital gain of Euro 2.4 million on the investment already held by KME Mansfeld GmbH. The assets and liabilities recognised as at 31 July 2024 are as follows:

<i>(in Euro thousand)</i>	<i>31 Jul 24</i>
Property, plant and equipment	18,016
Intangible assets	2,948
Investments	1
Deferred tax assets	757
Inventories	6,348
Trade receivables	7,094
Current financial assets	582
Other receivables and current assets	1,722
Cash and cash equivalents	662
Total Assets	38,130
Employee benefits	739
Deferred tax liabilities	1,523
Non-current financial payables and liabilities	2,528
Other liabilities	1,600
Current financial payables and liabilities	14,072
Trade payables	4,532
Other liabilities	3,236
Total Liabilities	28,230
Net Assets (Liabilities)	9,900

Associated entities

The associates are all companies over which the Group exercises significant influence but not control. Significant influence is presumed when the Group holds 20% or more of voting rights at shareholders' meetings of the investee. Investments in associates are consolidated using the equity method. With the equity method, the investment is initially recognised at cost and subsequently adjusted to record the share due to the parent company in the profits or losses accrued after the acquisition date and/or any loss of value. The dividends received reduce the carrying amount of the investment.

Name	Registered office	Currency	% ownership	
			direct	indirect
Dynamo Academy S.r.l. Impresa Sociale	Italy	Euro		37.26%

As previously indicated, compared to December 2023, Azienda Metalli Laminati S.p.A., following the acquisition of 75.76% of its share capital by KME Italy, is no longer considered an associate but is consolidated line-by-line.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity. Joint ventures are consolidated using the equity method as required by IFRS 11 paragraph 24.

Name	Registered office	Currency	% ownership	
			direct	indirect
Magnet Joint Venture GmbH	Germany	Euro		37.73%

The entity Magnet Joint Venture GmbH relates to the Special Products business, control of which (55%) was sold by KME SE to Paragon, with effective date as of 31 January 2022.

2.5. Foreign currency transactions

Functional currency of the Group

As already specified above, all amounts are expressed in Euro which also represents the functional currency of the Parent Company.

Translation of financial statements into non-Euro currencies

The financial statements of the consolidated entities that are expressed in foreign currencies have been translated into Euro by applying the average exchange rates for the year to the individual items of the income statement and the prevailing exchange rates at the closing date of said financial statements to those of the statement of financial position.

The exchange rates used for foreign currency translation are as follows:

	31/12/2024	31/12/2023	01-12/2024	01-12/2023
	Closing rate	Closing rate	Average rate	Average rate
GBP - Pound sterling	0.8293	0.8689	0.8466	0.8764
RMB - Chinese yuan	7.5833	7.4705	7.7875	7.3417
HKD - Hong Kong dollar	8.0686	8.5301	8.4454	8.4107
USD - US dollar	1.0394	1.1051	1.0821	1.0841

The difference between the profit for the year as resulting from the conversion of the average exchange rates for the year and that resulting from the conversion based on the exchange rates at the end of December 2024, pertaining to these Consolidated Financial Statements, is included in "Other reserves" and in "Equity" respectively for the part pertaining to the Group and non-controlling interests.

2.6. Accounting standards adopted

Property, plant and equipment

Owned operating assets

Property, plant and equipment are recorded at purchase or production cost, including directly attributable costs, and are shown net of accumulated depreciation and any impairment losses determined in accordance with the methods set out below. Any item of property, plant and equipment consisting of different components with varying useful lives is accounted for separately.

Property, plant and equipment are measured at cost, net of accumulated depreciation and impairment, with the exception of land which is not depreciated and is carried at cost net of accumulated impairment.

Ordinary maintenance costs are charged to the year they are incurred, while the costs to replace parts of fixed assets and extraordinary maintenance costs are capitalised when it is probable that future measurable

economic benefits will arise from them. Financial expense relating to the purchase of property, plant and equipment have been capitalised in compliance with IAS 23.

Depreciation is accounted for starting from the month in which the asset becomes available for use, or when it is potentially able to provide the economic benefits associated with it. Depreciation is recognised monthly on a straight-line basis until the end of the useful life of the relevant asset or, in the event of disposal, until the last month of use.

The useful life is constantly checked taking into account any changes in the frequency of use of the assets and any changes in depreciation plans are applied prospectively.

Depreciation is calculated based on the following useful lives:

Buildings	from 25 to 50 years
Plant and equipment	from 10 to 40 years
Other equipment	from 5 to 15 years

At the time of disposal, the cost and the corresponding accumulated depreciation are eliminated; any gains or losses are recorded in the income statement.

Leased assets

A contract, or part of it, is classified as a lease if, in exchange for consideration, it gives the right to control the use of a specific asset for a period of time, therefore, if throughout the entire period of use of the asset both of the following rights will be enjoyed:

- the right to substantially obtain all economic benefits deriving from the use of the asset;
- the right to decide on the use of the asset.

If there is a modification of the terms and conditions of the contract, a new assessment will be performed to determine whether the contract is or contains a lease.

The Group does not apply these rules to:

- leases of intangible assets;
- short-term leases (duration of equal to or less than 12 months).

All the leases in which the underlying asset is not of modest value (asset with a unit value of equal to or lower than Euro 5,000), fall within the application of the right-of-use calculation model.

Once it is verified whether a contract is a lease, at the start date of the contract, the right-of-use asset and the lease liability are recognised.

The right-of-use asset is initially valued at cost, which includes:

- the amount of the initial valuation of the lease liability;
- the payments due for the lease made at or before the start date net of lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of costs that will need to be incurred for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset to the conditions set forth in the terms and conditions of the lease.

The initial valuation of the lease liability is based on the present value of payments due for the lease not paid at that date. The payments due for the lease are discounted using the rate of financing deemed most representative of the cost of money.

Every lease component is recognised as a lease, separated from the non-lease components.

The duration of the lease is determined as the non-cancellable period of the lease, in addition to both of the following periods:

- periods covered by a lease extension option, if there is reasonable certainty that the option will be exercised; and

- periods covered by the lease termination option, if there is reasonable certainty that the option will not be exercised.

If there is a change in the non-cancellable period of the lease, the duration of the lease will be redetermined.

After the date of initial recognition, the asset is valued by applying the cost model. The right-of-use assets is then amortised on a straight-line basis from commencement date to the end of the lease term.

After the commencement date, the lease liability is valued:

- by increasing the carrying amount to take into account interest on the lease liability;
- by decreasing the carrying amount to take into account the payments made for the lease;
- by redetermining the carrying amount to take into account any new valuations or modifications of the lease or the revision of payments due for the lease.

The interest on the lease liability and the variable payments due for the lease, not included in the valuation of the lease liability, are recognised in the income statement for the year in which the event or circumstance that triggered the payments takes place.

In the financial statements, right-of-use assets are shown separately from other assets, lease liabilities separately from other financial liabilities, and interest expense on the lease liability is recognised as financial expense and separately from depreciation on the right-of-use asset.

Impairment of fixed assets

Property, plant and equipment are tested for impairment whenever there is specific objective evidence thereof ("Impairment test"). The test involves estimating the recoverable amount of the asset, defined as the higher of net selling price and value in use, compared to its carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is determined by discounting projected cash flows at a pre-tax discount rate that reflects current market estimates of the time value of money and the risks associated with the relevant asset. To the extent that the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount with the difference either being recognised in the income statement or in a revaluation reserve previously created on the revaluation of the relevant asset. Subsequent revaluations are treated in the opposite way.

Investment property

These are properties that are not used in the production or supply of goods or administrative purposes by the Group but rather land and buildings held to obtain lease payments and/or for the appreciation of the invested capital. Measurement of such property follows the fair value model with any subsequent changes recognised in the income statement, and are consequently not systematically depreciated.

For determination of the fair value, reference is made to a specific value, mainly provided through external appraisals carried out by independent third parties who possess recognised professional qualifications and have experience in the specific type of properties. These appraisals are based on the value per square meter for example as estimated based on assessments made by the land registry office for buildings located in the same area and used for the same purpose, and take into consideration the state of upkeep and future potential of the property. Any profit or loss on the sale of an investment property is recorded in the income statement.

Intangible assets

Intangible assets are non-monetary assets, identifiable and without physical substance, held for use over a multi-year or indefinite period. They are recognised at cost, adjusted for any accessory charges only if it is probable that the future economic benefits attributable to the asset will be realised and if the cost of the asset can be reliably determined. Otherwise, the cost of the intangible asset is recognised in the income statement in the year in which it was incurred.

Goodwill and business combinations

Goodwill is the difference between the acquisition cost of investments and the current value of the subsidiaries' assets, liabilities and contingent liabilities on the acquisition date. Goodwill deriving from business combinations is accounted for as an asset at cost net of accumulated write-downs. The useful life of goodwill is indefinite, and therefore it is not subject to amortisation.

A business combination consists of a combination of separate companies or business activities into a single entity required to prepare financial statements. The business combination may give rise to an investment between the parent company (acquirer) and the subsidiary (acquiree) or may also involve the purchase of the net assets of another company, including any goodwill.

The Group has used the acquisition accounting approach for business combinations according to IFRS 3, also in line with common control transactions; based on this approach, the consideration transferred for the investment is compared with the net assets of the investee, which are remeasured at fair value. Net assets are based on the fair values of assets and liabilities, including identifiable intangible assets and contingent liabilities to be recognised as liabilities at the acquisition date.

If it is not possible to obtain published market or market prices for the purchase price allocation ("PPA"), the fair values are calculated on the basis of appropriate valuation techniques. In general, in these cases, the discounted cash flow ("DCF") method is used; according to this method, the expected future cash flows that may be generated by the asset are discounted at the date of initial consolidation using a discount rate that reflects the intrinsic risk of the asset.

Any excess of the consideration transferred for the acquired asset with respect to the proportional share of the net assets acquired is recognised separately as goodwill; any negative difference, at the time of the revaluation of the assets and liabilities acquired, is charged directly to the income statement. Non controlling interests are measured on the basis of their proportional share of the fair value of the acquired net assets. Ancillary costs, such as those of consultants, for business combinations are charged at cost when incurred.

Subsequent changes in investments in consolidated subsidiaries that do not involve a change in the consolidation method are treated as equity transactions.

The recoverability of their carrying amounts is, however, tested annually and whenever there is objective indication of impairment. Any impairment losses recognised are not subsequently reversed.

Other intangible assets with finite useful lives

An intangible asset with a finite useful life is an identifiable asset without physical substance that is controlled by the entity and from which future economic benefits are expected.

Intangible assets are initially measured at cost and fair value including directly attributable expenses. They are then amortised on a systematic basis over their useful life, to be understood as the period of time over which the asset is expected to be used by the Company, generally between 3 and 10 years. Intangible assets are not considered to have any residual value at the end of their useful life.

The useful life is reviewed annually and future expectations are adjusted, if necessary.

In addition, they are carried net of any impairment losses, in line with the accounting treatment for "Property, plant and equipment".

Investments

Investments in subsidiaries

Investments in non-consolidated subsidiaries are measured at cost, adjusted for impairment. If the Group loses control of a subsidiary, the residual investment in the former subsidiary is measured at fair value at the time of loss of control.

Investments in other companies

Non controlling interests are valued at the acquisition date on the basis of their proportional share of the net identifiable assets of the acquired company. Considering that they do not have a significant impact on the equity, on the financial results and on the operating results of the Group, these investments are measured at fair value through other comprehensive income ("FVTOCI") and are subject to impairment testing pursuant to IFRS 9. In the absence of suitable evidence to determine their fair value, their fair value may be approximated by their cost.

Financial assets and liabilities

Recognition and initial measurement

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The financial assets may consist of cash and cash equivalents, investments, trade receivables and derivative financial instruments with positive fair values.

The financial liabilities include liabilities from the issuance of a bond, liabilities due to banks, trade payables, finance lease liabilities and derivative financial instruments with negative fair values.

Cash and cash equivalents include cash on hand, bank balances and short-term securities with an original maturity of less than three months with an insignificant risk of changes in value and are stated at nominal value. Foreign currency balances are translated into Euro at the rate on the balance sheet date.

All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial assets and liabilities are classified in three different categories:

- Financial instruments at fair value through profit or loss ("FVTPL");
- Financial assets at fair value through other comprehensive income ("FVTOCI");
- Financial instruments at amortised cost ("AC").

Financial instruments at fair value through profit or loss

The financial assets and liabilities acquired or held mainly for sale are classified as "Financial assets or liabilities at fair value through profit or loss".

A non-derivative financial asset may be designated at fair value if that designation makes it possible to avoid an accounting mismatch deriving from the measurement of assets and the associated liabilities using different valuation criteria.

Like financial assets, in accordance with IFRS 9 financial liabilities may be designated on initial recognition as financial liabilities measured at fair value, provided:

- this designation eliminates or significantly reduces a discrepancy which could otherwise arise from the measurement of assets or liabilities and the relative gains and losses on a different basis; or
- a group of financial assets, financial liabilities or both is managed and measured at fair value according to a risk management or investment strategy documented within the entity's Management Bodies.

A financial asset is classified under financial assets necessarily measured at fair value if it does not qualify, in terms of its business model or cash flow characteristics, for measurement at amortised cost or at fair value through other comprehensive income.

In particular, this portfolio includes:

- debt instruments, securities and loans whose business model is not either held to collect or held to collect and sell, but which do not belong to the trading portfolio;
- debt instruments, securities and loans whose cash flows do not represent solely payments of principal and interest;
- UCI units;
- equity instruments not held for trading for which the entity does not apply the option granted by IFRS 9 for measurement at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income

A financial asset is classified under financial assets at fair value through other comprehensive income when:

- the objective of its business model is pursued by collecting contractual cash flows and by selling it (held to collect and sell);
- the relative cash flows represent solely payments of principal and interest.

This category also includes equity instruments not held for trading for which the entity applies the accounting option granted by IFRS 9 for measurement at fair value through other comprehensive income.

Financial instruments at amortised cost

A financial asset is classified under financial assets at amortised cost when:

- the objective of its business model is to hold the asset in order to collect the contractual cash flows (held to collect);
- the relative cash flows represent solely payments of principal and interest.

Financial liabilities at amortised cost include financial instruments (other than trading liabilities and those designated at fair value) representing different forms of funding from third parties.

Fair value measurement

The fair value of financial assets and liabilities at fair value is determined on initial recognition on the basis of the transaction price, and is therefore equal to the consideration paid or received.

Subsequently, and at each reporting date, the fair value of financial instruments listed on an active market is determined on the basis of market prices. The market prices used for derivatives are the bid prices, whereas ask prices are used for financial liabilities. The fair value of instruments that are not listed on an active market is determined using measurement techniques based on a series of methods and assumptions relating to market conditions at the balance sheet date.

The fair value of unlisted non-derivative financial instruments is determined by discounting future cash flows at the market interest rate at the balance sheet date.

Determination of impairment

All financial assets and liabilities, with the exception of "*Financial assets and liabilities at fair value through profit or loss*", are tested for impairment in accordance with IFRS 9 and therefore also considering the effects of expected losses.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss on a financial asset at fair value through other comprehensive income is calculated with reference to the fair value of that asset.

All impairment losses are recognised in the income statement with the exception of those relating to equity financial instruments for which the Group has made use of the option to classify them at fair value through other comprehensive income (so-called "OCI Election").

Losses are reversed if the subsequent increase in recoverable amount can be objectively related to an event occurring after recognition of the impairment loss. Reversals of impairment losses on assets carried at

amortised cost and assets at fair value through other comprehensive income which are debt instruments are recognised in the income statement.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. Contractual terms are considered to be substantially different if there are certain qualitative characteristics or if the discounted cash value of the cash flows differs at least 10% from the discounted present value of the remaining cash flows of the original financial liability under the new terms.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

Financial assets and liabilities offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group uses a variety of derivative financial instruments to manage its exposure to interest and foreign exchange rate risks. These include forward exchange transactions, currency swaps, cross-currency swaps, interest rate swaps and interest rate caps.

Derivative financial instruments are initially recognised at fair value at the time of signing the contract. The fair value is adjusted at each subsequent balance sheet date. Any gain or loss arising from a change in the fair value of a derivative financial instrument that is not part of a cash flow hedge, or hedge of a foreign net investment relationship, and for which the hedging relationship is effective, is recognised in the income statement. For derivative financial instruments designated in a hedging relationship the timing of the recognition of gains or losses is dependent on the nature of the hedge. The Group uses certain derivative financial instruments to hedge recognised assets or liabilities. In addition, hedge accounting is applied for certain unrecognised firm commitments. Forward exchange transactions are valued on an item-by-item basis at the forward rate of the balance sheet date, and exchange rate differences arising due to the contracted forward exchange rate are included in the income statement.

Interest rate swap amounts from interest rate swap agreements are recognised in the income statement at the payment date or at the balance sheet date. In addition, interest rate swap agreements as well as interest rate caps are carried at their fair value as at the balance sheet date, and changes in the fair values are recognised in the income statement for the current reporting period provided that no hedge accounting is applied.

Derivative financial instruments not designated in a hedging relationship are classified either as current assets or liabilities.

Hedge accounting

The Group avails itself of the option envisaged by IFRS 9 to continue the accounting of hedging transactions based on the requirements of IAS 39.

Depending on volume, term and risk structure, the Group designates individual derivative financial instruments as cash flow hedges or hedge of a foreign net investment.

When financial instruments have the characteristics required for hedge accounting, the following accounting treatments are applied:

- *Fair value hedge*: if a derivative financial instrument is designated as a hedge against exposure to changes in fair value of an asset or liability attributable to a particular risk which can affect the income statement, the profit or the loss deriving from the subsequent changes in the fair value of the hedging instrument are recognised in the income statement. The profit or the loss of a hedged item, which is attributable to the hedged risk, modify the carrying amount of this item and are recognised in the income statement;
- *Cash flow hedge*: if a derivative financial instrument is designated as a hedge against changes in future cash flows of an asset or liability or an expected transaction which is highly probable and could produce effects on the income statement, the effective portion of the profits or the losses of the financial instrument (change in the fair value) is recognised in equity. The accumulated profit or loss are reversed from equity and accounted for in the income statement in the same period in which the transaction which constituted the object of the hedge took place.

The relationship between the hedged item and the hedging instrument, including the risk management objectives and the strategy for undertaking the hedge transaction, are documented at the inception of the hedge. In addition, at the inception of a hedging transaction and over its term, the Company regularly reviews and documents whether the hedge is highly effective in terms of compensating the changes in the cash flows of the hedged item or the net investment. Information on the fair value of these derivative financial instruments is provided in the "Other information" section; changes in the reserve for fair value adjustments of financial instruments within other comprehensive income can be derived from the statement of changes in equity.

The effective portion of the change in the fair value of derivative financial instruments designated as cash flow or net investment hedges is recognised in equity; the ineffective portion is recognised directly in the income statement. The amounts recognised in equity are reclassified to profit or loss in the period in which the hedged item is recognised in income. Fair value changes of net investment hedges are netted against the changes in the fair value changes of the hedging instruments.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or is no longer deemed effective. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative profit or loss deferred in equity is immediately recognised in the income statement.

Derivative financial instruments designated in hedging transactions are classified as non-current assets or liabilities if the remaining term of the hedging relationship exceeds twelve months, or as current assets or liabilities if the remaining term of the hedging relationship is less than twelve months.

Inventories

Inventories are recognised at the lower of purchase or production cost, determined according to the weighted average cost method, and the estimated realisable value.

Inventories are measured at the lower of cost on a "First in First out" (FiFo) basis and net realisable value. The net realisable value is the estimated selling price, which is the official price recorded on the LME (London Metal Exchange) market as at the reference date of the financial statements, less estimated cost of completion and less estimated costs required to carry out the sale. In addition to the directly attributable costs, production overhead expenses, including production-related depreciation, are reflected in the manufacturing costs. Cost is generally assigned on the basis of the monthly moving average method. In selected cases the specific identification method is applied.

Contract work in progress is measured on the basis of the stage of completion and the contractual consideration price less contractual costs.

Supplies and consumables are measured at weighted average.

Receivables and payables

Receivables and payables are recognised at fair value, which normally coincides with their nominal value when the effect of discounting is immaterial.

Trade receivables are initially recognised when they are originated.

A trade receivable without a significant financing component is initially measured at the transaction price.

Provisions for losses on trade receivables are always measured at an amount equal to the impairment losses on the basis of the simplified approach according to IFRS 9.

Any transfer of trade receivables to a factoring company can be with or without recourse. Receivables under a non-recourse assignment are derecognised, since substantially all risks and rewards of ownership have been transferred. Factoring expenses for non-recourse assignments of receivables are reported under "Other operating costs". The Group retains substantially all risks and rewards of ownership for receivables assigned with recourse. These receivables remain on the face of the Group's statement of financial position and are not derecognised, even though title has legally passed. A financial liability of equal amount is also recognised. Factoring expenses for receivables assigned with recourse are reported under financial expense.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value (IAS 7 paragraph 7).

Assets and liabilities held for sale and Discontinued operations (IFRS 5)

Assets and liabilities held for sale and Discontinued operations are classified as such if their carrying amount will be recovered mainly through sale rather than through continuous use.

Non-current assets or groups of such assets, which are disposed of in a single transaction (disposal groups) including the associated liabilities, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the disposal is highly probable and the asset or disposal group is available for immediate sale in its present condition.

The sale must be highly probable, within twelve months of classification as held for sale. If the sale is expected to be concluded after more than one year, the costs to sell are measured at their current value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented as a financial component in the income statement.

The assets and liabilities of the disposal group are shown separately in the statement of financial position in the lines "Assets held for sale" and "Liabilities directly associated with assets held for sale".

In case of an acquisition of subsidiaries with the only intention of reselling, the assets and liabilities were therefore shown as held for sale in the consolidated statement of financial position. The income statement is summarised in the result from discontinued operations in the consolidated income statement.

Reclassifications of intangible assets and property, plant and equipment are shown under transfers of the respective development of the Group's assets.

The expenses and sales of a disposal group are included in the result from continuing operations until they are sold. The disposal group also includes goodwill acquired in a business combination if the disposal group represents a cash-generating unit and the goodwill has been allocated to it. If the disposal group represents only part of the cash-generating unit, it is allocated proportionate goodwill and reported as "Assets held for sale".

Scheduled depreciation and amortisation is no longer recognised on assets held for sale. They are recorded at the lower of the carrying amount or fair value less costs to sell.

Equity

The Company's share capital consists of ordinary and savings shares, all without par value, fully subscribed and paid up at the balance sheet date, reduced by any share capital to be received.

Other comprehensive income ("OCI") comprises foreign currency translation adjustments resulting from the translation of the financial statements of foreign subsidiaries, changes in the fair value of cash flow hedges and the revaluation of fixed assets before the reclassification to investment property. Also included are changes in actuarial gains and losses on pension commitments in accordance with IAS 19, net of deferred taxes.

Non-controlling interests represent third-party interest in consolidated subsidiaries.

Treasury shares (IAS 32)

The value of treasury shares is deducted from equity, in accordance with IAS 32. Such adjustments are reported in the notes only, whilst the historical cost of owned treasury shares is recognised separately as a negative figure that reduces equity.

The costs for equity transactions are used directly as a reduction of reserves.

Payment agreements based on own equity instruments (IFRS 2)

As part of the medium/long-term incentive plans, agreements are envisaged in favour of part of the management, with payments based on shares representing the capital, which consist in the assignment of rights that attribute to the beneficiaries, subject to the fulfilment of the established conditions, the right to obtain, at the end of the last year of vesting, the cash equivalent or in shares of the Company.

Current and deferred taxes

Tax expense for the year includes both current and deferred taxation. Income taxes are recognised in the income statement, unless they relate to transactions recognised directly in equity, in which case the relevant tax is also recognised directly in equity.

The current tax expense represents the estimated income tax payable computed on taxable income for the period as determined with reference to current tax rates or those substantially in effect at the balance sheet date. Deferred taxes are recognised using the equity method, based on timing differences between the carrying amounts of the assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes. Deferred taxes are not recognised for the following timing differences: initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit (loss) or taxable profit (loss); differences associated with investments in subsidiaries and interests in joint arrangements, but only to the extent that it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates established by measures that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities can only be offset if the entity has the legal right to offset current tax amounts and the deferred tax amounts relate to income taxes and are levied by the same taxation authority on the same entity or different entities that intend to settle current tax amounts on a net basis or realise the asset and settle the liability at the same time.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing difference will be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that its taxable profit will be realised.

Employee benefits

Post-employment benefits (TFR) are payable under plans which, depending on their economic substance, are classified either as a "defined contribution" plan or a "defined benefit" plan.

Under a defined contribution plan, the Group's obligation is limited to the payment of contributions to a separate legal entity, and consists of the contributions due at the balance sheet date.

Liabilities under defined benefit plans, such as post-employment benefits (TFR) pursuant to article 2120 of the Italian Civil Code, less any plan assets, are determined, with the assistance of an independent expert, on the basis of actuarial assumptions and the attribution of benefits to periods of service. Actuarial gains and losses relating to defined benefit plans arising from changes in actuarial assumptions or plan terms and conditions are recognised in other comprehensive income.

Obligations deriving from short-term retirement benefits are recorded as an expense as soon as the related service has been rendered. A liability is to be recorded for the anticipated payment if the Group currently has a legal or factual obligation to pay this amount on the basis of work performed by the employee, and it is possible to estimate the obligation in reliable terms.

The net obligation on the part of the Group in view of the retirement benefits due on the long-term, are the future benefits due to employees in exchange for services rendered in the current period and in previous periods. These benefits are discounted to determine their present value. Re-measurements of such obligations are recognised in the income statement in the period in which the re-measurements take place.

Benefits in connection with termination of the employment relationship are recorded as expenses at the earlier of the following points in time: when the Group can no longer revoke the offer to provide such benefits or when the Group is recording costs for restructuring measures. If it is no longer to be expected that the benefits will be compensated within twelve months after the balance sheet date, they are discounted.

Pension obligations arising from defined benefit plans are determined using the projected unit credit method (IAS 19). The expected benefits, including dynamic components (e.g., increases in wages and salaries and retirement benefits), are recognised over the total service period of the respective employee. This amount is discounted and the fair value of any plan assets is deducted from this amount. Actuarial advice is obtained.

Actuarial gains or losses resulting from deviations between the forecast and realised changes in plan beneficiaries and actuarial assumptions are recorded in other comprehensive income during the period in which they arise and are indicated separately in other comprehensive income.

Service costs are recognised in personnel expenses. Interest expenses from the compounding of pension obligations and income from plan assets are also reported under personnel expenses using the discount rate of the defined benefit obligation.

Any surplus of the assets over the liabilities to be recognised is limited to the cumulative, unrecognised, net actuarial losses and past service cost, plus the present value of any available refunds and the reduction of future contributions to the plan. Past service cost is recognised in profit or loss.

Employer contributions made by the Group to an independent entity under defined contribution plans, and to which no further legal or constructive payment obligations may arise, are expensed as incurred, as soon as the employee's service is carried out. Prepayments are recognised as an asset in so far as a right to refund or reduction in future payments are created.

Provisions for risks and charges

Provisions for risks and charges are liabilities, the amount or due date of which are uncertain. The entity must recognise a provision if, and only if:

- the Group has a present (legal or implicit) obligation owing to a past event;
- it is probable that resources will be needed to produce economic benefits to meet the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognised as a provision is, therefore, the best estimate of the expenditure required to settle the present obligation at the balance sheet date or transfer it to a third party. Where the time value of money is material, the provision is equal to the present value of expenditures required to settle the obligation.

Warranty provisions are accrued based on the expected development of the loss.

Provisions for onerous purchase or sales contracts are established when the projected total future costs exceed the expected sales. Provisions for onerous contracts are recognised if unavoidable expenses from the contract exceed the expected benefit. The provision is in this case recorded at the present value of the lesser of the expected cost of termination of the contract and the expected net cost of contract continuation.

Restructuring provisions are only recognised if a detailed formal restructuring plan is established and communicated to the parties involved.

Provisions for environmental risks are recorded for purposes of eliminating environmental damage ensuing from existing contamination and the expenses involved.

Contingent liabilities

Contingent liabilities include potential obligations, which arise from past events, that only require settlement if one or more uncertain future events, which the enterprise cannot wholly control, occur. In addition, contingent liabilities include unrecognised present obligations that arise from past events but are unlikely to require an outflow of resources to settle the obligation and also obligations in which the amount cannot be measured with sufficient reliability. Unless the possibility of any outflow in settlement is remote, a description of the nature of the contingent liability is provided.

Dividends

Dividends to be paid are recognised as liabilities only in the year in which they were approved by the Shareholders' Meeting.

Dividends to be received are recorded only when the right to receive payment has been established.

Revenue recognition

Revenue is recognised based on the following phases:

- identify the contract (or contracts) with the customer;
- identify the performance obligations;
- determine the transaction price: the transaction price is the amount of the consideration that the company is entitled to in exchange for the transfer of the promised services to the customer;
- allocate the transaction price to the performance obligations in the contract;
- recognise the revenue when the performance obligation is met.

Specifically, revenue can be recognised:

- at a point in time, when the performance obligation has been met by transferring the promised good or service to the customer, or
- over time, as the performance obligation is met by transferring the promised good or service to the customer.

Revenues are recognised when control of the products has been transferred to the purchaser. This is usually the case when, with delivery, the purchaser has physically possession and accepted the products, and the significant risks and rewards of ownership of the assets have also been transferred to the purchaser.

The majority of the Group's revenues is made up of sales of goods and is realised on a point in time basis, as the performance obligation has been satisfied upon delivery. There are no warranties that go beyond the statutory warranty.

A receivable is recognised as soon as the Group has a right to consideration that is unconditional. Upon fulfilment of the performance obligation by delivery, The Group incurs an unconditional right to consideration.

Significant financing components are not included in the customer contracts.

If volume discounts, usually agreed for sales volumes over a twelve-month period, are included in the customer contracts, these are included in determining the consideration. Revenue recognition in these cases is based on the prices specified in the contracts net of the estimated volume discounts. The volume discounts are

calculated on the basis of the most likely amount. Revenue is only recognised if it is highly probable that there will be no significant reversals.

Rental income from investment property is recorded as other income on a straight-line basis over the period of the rental relationship. Rental income from other property is recorded as other income.

Interest income is accrued on a time basis by reference to the principal amount and the effective interest rate.

As mentioned in the previous paragraph, dividend income is recognised when the right to receive payment has been legally established.

Borrowing costs

Borrowing costs is recognised in the income statement based on their maturities.

If the production of qualified intangible assets or of tangible assets extends over a lengthy period, the borrowing cost which occurs in this connection until completion is recognised as part of the manufacturing costs in accordance with IAS 23. There are no cases of application within the Group at the balance sheet date.

Borrowing costs are recognised up until the time as from which assets for its intended use can be recorded and depreciated over their expected useful lives. All other and current borrowing costs are recorded in the period in which they occur in the income statement under financial expenditure.

Earnings/(loss) per share

Basic and diluted earnings/(loss) per ordinary share are calculated in the following manner:

- a) the numerator is equal to profit or loss attributable to the Parent company, adjusted by the profit or loss that is to be set aside, for the current year, for outstanding savings shares less any savings treasury shares held directly or through subsidiaries;
- b) the denominator of "basic earnings per share" is the weighted average number of shares outstanding during the year less treasury shares;
- c) the denominator of "diluted earnings per share" is the weighted average number of ordinary shares adjusted by adding the number of any new ordinary shares that could be issued through:
 - i) conversion of all outstanding warrants;
 - ii) exercise of all stock options granted, if any.

For this calculation, it was assumed that warrants were converted and stock options exercised at the beginning of the year and that the conversion and exercise did not result in increased income or decreased expenses.

The calculation as at 31 December 2024 of the basic earnings per share was done by taking the Group net profit (loss) net of the amount due to savings shares, attributable to holders of outstanding ordinary shares, and the weighted average number of outstanding shares which was 284,011,303, taking account of any share splits and/or reverse share splits and any increases/reductions in share capital pursuant to IAS 33 paragraph 64.

Currency translation

The Group's functional currency is the Euro, the currency in which the financial statements are prepared and published. Transactions denominated in a foreign currency are recognised using the exchange rate at the time of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in force on that date. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rate in force on the date of the transaction. Non-monetary items recognised at fair value are translated using the exchange rate at the date of determination of the carrying amount.

Transactions denominated in a foreign currency are translated using the exchange rate at the time of the transaction. The time of the transaction for the purpose of determining the exchange rate to use on initial

recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. Accordingly, such non-monetary assets and liabilities are not translated with the exchange rate on a later subsequent balance sheet date.

In case of advance received for the sale of goods, this transaction is recorded for the first time as a contract liability at the time when the advance payments are received. The exchange rate for the amount of the subsequent revenue recognition in the amount of the advance received is therefore already determined when the contract liability is recognised.

Monetary items (including trade receivables and payables) are translated using the current exchange rate at the balance sheet date. Irrespective of any currency hedges, gains or losses from the remeasurement of monetary assets (excluding foreign currency translation of net investments) and monetary liabilities are recognised in the income statement as financial income or expenses.

Applying the functional currency concept, the annual financial statements of the foreign subsidiaries prepared in foreign currency are translated into Euros using the modified closing rate method.

The functional currency is determined by the primary economic environment in which the entity operates. All subsidiaries conduct their business independently in their domestic markets. As such, the functional currency for those entities is the local currency. Assets and liabilities of subsidiaries are translated at the closing exchange rate on the balance sheet date, while income and expenses are translated at the average exchange rate of the reporting period. Differences arising from such translations applied to the assets, liabilities and components of net income are reported as a separate component in other comprehensive income and accordingly do not have an impact on net income. Such differences are recognised in net income when the subsidiary is sold.

Government grants

Government grants are only recognised if it is reasonably certain that the Company complies with the conditions and the grants are actually received. The grants are recognised in net income in the same period in which the respective expenses are recognised.

Government grants related to assets, mainly property, plant and equipment, are deducted from the cost of the asset.

Grants becoming receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future-related costs are recognised as other operating income in the period in which they become receivable for the Group.

2.7. Use of estimates

The preparation of the consolidated financial statements and notes thereto in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities.

The estimates were mainly used to determine the impairment loss, the useful lives of non-current assets and the related recoverable amount (including the registered goodwill), the fair value of investments measured at fair value and investment property, provisions for credit and inventory risks, any eventual impairment losses, the cost of employee benefits, the estimated current and deferred tax charges and other provisions.

With reference to Goodwill, the recoverable amount is determined using (discounted) cash flows that largely depend on the expected future gross profit margins and turnover, and take into account the general economic environment and the future growth rates (discount rate). The discount rates are based on the Capital Asset Pricing Model. Its main inputs are the risk-free rate of return, the beta factor, and the return on equity (which includes assumptions about leverage and the market risk premium).

Inventories are measured at the lower of cost and net realisable value. In order to calculate the net realisable value, sales prices and cost to sell need to be estimated.

The Group, particularly through KME SE, operates in various countries. Therefore, the Group's income is subject to various tax jurisdictions. For each taxable entity, tax assets, tax liabilities, temporary differences,

tax losses and the resulting deferred taxes must be calculated individually. These items are subject to estimation; in particular, deferred tax assets can be recognised only to the extent that their actual realisation is probable and the realisation of the deferred taxes therefore depends on the existence of sufficient future taxable profits. In assessing if sufficient future taxable profits exist, among other factors, historical earnings, budgets, loss carry forward restrictions and tax planning strategies are considered. At each balance sheet date, the recognition of deferred taxes is assessed once again.

Retirement provisions are accounted for using actuarial methods. The actuarial assumptions include discount rates, mortality rates, and, if applicable, expected returns on plan assets. The actual amounts of such assumptions may differ significantly from the projected amounts due to market changes. Therefore, deviations from the forecast may have a material impact on the liabilities relating to employee benefits.

In addition, the provisions recognised in the financial statements include the assessment of the facts and circumstances, the claims made and the estimates of the range of potential liquidation amounts and the probability of occurrence.

Certain accounting policies adopted by the Group require determination of the fair value basis for financial and non-financial assets and liabilities. In determining the fair value for financial and non-financial assets and liabilities, the Group uses market observable input wherever possible. Based on the input factors used in the evaluation techniques, the fair value is classified into different levels of the fair value hierarchy.

- Level 1: Quoted prices (unadjusted) in active markets;
- Level 2: Valuation parameters, which are not the quoted prices considered in Level 1, but nevertheless require to be observed for similar financial assets or debts – either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Valuation parameters for assets or debts which are not based on observable market input.

The assets and liabilities recognised in the consolidated financial statements are based on historical cost, with the exception of derivative financial instruments, contingent considerations (IFRS 3) and investment property which are measured at fair value, actuarial charges deriving from IFRS 2 as well as the net debt ensuing from defined benefit plans which is measured at the present value of the defined benefit obligation less fair value of plan assets.

The estimates and assumptions are periodically checked and any variations are immediately recognised in the income statement. At the balance sheet date, the Directors were of the opinion that the estimates and assumptions used were the best indicators of the actual amounts given the information to hand. In addition, the Directors believed that the estimates and assumptions adopted did not imply any material adjustments to carrying amounts of assets and liabilities.

2.8. Newly applied accounting standards

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as of 1 January 2024:

- on 23 January 2020, the IASB published ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"*** and on 31 October 2022 it published ***"Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants"***. These amendments aim to clarify how to classify payables and other liabilities as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to satisfying certain metrics (i.e. covenants).
- On 22 September 2022 the IASB published an amendment entitled ***"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback"***. The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognize an income or loss that relates to the retained right of use.
- On 25 May 2023, the IASB published the ***"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"***. The document requires an entity to provide additional information on reverse factoring arrangements that allow

users of the financial statements to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk.

Owing to the activities of the Group, the adoption of the standards and the amendments had no impact on the consolidated financial statements.

2.9. IFRS accounting standards, amendments and interpretations were endorsed by the European Union as at 31 December 2024, not yet applicable on a compulsory basis and not adopted early by the Group as at 31 December 2024

As at the reporting date, the competent bodies of the European Union completed the endorsement process required for adoption of the amendments and the standards described below, but these standards are not mandatory and have not been adopted in advance by the Company as at 31 December 2024:

- On 15 August 2023 the IASB published an amendment called “*Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*”. The document requires an entity to apply a consistent method for assessing whether one currency is convertible into another and, if not, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The amendment will be effective for periods beginning on or after 1 January 2025. Earlier application is permitted. No significant impacts are expected on the consolidated financial statements.

2.10. IFRS accounting standards, amendments and interpretations not yet endorsed

As at the reference date of this document, the competent bodies of the European Union had not yet concluded the approval process required for adoption of the amendments and the standards described below.

- On 30 May 2024, the IASB published the document “*Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*”. The document clarifies certain problematic aspects emerging from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary on achieving ESG objectives (i.e. green bonds). In particular, the amendments aim to:
 - clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for assessment of the SPPI test;
 - determine that the date of settlement of the liabilities through electronic payment systems is that on which the liability is paid in full. However, an entity is allowed to adopt an accounting policy that offers derecognition of a financial liability before delivering liquidity on the settlement date if certain specific conditions are met.

With these amendments, the IASB has also introduced additional reporting requirements, particularly regarding investments in equity instruments designated at FVOCI.

The amendments will apply from financial statements for years beginning on or after 1 January 2026. The adoption of this amendment is not expected to have significant effects on the consolidated financial statements.

- On 18 July 2024, the IASB published a document named “Annual Improvements Volume 11”. The document contains clarifications, simplifications, corrections and amendments to improve the consistency of various IFRS.

The amended standards are:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*;
- *IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7*;
- *IFRS 9 Financial Instruments*;

- *IFRS 10 Consolidated Financial Statements*; and
- *IAS 7 Statement of Cash Flows*.

These amendments will be effective for periods beginning on or after 1 January 2026. Early application is permitted. We are currently estimating the possible effects of introducing these amendments on the consolidated financial statements.

- On 18 December 2024, the IASB published an amendment named "*Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7*". The purpose of this document is to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased can vary due to factors beyond our control, such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
 - clarification of the application of the "own use" requirements to this type of contract;
 - the criteria for recognising such contracts as hedging instruments; and
 - new disclosure requirements to help the users of financial statements understand how these contracts affect an entity's financial performance and cash flows.

The amendment will be effective for periods beginning on or after 1 January 2026. Earlier application is permitted. The adoption of this amendment is not expected to have significant effects on the consolidated financial statements.

- On 9 April 2024, the IASB published a new standard, *IFRS 18 Presentation and Disclosure in Financial Statements*, which will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of the financial statement layouts, particularly the income statement. In particular, the new standard requires:
 - revenues and costs to be classified into three new categories (operating, investment and financial sections), as well as into the taxes and discontinued operations categories already present in the income statement layout;
 - two new sub-totals to be presented, the operating profit (loss) and earnings before interest and taxes (i.e. EBIT).

The new standard also:

- requires more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and
- introduces a number of changes to the cash flow statement, including the requirement to use the operating result as a starting point for presenting the statement of cash flows prepared by the indirect method and the removal of certain classification options for some existing items (for example, interest paid, interest collected, dividends paid and dividends collected).

The new standard will enter into force from 1 January 2027, but early application is permitted. We are currently estimating the possible effects of introducing this new amendment on the consolidated financial statements.

- On 9 May 2024, the IASB published a new standard: *IFRS 19 Subsidiaries without Public Accountability: Disclosures*. The new standard introduces some simplifications to the disclosures required by IFRS in the financial statements of a subsidiary that meets the following requirements:
 - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
 - its own parent company prepares IFRS-compliant consolidated financial statements.

The new standard will enter into force from 1 January 2027 and is not applicable to the KME Group.

- On 30 January 2014 the IASB published IFRS 14 – *Regulatory Deferral Accounts* which allows only first-time adopters to continue to recognize the amounts relative to assets subject to regulated fees ("Rate Regulation Activities") according to the previous accounting standards that had been adopted. Since the Group is not a first-time adopter, the standard does not apply.

2.11. Impacts of the situation in Ukraine and in the Middle-East

With reference to the ongoing Russian-Ukrainian and Israeli-Palestinian conflicts, which have entailed significant changes in the macroeconomic scenario (i.e. rising inflation, difficulties in finding certain raw materials, sharp increase in the cost of gas and energy), it should be noted that the Group is not directly exposed to these contingencies, as it does not have significant trade relations with the countries involved in the conflicts.

The Group constantly monitors developments in the global geopolitical context that may require a review of the corporate strategies already defined and/or the adoption of mechanisms to safeguard its competitive positioning and performance.

2.12. Segment reporting

The activities in which the Group operates and which constitute the segment reporting required by IFRS 8 relate to the Copper Sector (KME SE group) and the Perfumes & Cosmetics Sector (CULTI Milano group).

The management and organisational structure of the Group reflects the segment reporting for the business activities described above. The operating segments are identified on the basis of elements that the highest decision-making level of the Group uses to make their own decisions regarding the allocation of resources and the evaluation of results.

The segment data relating to revenues and income and results as at 31 December 2024 are reported in the *Report on Operations*.

3. Financial risk management policy

The progressive focus of the Company and the Group on the industrial activity of KME SE will see the Company more directly subject to KME SE business risks.

Credit risk

The Group's exposure to credit risks mainly arises from its operating business (in particular the Copper sector). Credit risk is defined as an unexpected loss in the value of financial assets, for example in the event that a customer is unable to fulfil his/her obligations within the agreed deadlines.

As part of the operating business, receivables are monitored locally on an ongoing basis and provisions are recorded to reflect credit risks. The maximum exposure to credit risk is reflected by the carrying amounts of the financial assets reported in the statement of financial position. The Group tackles credit risk by constantly monitoring receivables from commercial partners and by means of insurance aimed at minimising the risk of insolvency. The Group uses standard market instruments, such as letters of credit and guarantees.

For trade receivables much of the risk is secured by the factoring. There are no significant geographical concentrations of credit risk. The concentration of the credit risk in the case of trade receivables is limited by means of the broad-based and heterogeneous customer base. The assessment takes place by means of customer portfolios on the basis of past experience, shares and/or financial information, as well as credit facilities.

The creditworthiness risk ensuing from derivative financial instruments is limited by the fact that the relevant contracts are concluded exclusively with contractual parties and/or credit institutes with good credit ratings.

Liquidity risk

Liquidity risk represents the risk that the company cannot meet its own liabilities; it can arise as a result of difficulties in obtaining finance to support operating activities as and when required.

The Parent Company expects to meet its cash requirements for the repayment of short-term financial payables and capital expenditure through cash from operating activities, cash on hand, renewed bank borrowings or the issue of new bond loans.

For the entities of the KME group, risk management is entrusted, in a centralised manner, to the treasury of the KME group, which monitors the needs in order to guarantee adequate levels of liquidity and coordinates cash inflows and outflows. Sufficient supply of liquidity for the Group is guaranteed by the Group cash flow as well as by banks through our short-term and long-term credit facilities.

Closely related to liquidity risk are the risks associated with the Group's debt: as at 31 December 2024 the Group had four bonds "KME Group S.p.A. 2020/2025" (nominal value Euro 52.7 million), "KME Group S.p.A. 2022/2027", "KME Group SpA 2025/2029" with fixed interest rates and issued by KMH (nominal value Euro 110.8 million) with a staggered fixed rate originally maturing on 31 December 2025, which has been postponed to 31 December 2027 (the interest rate from 28 February 2025 until the end of the maturity date is fixed and will be equal to 15%).

In addition, contractual clauses, commitments and covenants are applied to certain funding sources of the Group, non-compliance with which can be considered a contractual default, prompting lenders to request immediate repayment and causing difficulties in finding alternative resources.

In managing the risk in question, with a view to guaranteeing the coverage of future financial commitments, both in terms of principal and interest, the Group can make use of the liquidity associated with the operations of the copper sector, as well as the resources stemming from operations to increase the value of the Group's non-strategic assets.

Interest rate risk

The interest rate risk to which the Group is mainly exposed derives from long-term loans with variable interest rates; they expose the Group to a cash flow risk (unlike fixed rate loans which involve the risk of changing fair value).

The Group uses various forms of financing to support its investments. Therefore, significant changes in interest rate levels could lead to potential increases/decreases in the cost of loans. The Group's financial structure is currently heavily oriented towards fixed rates (see the bonds issued).

Operation and risk management for the KME SE group is coordinated by its treasury which, as part of the KME SE group, if deemed necessary, enters into an IRS (Interest Rate Swap) by exchanging variable interest rates with fixed rates. On the basis of the financing structure in place from time to time, oriented more or less towards the short and medium term, and the trend in market rates, the treasury assesses whether to stipulate an IRS.

Foreign currency exchange risk

The Group operates internationally, primarily through the subsidiaries in the KME SE group but also through the entities of the CULTI group and conducts its transactions in various currencies. Under these circumstances, revenues are generated in currencies other than the Group's functional currency (Euro).

The Group monitors and manages this risk appropriately, also aiming to hedge it using derivative financial instruments such as cross currency swaps and forward contracts.

Risk of fluctuations in share value

The Group is exposed to market fluctuations in the listed shares it holds in its portfolio and changes in the market parameters used to determine the value of investments through measurement techniques. The risk of fluctuations in the values of these equity interests is limited and is not actively managed using financial hedging instruments.

Risk of fluctuation in raw material price (especially copper)

As a result of its commercial activities, the Group, through the activities of the KME group, is exposed to risks associated with the prices of raw materials. This risk appears to be the most significant and strategic risk. The objective is to mitigate or fully hedge this risk through trading of physical goods or forward contracts

on the London Metal Exchange (LME). The contracts entered into focus mainly on hedging the copper price. To this end, the incoming and outgoing quantities of metal are netted every day and the remaining open position is netted through transactions in order to cancel, at the end of each day, the business risk associated with fluctuating metal prices. As part of the aforementioned hedging transactions, in order to reduce the related risks, the Group operates with commercial partners of adequate standing.

4. Notes to the statement of consolidated financial position

4.1. *Property, plant and equipment*

The breakdown of the item is as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Land and buildings	243,590	263,421	(19,831)
Plant and equipment	220,271	223,310	(3,039)
Other assets	29,953	29,615	338
Advances and assets under development	33,768	12,860	1,465
Property, plant and equipment	527,582	529,206	(1,624)

Below is the breakdown between owned and leased assets:

<i>(in Euro thousand)</i>	<i>Owned</i>	<i>Leased</i>	<i>Total</i>
Land and buildings	220,264	23,326	243,590
Plant and equipment	219,247	1,024	220,271
Other assets	24,162	5,791	29,953
Advances and assets under development	33,768	-	33,768
Property, plant and equipment	497,441	30,141	527,582

Land and buildings recorded in this item are those owned and used by the entities of the Group; these include the production plants in the copper sector (including Mansfeld and Fornaci di Barga) and the building located in Foro Buonaparte 44, Milan, the headquarters of the Parent Company which was the subject of a leaseback transaction in March 2024.

The breakdown by geographical area is as follows:

<i>(in Euro thousand)</i>	<i>Italy</i>	<i>Germany</i>	<i>Other foreign countries</i>	<i>Total</i>
Property, plant and equipment	217,892	247,303	62,387	527,582

For owned assets, the changes during the reporting period under review can be analysed as follows:

<i>(in Euro thousand)</i>	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Advances and PP&E under development</i>	<i>Total</i>
Gross amount	354,166	729,492	78,510	12,860	1,175,028
Accumulated depreciation	92,039	508,203	54,515	-	654,757
Total as at 31 December 2023	262,127	221,289	23,995	12,860	520,271
Gross amount as at 31 December 2023	354,166	729,492	78,510	12,860	1,175,028
Purchases in the period	11,395	3,607	2,482	31,398	48,882
Reclassifications	(2,113)	8,805	769	(12,759)	(5,298)
Change in scope of consolidation (cost)	6,130	20,822	1,268	2,383	30,603
Increases in cost due to foreign exchange differences	1	8	6	-	15
Disposals (cost)	(60,759)	(24,661)	(1,213)	(114)	(86,747)
Gross amount as at 31 December 2024	308,820	738,073	81,822	33,768	1,162,483
Accumulated depreciation as at 31 December 2023	92,039	508,203	54,515	-	654,757
Reclassifications	1,476	263	(985)	-	754
Changes in consolidated group (acc. deprec.)	3,281	8,558	1,073	-	12,912
Depreciation, impairment and write-downs	8,203	26,312	4,010	-	38,525
Increases in depreciation due to foreign exchange differences	4	(51)	57	-	10
Disposals (accumulated depreciation)	(16,447)	(24,459)	(1,010)	-	(41,916)
Accumulated depreciation as at 31 December 2024	88,556	518,826	57,660	-	665,042
Gross amount	308,820	738,073	81,822	33,768	1,162,483
Accumulated depreciation	88,556	518,826	57,660	-	665,042
Total as at 31 December 2024	220,264	219,247	24,162	33,768	497,441
<i>of which finance leases</i>	<i>8,348</i>				<i>8,348</i>

The balance of the item "disposals" relating to Land and Buildings mainly includes the effect of the early waiver of the option right provided for in the Osnabrück Sale & Lease back transaction carried out in December 2022. The waiver resulted in the cancellation of the net book value of the Osnabrück plant of Euro 35,570 thousand and the recognition in leased assets of a right of use for the portion of the plant used by the Group of Euro 16,536 thousand.

Property, plant and equipment with a carrying amount of Euro 119,086 thousand are used to secure financial liabilities. Secured financial liabilities amounted to Euro 479,060 thousand at the balance sheet date.

Property, plant and equipment subject to depreciation are generally depreciated on a straight-line basis; the depreciation recorded is based on the following average useful lives:

	Useful life
Buildings	from 25 to 50 years
Plant and equipment	from 10 to 40 years
Other assets	from 5 to 15 years

The following table shows changes in owned assets during the previous financial year:

<i>(in Euro thousand)</i>	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Advances and PP&E under development</i>	<i>Total</i>
Gross amount	313,791	532,126	64,907	11,395	922,219
Accumulated depreciation	68,584	321,691	43,990	-	434,266
Total as at 31 December 2022	245,207	210,435	20,917	11,395	487,954
Gross amount as at 31 December 2022	313,791	532,126	64,907	11,395	922,219
Purchases in the year	1,613	3,861	2,950	19,973	28,397
Reclassifications	2,209	13,636	1,909	(19,096)	(1,342)
Change in scope of consolidation (cost)	11,176	26,750	6,043	89	44,058
Reclassifications from IFRS 5	25,378	155,798	3,278	539	184,993
Increases in cost due to foreign exchange differences	(1)	3	2	-	4
Disposals (cost)	-	(2,682)	(579)	(40)	(3,301)
Gross amount as at 31 December 2023	354,166	729,492	78,510	12,860	1,175,028
Accumulated depreciation as at 31 December 2022	68,584	321,691	43,990	-	434,265
Reclassifications	(43)	(8)	72	-	21
Changes in consolidated group (acc. deprec.)	2,895	20,156	4,263	-	27,314
Reclassifications from IFRS 5	15,139	134,608	2,962	-	152,709
Released	-	(19)	-	-	(19)
Depreciation, impairment and write-downs	5,464	34,290	3,746	-	43,500
Increases in depreciation due to foreign exchange differences	-	-	2	-	2
Disposals (accumulated depreciation)	-	(2,515)	(520)	-	(3,035)
Accumulated depreciation as at 31 December 2023	92,039	508,203	54,515	-	654,757
Gross amount	354,166	729,492	78,510	12,860	1,175,028
Accumulated depreciation	92,039	508,203	54,515	-	654,757
Total as at 31 December 2023	262,127	221,289	23,995	12,860	520,271

Changes were as follows in leased assets:

<i>(in Euro thousand)</i>	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Total</i>
Gross amount	8,421	3,805	18,211	30,437
Accumulated depreciation	7,127	1,784	12,591	21,502
Total as at 31 December 2023	1,294	2,021	5,620	8,935
Gross amount as at 31 December 2023	8,421	3,805	18,211	30,437
Purchases in the year	17,664	-	4,288	21,952
Reclassifications	4,600	(23)	(71)	4,552
Change in scope of consolidation (cost)	-	-	217	217
Increases in cost due to foreign exchange differences	26	-	3	29
Disposals (cost)	-	-	(547)	(547)
Gross amount as at 31 December 2024	30,711	3,828	22,101	56,640
Accumulated depreciation as at 31 December 2023	7,127	1,784	12,591	21,502
Reclassifications	(1,241)	173	1,316	248
Depreciation, impairment and write-downs	1,484	847	2,893	5,224
Increases in depreciation due to foreign exchange differences	15	-	2	17
Disposals (cost)	-	-	(492)	(492)
Accumulated depreciation as at 31 December 2024	7,385	2,804	16,310	26,499
Gross amount	30,711	3,828	22,101	56,640
Accumulated depreciation	7,385	2,804	16,310	26,499
Total as at 31 December 2024	23,326	1,024	5,791	30,141

The amount of leased assets represents the value of the rights of use relating to lease/rental contracts for property, plant and equipment; the corresponding liabilities are entered under the item "financial payables and liabilities". The effects of the income statement are recorded as interest expense under financial charges and as amortisation and depreciation in the consolidated income statement. Short-term lease/rental contracts are not accounted for in this item but in "Other operating costs".

The increase in the item "Land and buildings" is mainly due to the effect of the recognition of the right of use of the Osnabrück plant of Euro 16,536 thousand, as previously indicated.

The following table shows changes in leased assets recorded in the last financial year:

<i>(in Euro thousand)</i>	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>Other assets</i>	<i>Advances and PP&E under development</i>	<i>Total</i>
Gross amount	8,831	3,230	14,251	-	26,312
Accumulated depreciation	4,648	1,018	8,644	-	14,310
Total as at 31 December 2022	4,183	2,212	5,607	-	12,002
Gross amount as at 31 December 2022	8,831	3,230	14,251	-	26,312
Purchases in the year	727	110	2,755	-	3,592
Reclassifications	(35)	(23)	(23)	-	(81)
Change in scope of consolidation (cost)	-	88	282	-	370
Reclassifications from IFRS 5	244	400	1,303	-	1,947
Increases in cost due to foreign exchange differences	12	-	4	-	16
Disposals (cost)	(1,358)	-	(361)	-	(1,719)
Gross amount as at 31 December 2023	8,421	3,805	18,211	-	30,437
Accumulated depreciation as at 31 December 2022	4,648	1,018	8,644	-	14,310
Reclassifications	(53)	(3)	(72)	-	(128)
Changes in consolidated group (acc. deprec.)	-	-	-	-	-
Reclassifications from IFRS 5	102	400	1,093	-	1,595
Releases	-	-	-	-	-
Depreciation, impairment and write-downs	3,907	369	3,247	-	7,523
Increases in depreciation due to foreign exchange differences	1	-	2	-	3
Disposals (cost)	(1,478)	-	(323)	-	(1,801)
Accumulated depreciation as at 31 December 2023	7,127	1,784	12,591	-	21,502
Gross amount	8,421	3,805	18,211	-	30,437
Accumulated depreciation	7,127	1,784	12,591	-	21,502
Total as at 31 December 2023	1,294	2,021	5,620	-	8,935

4.2. Investment property

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Investment property	67,182	66,724	458

<i>(in Euro thousand)</i>
Total as at 31 December 2023
Increases during the year
Decreases
Changes in fair value
Total as at 31 December 2024

The decreases are mainly due to the completion of the sale of land in the municipalities of Varedo and Limbiate.

The breakdown by geographic area is as follows:

<i>(in Euro thousand)</i>	<i>Italy</i>	<i>Germany</i>	<i>Other foreign countries</i>	<i>Total</i>
Investment property	59,230	7,952	-	67,182

The item includes a series of property complexes mainly related to the Italian subsidiaries operating in the real estate sector (Immobiliare Picta Srl e Natural Capital Italia SB SpA) and includes property complexes in Ivrea (Turin) and Limestre (Pistoia), a portion of the industrial complex located in Fornaci di Barga (Lucca), a building located in Florence – encumbered by a mortgage – and an industrial complex located in Serravalle Scrivia (Alessandria) and land and buildings belonging to KME Grundstücksgesellschaft SE & Co. KG in Germany.

Investment property is recorded at fair value on the basis either of valuations made by independent external experts with recognised and relevant professional qualifications that are confirmed by the Directors or valuations made by technical staff within the company. Changes in fair value are recognised in the income statement for the year; this fair value is not based on observable market data and is classified as fair value at level 3, despite being measured on a regular basis.

The valuation models try to reduce the use of unobservable inputs and therefore, in the case of leased properties, the contractually agreed rents are used as a reference. In the case of non-leased properties, rent payments are derived from rents applied to similar properties using databases such as that of the Italian Revenue Agency (OMI) for properties located in Italy.

The valuation models take into account the present value of net cash flows generated by the properties, including expected percentage rent increases, vacant periods, occupancy rates, costs of incentives to tenants, e.g. rent-free periods, and all other costs not covered by the tenants.

The anticipated net cash flow is discounted at risk-adjusted discount rates. In addition to other factors, the quality of a building and its location, the creditworthiness of the tenant and the period of the rental relationship are taken into account in assessing the discount rate.

These adjustments are considered to be unobservable inputs because they cannot be derived directly from market observations. The minimum and maximum values of the main unobservable inputs are summarised below:

- rent growth rate: minimum 75% - maximum 100% of the change in the consumer price index;
- period of non-occupation: depending on the reference market and the condition of the specific property, a minimum of 6 to a maximum of 12 months were considered;
- discount rate: depending on the reference market and the condition of the specific property, a minimum discount rate of 5.60% and a maximum discount rate of 11.05% were considered.

Finally, given the changes to the main evaluation elements, the fair value of the properties would increase (decrease) if:

- the increase in rent were higher (lower) than expected;
- the periods of non-occupation were shorter (longer);
- the discount rate were lower (higher) than that used. Specifically, an increase in WACC of between 0.25% and 1% would result in an average reduction in fair value of approximately 10%.

Future minimum lease payments to receive for non-cancellable leasing contracts as at 31 December 2024 amount to Euro 1.6 million (within the year) and Euro 5.1 million in the time horizon between one and five years.

4.3. Goodwill

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Goodwill	394,445	394,833	(388)

The table below shows the allocation of goodwill by Cash-Generating Unit (CGU), in line with the Group's operating segment. The useful life of goodwill is indefinite.

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Copper Cash Generating Unit	369,013	367,057	1,956
Perfumes and Cosmetics Cash Generating Unit	25,432	27,776	(2,344)
Goodwill	394,445	394,833	(388)

The above table shows the allocation of goodwill by Cash Generating Unit (CGU), in line with the Group's operating segment. The useful life of goodwill is indefinite. The reduction in goodwill in the Perfumes CGU was due to the deconsolidation of the investee Bakel SpA (formerly Bakel Srl), while the increase in the Copper CGU was due to the acquisition of 100% of Azienda Metalli Laminati SpA.

The changes in 2024, relating solely to changes in the scope of consolidation, are shown below:

<i>(in Euro thousand)</i>	<i>31 Dec 2023</i>	<i>Increases</i>	<i>Decreases</i>	<i>31 Dec 2024</i>
Copper Cash Generating Unit	367,057	1,956	-	369,013
Perfumes and Cosmetics Cash Generating Unit	27,776	-	(2,344)	25,432
Goodwill	394,833	1,956	(2,344)	394,445

The goodwill recognised as at 31 December 2024 originated from business combinations in 2022 in relation to the change of the investment entity status of the Parent Company and, more specifically, from the consolidation of the KME SE group, operating in the copper sector and of the CULTI Milano group, operating in the cosmetics sector.

Impairment test of the value of goodwill recognised in the financial statements as at 31 December 2024

Goodwill acquired in a business combination is allocated to the cash generating units. Goodwill, recognised as representative of the future profitability of the CGUs, and therefore of the investees, is subject to impairment testing at least annually, at the level of the individual CGU, to identify any impairment. The recoverable amount of the CGU is the higher of fair value less costs to sell and the value in use.

An impairment loss is recorded whenever the carrying amount of an asset – understood individually or as a CGU, or the smallest "revenue centre" to which specific cash flows can be attributed – is greater than the "recoverable amount" of the same.

To this end, goodwill must be allocated to individual or groups of cash-generating units of the acquirer so that these units benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to such units or groups of units.

The aforementioned impairment tests were also carried out by taking into account the provisions of IAS 36 and the ESMA and CONSOB recommendations, and therefore taking into consideration all the potential external effects on the Group's business stemming from the pandemic and the Russia-Ukraine conflict and other ongoing conflicts.

In compliance with the international accounting standard IAS 36, the cash flow projections used to determine the recoverable amount of intangible assets with an indefinite useful life, and in particular of goodwill, have been reviewed based on the latest estimates available (indicated in the Business Plans and/or Budgets), appropriately reviewed on the basis of reasonable and demonstrable assumptions in order to reflect the results reported in the meantime, and able to represent, as at today, the best estimate of the expected future economic conditions, and by carrying out sensitivity analyses also regarding potential impacts deriving from the current geopolitical and health context on the assumptions underlying the estimates made.

- *Copper CGU*

The impairment test on the Copper CGU whose goodwill as at 31 December 2024 amounted to Euro 369.0 million (the value of goodwill stood at Euro 367.1 million as at 31 December 2023), was carried out on the basis of the Unlevered Discounted Cash Flow (UDCF) method, discounting the operating cash flows generated by the assets themselves (net of the tax effect).

The UDCF method was developed by using, as an information base, economic forecasts and changes in some statement of financial position items included in the KME SE 2025 - 2029 Business Plan (the "Plan" drafted and approved by the administrative bodies of KME SE on 14 April 2025) and taking into account the change in the scope of consolidation following the acquisition of 100% of the share capital of Azienda Metalli Laminati. The approved Plan reflects the best estimate of the main macroeconomic and economic developments that could affect the business of the KME SE Group.

The terminal value was calculated by assuming the long-term EBITDA equal to the average of the Plan's EBITDA (explicit period, 1 January 2025 - 31 December 2029), with a level of amortisation corresponding to investment using a long-term growth rate "g" equal to zero and a WACC of 9.74% (9.91% in the impairment test carried out as at 31 December 2023) taking into account recorded historical data.

In accordance with the methodological indications provided by accounting standard IAS 36, a sensitivity analysis was also carried out in order to understand how the recoverable amount may vary following changes in the value of EBITDA (decreases of 5% and 10%) on the terminal value. Moreover, in order to better appreciate the sensitivity of the results of the impairment test with respect to the changes in the basic assumptions, at the same growth rate (equal to zero), a sensitivity analysis was also carried out for the purpose of calculating the value in use with respect to the overall WACC discount rate (an increase of 0.5% and 1.0%) used to calculate the terminal value. Both in the base case and in the case of a joint worsening of the EBITDA and WACC parameters, in the limits described above, the impairment test carried out has ascertained that there are no impairment losses on the Copper CGU.

The recoverable amount of the CGU resulting from the test is higher than the carrying amount by approximately Euro 200 million.

- *Perfumes and Cosmetics CGU*

The impairment test on the Perfumes and Cosmetics CGU, whose goodwill as at 31 December 2024 amounted to Euro 25.4 million (as at 31 December 2023, goodwill amounted to Euro 27.8 million), was carried out on the basis of the Unlevered Discounted Cash Flow (UDCF), discounting the operating cash flows generated by the assets themselves (net of the tax effect). The reduction in value is due to the deconsolidation of the investee Bakel SpA.

The recoverable amount of the CGU was determined by applying the Sum of Parts method, considering the values of CULTI Milano S.p.A. and the companies belonging to its group.

For each party (entity), the terminal value was calculated on the basis of the related historical EBITDA and considering the forecast data (explicit period, 1 January 2025 - 31 December 2029), using a long-term growth rate "g" equal to zero and a specific WACC for each party (entity); taking into account the contribution of each country to the EBITDA Terminal Value, the weighted average discount rate applied to the impairment test of the Perfumes and Cosmetics CGU was around 10.04% (10.86% in the assessments as at 31 December 2023).

Also for the Perfumes and Cosmetics CGU, for each part, a sensitivity analysis was carried out in order to understand the change in the recoverable amount following changes in the value of the EBITDA (decrease of 5% and 10%) on the terminal value and, at the same growth rate (equal to zero), the total WACC discount rate (increase of 0.5% and 1.0%).

Both in the base case and in the case of a joint worsening of the EBITDA and WACC parameters, the impairment test carried out has ascertained that there are no impairment losses on the Perfumes and Cosmetics CGU.

The recoverable amount resulting from the test is higher than the carrying amount by approximately Euro 12 million.

▪ *Results of the test on the CGUs identified*

The results of the impairment tests did not reveal any impairment of the goodwill recorded, both in the reference scenario and in those hypothesised by the sensitivity analyses carried out (combined deterioration of EBITDA and WACC), with a recoverable amount of the CGU always higher than the carrying amount shown in these Consolidated Financial Statements.

4.4. Intangible assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Software, patents and licences	23,561	22,738	823
Advances and assets under development	727	2,562	(1,835)
Other	21,934	25,130	(3,196)
Intangible assets	46,222	50,430	(4,208)

All intangible assets, net of goodwill, have a finite useful life and their carrying amount is represented by the cost net of the amortisation recorded.

Useful life	
Intangible assets with finite useful lives	from 3 to 10 years

As at 31 December 2024, the item recorded no reductions in value.

The breakdown by geographic area is as follows:

<i>(in Euro thousand)</i>	<i>Italy</i>	<i>Germany</i>	<i>Other foreign countries</i>	<i>Total</i>
Intangible assets (excl. Goodwill)	22,452	22,304	1,466	46,222

The changes during the year are analysed below:

<i>(in Euro thousand)</i>	<i>Software, patents and licences</i>	<i>Intangible assets under development</i>	<i>Other</i>	<i>Total</i>
Gross amount	47,309	2,562	30,669	80,540
Accumulated amortisation	24,571	-	5,539	30,110
Total as at 31 December 2023	22,738	2,562	25,130	50,430
Gross amount as at 31 December 2023	47,309	2,562	30,669	80,540
Purchases in the year	194	1,571	162	1,927
Reclassifications	3,389	(3,436)	(1)	(48)
Change in scope of consolidation (cost)	769	30	(526)	273
Decreases (cost)	(1,620)	-	(35)	(1,655)
Gross amount as at 31 December 2024	50,041	727	30,269	81,037
Accumulated amortisation as at 31 December 2023	24,571	-	5,539	30,110
Changes in consolidated group (provision)	(89)	-	(368)	(457)
Amortisation, impairment and write-downs	3,616	-	3,185	6,801
Reclassifications	(38)	-	11	(27)
Decreases (accumulated amortisation)	(1,580)	-	(32)	(1,612)
Accumulated amortisation as at 31 December 2024	26,480	-	8,335	34,815
Gross amount	50,041	727	30,269	81,037
Accumulated amortisation	26,480	-	8,335	34,815
Total as at 31 December 2024	23,561	727	21,934	46,222

Whereas during the previous financial year, the following changes occurred:

<i>(in Euro thousand)</i>	<i>Software, patents and licences</i>	<i>Intangible assets under development</i>	<i>Other</i>	<i>Total</i>
Gross amount	43,591	2,184	30,483	76,258
Accumulated amortisation	20,076	-	2,434	22,510
Total as at 31 December 2022	23,515	2,184	28,049	53,748
Gross amount as at 31 December 2022	43,591	2,184	30,483	76,258
Purchases in the year	1,106	792	200	2,098
Reclassifications	564	(414)	-	150
Change in scope of consolidation (cost)	569	-	-	569
Reclassifications IFRS 5	1,565	-	-	-
Decreases (cost)	86	-	14	100
Gross amount as at 31 December 2023	47,309	2,562	30,669	78,975
Accumulated amortisation as at 31 December 2022	20,076	-	2,434	22,510
Changes in consolidated group (provision)	556	-	-	556
Amortisation, impairment and write-downs	2,461	-	3,119	5,580
Reclassifications IFRS 5	1,565	-	-	1,565
Decreases (accumulated amortisation)	(87)	-	(14)	(101)
Change by investment entity	-	-	-	-
Accumulated amortisation as at 31 December 2023	24,571	-	5,539	30,110
Gross amount	47,309	2,562	30,669	80,540
Accumulated amortisation	24,571	-	5,539	30,110
Total as at 31 December 2023	22,738	2,562	25,130	50,430

4.5. Investments

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Investments in subsidiaries	9,023	18,126	(9,103)
Investments in other companies	4,914	884	4,040
Equity-accounted investments	6,077	13,977	(7,900)
Investments	20,014	32,987	(5,073)

<i>(in Euro thousand)</i>	<i>Investments in subsidiaries</i>	<i>Investments in other companies</i>	<i>Equity-accounted investments</i>	<i>Total</i>
Total as at 31 December 2023	18,126	884	13,977	32,987
Increases	2,609	3,120	3,753	9,482
Decreases	(264)	-	(1,629)	(1,893)
Other changes	(11,200)	1,248	(36)	(9,988)
Write-downs	(248)	(338)	-	(586)
FVOCI changes	-	-	986	986
Share of profits/losses in the income statement	-	-	(10,974)	(10,974)
Total as at 31 December 2024	9,023	4,914	6,077	20,014

Compared to 31 December 2023, the rise in investments of Euro 9,482 million relates to the increases of Euro 1,450 thousand in the investment in the investees Oasi Dynamo Società Agricola (Euro 1,200 thousand) and Oasi Dynamo Foodco Srl (Euro 250 thousand) and to the investments arising from the line-by-line consolidation of Intek Investimenti for Euro 7,226 thousand.

The net decrease recorded in "Other changes" is due to the line-by-line consolidation of Intek Investimenti SpA (Euro 11,200 thousand) and Azienda Metalli Laminati SpA as well as the deconsolidation of the investment in Bakel SpA.

The decrease in the share of profit/loss from investments in the income statement refers to Magnet Joint Venture GmbH, an investment held by KME SE.

The breakdown of the item as at 31 December 2024 is as follows:

Name	Registered office	Business	% ownership as at 31/12/2024		31/12/2024	31/12/2023
			direct	indirect	(in Euro thousand)	(in Euro thousand)
Intek Investimenti S.p.A.	Italy	Holding		84.83%	-	11,200
Ergyca Tracker 2 S.r.l.	Italy		51.00%		24	24
Newint S.r.l.	Italy		100.00%		10	10
Nextep S.r.l. Società Benefit	Italy		60.00%		-	6
KME America Inc.	USA			84.83%	7	7
KME India Private Ltd. (in liquidation)	India			84.83%	92	92
KME Metals (Shanghai) Trading Ltd.	China			84.83%	81	81
KME (Suisse) S.A.	Switzerland			84.83%	1,138	1,138
Oasi Dynamo Società Agricola S.r.l.	Italy			69.84%	6,110	4,910
Oasi Dynamo FoodCo S.r.l.	Italy			69.84%	650	400
KME Middle East FZE	UAE			84.83%	-	258
Isno 3 srl (in liquidation)	Italy			51.51%	911	-
Investments in subsidiaries					9,023	18,126
Vita Società Editoriale S.p.A.	Italy		13.22%		222	222
Metal Interconnector S.c.p.A.	Italy			0.36%	436	436
Bakel S.p.A.	Italy			21.82%	1,248	-
Aurm S.p.A.	Italy			0.47%	1,003	-
Other minor investments				n/a	1,199	226
Investments in other companies					4,914	884
Azienda Metalli Laminati S.p.A.	Italy			20.53%	-	36
Dynamo Academy S.r.l.	Italy			37.26%	1,264	1,264
Il Post S.p.A.	Italy			22.46%	3,753	-
Magnet Joint Venture GmbH	Germany			37.73%	1,060	12,677
Equity-accounted investments					6,077	13,977
Total investments					20,014	32,987

"Equity-accounted investments" include jointly controlled investments, including KME SE's 45% investment in Magnet Joint Venture GmbH of Euro 1,060 thousand. This share was part of the agreements with Paragon relating to the transfer of control of the Special Products Business. This measurement includes adjustments to fair value at the time of acquisition.

4.6. Other non-current assets

The breakdown of the item is as follows:

(in Euro thousand)	31 Dec 2024	31 Dec 2023	Change
Guarantee deposits	1,608	1,489	119
Other receivables	4,805	3,381	1,424
Other non-current assets	6,413	4,870	1,543

4.7. Non-current financial assets

This item can be broken down as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Receivables due from related companies	51,018	-	51,018
Other non-current financial assets	25,550	3,052	22,498
Derivative financial instruments	21	115	(94)
Non-current financial assets	76,589	3,167	73,422

The increase compared to 31 December 2023 is due to the recognition of a financial receivable of Euro 22,522 thousand for the early waiver of the option right provided for in the lease agreement for the Osnabrück plant and to the reclassification of Euro 15,022 thousand of financial receivables of Natural Capital Italia and Euro 35,966 thousand relating to receivables from Magnet JV from current financial receivables. The reclassification was made following changes to the contractual conditions resulting from the failure to complete the project relating to the Business Combination Agreement ("BCA") signed jointly with Paragon and SDCL EDGE Acquisition Corporation in February 2024. For more information, please refer to the report on operations.

The value of derivative financial instruments, equal to Euro 21 thousand, refers to the companies of the CULTI group and in particular to the value of the IRS Swaps entered into to hedge the interest rate risk on outstanding loans payable.

<i>(in Euro thousand)</i>	<i>CULTI Milano S.p.A.</i>	<i>Scent Company S.r.l.</i>
Original notional value	2,500	800
Notional value 31/12/2024	790	382
<i>Carrying amount</i>	14	7
Expiry date	2026	2026

4.8. Inventories

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Raw materials, consumables and supplies	349,370	322,573	26,797
Work in progress and semi-finished products	20,764	20,511	253
Finished goods and merchandise	30,449	31,095	(646)
Inventories	400,583	374,179	(26,404)

The item mainly includes the balances of the copper sector (Euro 394,527 thousand), relating mainly to metal stocks, in particular copper, aluminium, nickel, zinc, tin, scrap and other metals; the remainder relates to the CULTI group (Euro 6,056 thousand).

Inventories include 37 thousand tonnes of stocks held as collateral for financial liabilities (in 2023, the tonnes held as collateral amounted to 40 thousand).

Moreover, during the financial year under review, an impairment loss on metal stocks was recorded amounting to Euro 1,976 thousand (in the previous financial year, the loss amounted to Euro 1,872 thousand).

Finally, the total amount of inventories includes Euro 6.3 million from the consolidation of Azienda Metalli Laminati SpA.

4.9. Trade receivables

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Receivables – third parties	34,848	42,970	(8,122)
Receivables – lease and factoring activities	1,007	1,210	(203)
Receivables – parent company	-	19	(19)
Receivables – non consolidated subsidiaries	1,894	3,783	(1,889)
Receivables – equity-accounted investments	21,330	7,176	14,154
Trade receivables	59,079	55,158	3,921

"Receivables – third parties" refer to the KME SE group for around Euro 30.6 million and the CULTI group for around Euro 4.3 million.

It should be noted that, as part of its factoring programme, the KME SE group regularly assigns trade receivables with non-recourse factoring transactions (assignment of the risk to the factoring company, maintaining the risk associated with the legal validity of the receivables; in this context, in accordance with IFRS 9, the Group derecognises the transferred receivables in full and recognises a receivable from the factoring company in the same amount until payment is received). As at 31 December 2024, receivables from factoring companies amounted to Euro 15,684 thousand and are included in the item "current financial assets".

In addition to non-recourse factoring, the KME SE Group also transfers receivables within the scope of factoring with recourse. In this case the receivables, in contrast to factoring with non-recourse, are not cleared and remain unchanged as receivables from customers. The consideration from the factoring company is recorded under short-term financial liabilities.

A portion of the trade receivables amounting to Euro 6.6 million (Euro 12.2 million last year) is given as collateral for outstanding financial liabilities.

With reference to the receivables from customers, receivables past due by more than 120 days represent approximately 25% of the gross value.

4.10. Current financial assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Financial receivables due from related parties	30,140	69,974	(39,834)
Receivables due from factoring companies	15,684	17,292	(1,608)
Derivative financial instruments	23,687	4,636	19,051
Investments in securities	272	272	-
Other current financial assets	9,813	2,110	(7,703)
Current financial assets	79,596	94,284	(14,688)

"Financial receivables from related parties" as at 31 December 2024 are mainly related to Group companies that are not consolidated on a line-by-line basis. The balance as at 31 December 2023, included the receivable of Euro 34.6 million from JV Magnet, which has been reclassified to non-current financial assets in these financial statements.

"Receivables due from factoring companies" relate to the KME SE group and in particular to the amount of trade receivables transferred according to factoring transactions with non-recourse, as previously indicated in the comment to the item "trade receivables". This amount refers to trade receivables for goods and services that were already assigned and not paid at the balance sheet date. The amount of Euro 15,684 (Euro 17,292 thousand as at 31 December 2023) serve as collateral for outstanding financial liabilities.

"Derivative financial instruments" include the fair value of derivatives held by the KME SE group and commitments to sell and purchase LME (London Metal Exchange) contracts and forward exchange contracts.

"Other current financial assets" as at 31 December 2024 include an amount of Euro 8.8 million (Euro 1.1 million as at 31 December 2024) relating to a receivable due from an insurance company.

In reference to CONSOB Communication no. DEM/11070007 of 5 August 2011 which drew on the document issued by the European Securities and Markets Authority (ESMA), it is specified that the Group has no investments in sovereign debt securities.

4.11. Other receivables and current assets

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Tax receivables	10,048	18,464	(8,416)
Advances to suppliers	3,244	787	2,457
Prepayments and accrued income	4,075	4,048	27
Receivables due from related companies	87	243	(156)
Other receivables	3,702	2,923	779
Other receivables and current assets	21,156	26,465	(5,309)

Tax receivables include receivables related to energy consumption of Euro 2,912 thousand (compared to Euro 6,517 thousand in the previous year).

Prepayments and accrued income are due to the recording of prepayments mainly for travel costs and services attributable to subsequent periods.

4.12. Cash and cash equivalents

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Bank and postal deposits	181,211	118,593	62,618
Cash on hand	31	16	15
Cash and cash equivalents	181,242	118,609	62,633

"Cash and cash equivalents" consist of bank accounts and cash on hand; as at 31 December 2024 Euro 12 million was pledged as collateral.

The cash and cash equivalents are deemed sufficient for the Group's commercial and financial commitment activities.

4.13. Non-current assets held for sale and liabilities directly associated with assets held for sale

<i>(in Euro thousand)</i>	<i>31 Dec 2023</i>	<i>31 Dec 2022</i>	<i>Change</i>
Properties held for sale	11,947	11,947	-
Non-current assets held for sale	11,947	11,947	-

As at 31 December 2024, assets held for sale include the residual value of the property, plant and equipment owned by KME Italy SpA deriving from the laminates business unit of S.A. Eredi Gnutti Metalli S.p.A.

4.14. Group equity

The "Share Capital" as at 31 December 2024 amounted to Euro 200,154,177.66 divided into 270,231,550 ordinary shares (95.00% of the share capital) and 14,211,262 savings shares (5% of the share capital). None of the shares have a par value.

For an analysis of the changes in consolidated equity, reference should be made to the "*Statement of changes in equity*".

During the year, 4,946,846 ordinary shares were issued following the exercise of warrants and 45,114,520 ordinary shares were cancelled, purchased through a public tender offer.

Moreover, the movement also includes the effects of the allocation until 28 June 2024 to a specific reserve included in "Other reserves" on Management Warrants deriving from the actuarial calculation carried out in application of the provisions of IFRS 2. These costs are included in the item "Other operating costs".

The aforementioned *Management Warrants* were purchased by the Parent Company at a price of 0.60 per warrant.

As at 31 December 2024, the Company held 53,243,219 ordinary treasury shares representing 19.70% of the ordinary share capital (18.72% of the total share capital).

4.15. Employee benefits

This item relates to the "*Post-employment benefits*" and to other employee benefit plans under other legislation; the amount is determined based on the vested benefits at the end of the year, in compliance with law employment contracts and IAS 19, and is composed as follows:

(in Euro thousand)	31 Dec 2024	31 Dec 2023	Change
Employee benefits	116,674	126,639	(9,965)

The changes in the item were as follows:

(in Euro thousand)	31 Dec 2023	Changes in consolidated group	Reclassifications from IFRS 5	Increases	Decreases/ payments	31 Dec 2024
Employee benefits	126,639	597	-	2,849	(13,411)	116,674

The main criteria used in the measurement of "*Employee benefits*" are set out below:

General criteria	31 Dec 2024	31 Dec 2023
Discount rate	3.85%	3.58%
Rate of increase in future remuneration	1.00-5.60%	1.00-4.65%
Future increase in performance	2.00-3.00%	2.00-3.00%
Average remaining working life (years)	11.13	11.08
General criteria		

The Group has employees in Italy and abroad, mostly in Germany and the United Kingdom; most employees in the KME Group have retirement benefits, with the form of disbursement varying from country to country according to the national legal, economic and tax regulations. Pension plans in the Group include both defined contribution and defined benefit plans.

In Germany executive employees are entitled to an individually determined benefit payment which either becomes due on age of 65 or earlier, depending on possibilities provided for by the statutory pension insurance fund. Starting in 2017 executive employees will only get commitments for defined contribution plans in Germany.

For a large proportion of other employees there are defined benefit plans depending on when they commenced work at the company in accordance with the employment agreement, the amount of which is calculated as a percentage of the pensionable salary for each qualifying year of service.

From 1 January 2018, employees will instead receive a contribution supplement for salary conversion as part of a defined contribution plan.

Total obligations for pension obligations arising from defined benefit plans in Germany amount to Euro 107,120 thousand, net of plan assets, which amount to Euro 792 thousand.

Defined benefit plans exist for employees in Great Britain and provide for a pension payment after the age of 65. The plan involves a statutory requirement to cover the obligations with financial assets of an equivalent amount. The plan assets are invested in fund shares, fixed-interest securities, property and bank deposits. The decision-making body in each case is a so-called "Board of Trustees". Total amount of pension obligations arising from defined benefit plans in Great Britain is Euro 70,068 thousand. These are offset by plan assets in an amount of Euro 69,325 thousand, resulting in a net obligation of Euro 743 thousand.

The defined pension benefit plans in Italy include the regulatory payment of a principal amounts according to the period of service and post-employment benefit payable on termination. Total amount of pension obligations arising from defined benefit plans in Italy is Euro 8,710 thousand.

Risks associated with defined benefit plans

The main risk other than normal actuarial risk – including longevity risk and foreign exchange risk – relates to financial risk associated with plan assets. On the pension liability side, this mostly means inflation risk on plans with salary-linked benefits; a marked rise in pay would increase the obligation under these plans. In the Group, plans of this kind exist only on a small scale and are largely closed to new entrants.

Regarding increases to currently paid pensions there is no pension arrangement within the Group that carries an obligation to increase the benefit amount in excess of inflation or in excess of the surplus generated on plan assets.

The return on plan assets in accordance with IAS 19 is assumed on the basis of the discount rate for the defined benefit obligation. If the actual rate of return is below the discount rate, the net liability goes up. For the funded plans, however, notably given the share of plan assets invested in equities, we expect that long-term returns will exceed the discount rate. Nonetheless, short- to medium-term fluctuations cannot be ruled out, with a corresponding effect on the net liability. In this regard, sensitivity analyses were carried out on the basis of certain parameters (change in the mortality rate, discount rate, retirement age).

The present value of the obligations is equal to:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>
Present value of partially or fully hedged obligations	115,830	120,177
Present value of unfunded obligations	70,961	76,604
Present value of defined benefit obligations	186,791	196,781
Plan assets	(70,117)	(70,142)
(Surplus) deficit	116,674	126,639

Moreover, reimbursement rights, mainly from life insurance policies, are used to partially fund pension obligations. Upon retirement, life insurance will be paid by the insurance company to KME. The following shows the evolution of repayment requests:

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Opening balance	1,641	1,726
Increases	-	39
Decreases	(96)	(124)
Insurance reimbursements	1,545	1,641

The following table shows the changes to the present value of pension obligations:

<i>(in Euro thousand)</i>	2024	2023
Opening balance of the obligation	196,781	187,009
Changes in consolidated group	598	4,058
Current service cost	300	347
Interest on the obligation	7,570	8,497
Adjustments based on experience	(1,601)	(876)
<i>Actuarial (gains) losses</i>		
- from demographic changes	(135)	(4,077)
- from financial assumptions	(6,775)	9,663
Foreign exchange differences on foreign plans	3,364	1,581
Benefits paid and disbursed	(13,311)	(12,257)
Reclassifications pursuant to IFRS 5	-	2,836
Present value of the obligation	186,791	196,781

The following table shows how the defined benefit obligation would have been affected by changes in the main actuarial assumptions with all other assumptions remaining unchanged:

<i>(in Euro thousand)</i>	<i>Increase</i>	<i>Decrease</i>
Life expectancy (1-year change)	113,910	105,442
Discount rate (1% change)	103,743	128,545
Future pension increases (0.5% change)	111,288	106,184
Sensitivity analysis		

Plan assets (measured at fair value) changed as follows:

<i>(in Euro thousand)</i>	2024	2023
Opening balance	70,142	59,420
Interest income	3,403	3,159
Actuarial gains and (losses)	(10,735)	(48)
Foreign exchange rates on non-Euro plans	3,250	1,218
Contributions from the employer	8,859	10,376
Contributions from participants in the plan	-	-
Benefits paid and disbursed	(4,802)	(3,983)
Fair value of plan assets	70,117	70,142

The following table reclassifies the plan assets into homogeneous classes of securities:

<i>(in Euro thousand)</i>	31 Dec 2024		31 Dec 2023	
Equity securities listed on active markets	10,334	14.7%	11,104	15.8%
Fixed-income securities listed on active markets	11,914	17.0%	8,292	11.8%
Cash and cash equivalents	5,981	8.5%	2,154	3.1%
Other	41,888	59.7%	48,592	69.3%
Plan assets	70,117	100.0%	70,142	100.0%

The plans do not include any financial assets or other assets owned by the Group.

The breakdown of equity securities listed on active markets by sector is as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>		<i>31 Dec 2023</i>	
Financial Institutions	1,819	17.6%	1,788	16.1%
Consumer goods	1,581	15.3%	1,654	14.9%
Energy and utilities	579	5.6%	677	6.1%
Consumer services	785	7.6	988	8.9%
Manufacturing industry	1,219	11.8%	1,410	12.7%
Other	4,351	42.1%	4,587	41.3%
Equity securities broken down by sector	10,334	100.0%	11,104	100.0%

The table below shows the breakdown of fixed-income securities listed on active markets based on the issuer's rating:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>		<i>31 Dec 2023</i>	
AAA	4,337	36.4%	2,106	25.4%
AA	1,847	15.5%	1,153	13.9%
A	1,108	9.3%	1,153	13.9%
BBB and below	4,417	37.1%	3,804	45.9%
Without rating	205	1.7%	76	0.9%
Equity securities broken down by issuer rating	11,914	100.0%	8,292	100.0%

The cost of pension plans consists of personnel costs and interest expense, which is included in personnel expenses:

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Current service cost	300	347
Interest expense	4,167	5,338
Costs recognised in the income statement	4,467	5,685

Future pension contributions are expected to be as follows:

<i>(in Euro thousand)</i>	<i>Amount</i>
Years	
2025	12,035
2026	12,060
2027	12,171
2028	12,239
2029	12,272
from 2030 to 2033	61,306
Future disbursements	122,083

With the exception of the pension plan in Great Britain, the existing plans do not need to be funded as the current cash flow is sufficient for them.

The contributions to the plan, in the next financial year, should amount to Euro 4,220 thousand.

4.16. Non-current and current financial payables and liabilities

The breakdown of the item is as follows:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Non-current financial payables and liabilities	176,790	223,916	(47,126)
Current financial payables and liabilities	252,332	127,286	125,046
Financial payables and liabilities	429,122	351,202	77,920
Bonds	198,954	230,710	(31,756)
Total	628,076	581,912	46,164

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>		<i>31 Dec 2023</i>	
	<i>Current</i>	<i>Non-current</i>	<i>Current</i>	<i>Non-current</i>
Payables due to banks	52,444	88,825	59,084	113,056
Derivative financial instruments	6,539	-	5,179	-
Financial payables to related companies	563	-	-	-
Payables on bonds issued	170,835	-	41,196	-
Factoring liabilities	9,057	-	7,282	-
Lease liabilities	4,747	87,820	4,162	10,816
Other financial liabilities	8,147	685	10,383	100,044
Financial payables and liabilities	252,332	176,790	127,286	223,916

As at 31 December 2024, the current portion of "Payables due to banks" amounted to Euro 52.4 million and included:

- Euro 2.3 million for the short-term portion of the long-term loans in place in the CULTI group (Euro 2.0 million relating to CULTI and Euro 0.3 million relating to Scent Company);
- Euro 50,1 million for bank loans to KME SE.

As at 31 December 2024, the non-current portion of the above item amounted to Euro 88.8 million and included:

- Euro 88.5 million in loans pertaining to the KME SE group.
- Euro 0.3 million as the amount of long-term loans in place in the CULTI group (Euro 0.2 million relating to CULTI and Euro 0.1 million to Scent Company);

The following main loans were outstanding:

- KME SE: Euro 460 million relating to the pooled bank loan that can be used on a revolving basis and maturing on 30 November 2025, with the option for the extension of a further one year subject to the consent of the lenders involved in the transaction. This facility meets the working capital financing needs of the KME SE Group, mainly linked to inventories. In May 2024, with the entry of Bank of China Limited (UK) into the pool of banks, the credit facility was increased to Euro 485 million.

The credit facility was used with letters of credit for payments to metal suppliers in the amount of Euro 478.7 million, whose liabilities are shown under trade and other liabilities and are therefore not included in the amounts indicated above.

The bank consortium credit facility benefits from the following guarantees:

- a pledge, with the reservation of voting rights, of the shares of KME Italy S.p.A.;

- a mortgage on the property of KME Grundstücksgesellschaft SE & Co. KG and over part of the plant equipment and machineries of KME Mansfeld GmbH in Hettstedt;
 - a pledge of the inventory and parts of the non-factored trade receivables and short-term receivables of the European industrial companies of the KME SE group;
 - a pledge on certain factoring and insurance contracts.
- KME Italy S.p.A. and Serravalle Copper Tubes S.r.l.: Euro 75 million (of which Euro 65 million pertaining to KME Italy S.p.A.) relating to the 6-year facility agreement signed in March 2022, with a pool of Italian banks supported by a SACE guarantee. The facility is amortised in equal instalments starting from the first quarter of 2003 until end of 2027. As at 31 December 2024, the residual debt amounted to Euro 45 million;
 - KME Italy S.p.A.: Euro 15 million relating to an additional 6-year facility agreement, signed in July 2022, supported by a SACE guarantee. The facility is amortised in equal instalments starting from the first quarter of 2003 until end of 2027. At the end of December 2024, the residual debt amounted to Euro 9 million;
 - KME Italy S.p.A.: Euro 59 million, relating to the 6-year facility agreement signed in November 2022, supported by a SACE guarantee. The loan is amortised in equal instalments from the fourth quarter of 2023 until the end of the third quarter of 2028. At the end of December, the residual debt amounted to Euro 44.2 million;
 - Serravalle Copper Tubes Srl: at the end of December 2023, the Company signed a loan agreement of Euro 10 million with a duration of 5 years, supported by a SACE guarantee. The facility is amortised in constant instalments starting in the first quarter of 2024. As at 31 December 2024, the residual debt amounted to Euro 7.9 million;
 - Immobiliare Pictea Srl: loan obtained from Solution Bank at the end of December 2024 of Euro 13 million with a 10-year term, amortising repayment in half-yearly instalments starting in June 2025 and an interest rate equal to 6-month Euribor plus a spread of 4.75% (minimum rate 4.75%). This loan is mainly secured by: a first mortgage on a property complex located in Serravalle Scrivia and by the rent received from the lease of the property complex;
 - CULTI Milano S.p.A.: Euro 5.2 million with a duration of approximately 3 years (maturity 30 November 2025), of which 8 months as grace period, with quarterly repayment instalments at the 3-month Euribor floating rate plus a spread of 2.25%. This facility is aimed at the purchase of treasury shares of CULTI Milano S.p.A. and secured by a pledge on the treasury shares acquired by the same.
 - CULTI Milano S.p.A.: Euro 2.5 million with a duration of 6 years (maturity 31 March 2026), of which two years of pre-amortisation, with quarterly repayment instalments. 3-month Euribor floating rate + 1.15% spread 3-month Euribor floating rate + 1.15% spread, converted through a specific IRS Swap derivative instrument into a fixed rate of 1.01%. The facility is guaranteed at 80% of its value (Euro 2 million) by Mediocredito Centrale.

The bank loan received by KME Mansfeld GmbH of Euro 18.8 million relating to Tranche B of the basic credit facility maturing in the third quarter of 2024 was repaid in June 2024.

"Derivative financial instruments" refer to the KME SE group and concern commitments to sell and purchase LME contracts and forward exchange contracts. Derivative instruments are measured at fair value.

The item "*Payables on bonds issued*" as at 31 December 2024 includes:

- the amount of the residual repayment value of the KME Group SpA 2020/2025 Bonds of Euro 52,707. During the second half of 2024, the KME Group 2020/2025 Bonds, outstanding as at 31 December 2023, for a nominal amount of Euro 92,819 thousand, were subject to public exchange offers with KME Group 2024/2029 Bonds, which resulted in a reduction in the value repaid in February 2025. In these financial statements, considering their maturity within twelve months, they are reported under short-term financial liabilities;
- the amount of the bond issued by KMH, which, as at 31 December 2024, had two tranches maturing in 2025: the first on 28 February of Euro 74.5 million and the second at the end of December of

Euro 34.3 million. The repayment dates of the bond issued by the subsidiary KMH SpA were also rescheduled during the first quarter of 2025. The repayment deadline was extended from 31 December 2025 to 31 December 2027 and a nominal instalment of Euro 15.0 million is expected to mature in September 2025;

- the value of coupons on outstanding bonds being accrued:
 - Euro 2.1 million on the KME Group S.p.A. 2020/2025 Bond, with a fixed rate of 4.5% (Euro 3.6 million as at 31 December 2023) and listed on the MOT (IT0005394884);
 - Euro 0.9 million on the KME Group S.p.A. 2022/2027 Bond, with a fixed rate of 5% and listed on the MOT (IT0005503393);
 - Euro 3.3 million on the new KME Group SpA 2024/2029 Bond, issued in two tranches: on 2 August 2024 and on 3 December 2024 with a fixed rate of 5.75% and listed on the MOT (IT0005597874);
 - Euro 1.1 million on the KMH bond maturing on 31 December 2025 issued in 2 tranches, on 28 September 2023 and 16 October 2023, with a fixed rate of 10% until 31 May 2024 and subsequently until 28 February 2025 at 12% and thereafter at 15%.

For more details on bond loans, please refer to the paragraph "Bonds".

"*Factoring liabilities*" relate to the operations of the KME SE group and refer to the credit facilities with FactoFrance of Euro 150 million, with Intesa Sanpaolo S.p.A. of Euro 126.5 million and with Targobank of Euro 100 million, all maturing on 30 November 2025.

The credit lines with FactoFrance and Targo incorporate options that make it possible, if necessary, to balance the commitment between one credit line and another.

Liabilities ensuing from the factoring with recourse vis à vis the factoring company amount to Euro 9.1 million (compared to the previous year's figure of Euro 7.3 million).

The above credit facilities received by the Group have similar financial covenants to be tested quarterly or yearly, except for the bond, which is subject to an "at incurrence covenant test" according to the standards for high-yield bond loans. The Group has complied with these covenants throughout the reporting period.

The changes in the items "*Other financial liabilities*" (decrease) and "*Lease liabilities*" (increase) are mainly due to the early waiver of the option right granted as part of the Sale & Lease back transaction of the plant in Osnabrück. As at 31 December 2023, this debt amounted to Euro 94.6 million and was classified under "*Other financial liabilities*", while at the end of the financial year, following the waiver, the residual debt was reclassified under "*Lease liabilities*".

Financial debt

The amount of financial debt with details of its main components pursuant to CONSOB Communication no. 6064293, CONSOB Warning Notice no. 5/21 of 29 April 2021 and the ESMA Guidelines on disclosure requirements under the prospectus regulation (ESMA 32-382-1138) is specified in the "*Report on Operations*."

4.17. Bonds

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
KME Group S.p.A. 2020-2025 Bonds	-	92,648	(92,648)
KME Group S.p.A. 2022-2027 Bonds	63,502	63,491	11
KME Group S.p.A. 2024/2029 Bonds	135,452	-	135,452
KMH S.p.A. Up to Euro 135,100,000.00 Senior Guaranteed and Secured Fixed Rate Notes due 31 December 2025	-	74,571	(74,571)
Bonds	198,954	230,710	(31,756)

The item refers to:

- KME Group 2022/2027 bonds, issued in September 2022 with a fixed rate of 5.0% outstanding for a nominal amount of Euro 63,533 thousand as a result of the public exchange offers on ordinary shares, savings shares and warrants promoted in 2022;
- KME Group 2024/2029 bonds, listed on the MOT, issued in two tranches in August and December 2024 with a fixed rate of 5.75% outstanding for a nominal amount of Euro 138,804 thousand.

As already mentioned in the previous paragraph, the KME Group 2020/2025 Bonds were reclassified as current financial assets, as they were due to mature within 12 months at the end of the financial year.

The "KMh S.p.A. Up to Euro 135,100,000.00 Senior Guaranteed and Secured Fixed Rate Notes due 31 December 2025" (the "Notes"), as already described in the previous paragraph, were reclassified as current financial assets in that, as at 31 December 2024, they were due to mature within 12 months.

All bonds are shown net of the issue costs, which are deferred along the duration of the security so as to determine a constant effective interest rate.

4.18. Other non-current liabilities

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Other payables	2,099	1,489	610
Other non-current liabilities	2,099	1,489	610

The item refers to positions related to the copper sector.

4.19. Provisions for risks and charges

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Provisions for non-current risks and charges	5,177	6,168	(991)
Provisions for current risks and charges	11,352	16,121	(4,769)
Provisions for risks and charges	16,529	22,289	(5,760)

Changes in the provisions for risks and charges can be summarised as follows:

<i>(in Euro thousand)</i>	<i>Provisions for restructuring</i>	<i>Provisions for guarantee risks</i>	<i>Other provisions</i>	<i>Total</i>
Balance as at 1 January 2024	12,193	1,086	9,010	22,289
Changes in consolidated group	-	-	(106)	(106)
Uses	(5,518)	-	(1,029)	(6,547)
Releases	(121)	(58)	(787)	(966)
Allocations	3,770	-	849	4,619
Reclassifications	(2,760)	-	-	(2,760)
Balance as at 31 December 2023	7,564	1,028	7,937	16,529
<i>Non-current</i>	-		5,177	5,177
<i>Current</i>	7,564	1,028	2,760	11,352

The item "*Other provisions*" mainly comprises provisions for post-employment benefits on termination of the employment relationship and/or on retirement in accordance with French law and for warranty claims by customers and for environmental risks. Warranty claims by customers are considered due within one year.

The "*Provisions for restructuring*" refer to the provision net of uses for the period relating to closure of tubes production in Givet announced by Trefimetaux S.A.S. in February 2022 and to the restructuring announced by KME Netherland and KME Stolberg in 2023.

The Group is not currently subject to legal disputes that could have a significant effect on the Group's equity and operating results. However, despite the wide range of compliance measures there may be isolated breaches or historical breaches that have not yet been identified.

At the approval date of these consolidated financial statements, as far as the Management is aware, there were no other significant contingent liabilities.

4.20. Trade payables

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Trade payables – third parties	682,114	505,666	176,448
Trade payables – non-consolidated subsidiaries	217	693	(476)
Trade payables – equity-accounted investments	35,021	44,821	(9,800)
Trade payables – other related parties	100	-	100
Trade payables	717,452	551,180	166,272

The carrying amount of trade payables is believed to approximate their fair value.

At the balance sheet date, Euro 315,650 thousand (Euro 322,427 thousand as at 31 December 2023) of the recorded liabilities from trade payables are supported by letters of credit; the letters of credit are issued by the pooled credit facility. These trade payables relate to metal purchases.

All liabilities have a remaining term of up to one year.

4.21. Other current liabilities

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Payables to personnel and employees	17,316	18,909	(1,593)
Payables to social security institutions	5,031	5,113	(82)
Tax payables	16,131	16,152	(21)
Payables to related companies	14,616	943	13,673
Payables to customers	41,968	39,747	2,221
Other payables	27,411	14,926	12,485
Other current liabilities	122,473	95,790	26,683

The item "*Payables to employees*" mainly refers to amounts which have accrued but have not yet been settled.

"*Tax liabilities*" mainly refer to withholding taxes, VAT and other taxes of the companies of the Group that are not part of the tax consolidation scheme of the Parent Company.

"*Payables to related companies*" include payables to directors for accrued remuneration, payables to Executive Directors following the parent company's purchase of the Warrant Management maturing at the end of June 2024, and those for End of Office Indemnity due to the Chairperson accrued to 31 December 2012, the date on which the office ended. The Chairperson has allowed the payment due date to be extended to 31 December 2025.

"*Payables to customers*" mainly comprise customer prepayments, bonus credits to customers and credit balances due to overpayments.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

4.22. Deferred tax assets and liabilities

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Deferred tax assets	88,224	82,751	5,473
Deferred tax liabilities	(106,641)	(107,496)	855
Net deferred taxes	(18,417)	(24,745)	6,328

Deferred tax assets and liabilities can be broken down by financial statement items as follows:

(in Euro thousand)	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
<i>Temporary differences</i>				
Property, plant and equipment	1,163	2,398	(73,324)	(76,481)
Investment property	-	-	(4,176)	(4,534)
Intangible assets	1,814	1,896	(9,155)	(9,923)
Investments	502	712	(496)	(521)
Other non-current assets	-	432	-	-
Non-current financial assets	-	-	(5)	(28)
Inventories	621	1,077	(34,434)	(31,510)
Trade receivables	1,782	1,987	(317)	(609)
Current financial assets	21	(23)	(2,021)	(400)
Other receivables and current assets	377	451	-	(79)
Non-current assets held for sale	-	-	(2,075)	(2,075)
Employee benefits	11,002	13,085	(6)	(6)
Non-current financial payables and liabilities	694	913	-	-
Other non-current liabilities	709	75	(5)	(92)
Provisions for risks and charges	1,529	351	-	-
Current financial payables and liabilities	1,097	1,854	-	-
Trade payables	713	293	(121)	(248)
Other current liabilities	1,450	1,260	(157)	(873)
Deferred taxes on equity components	-	-	-	-
Deferred taxes on tax loss carried forward	84,401	76,645	-	-
Total	107,875	103,406	(126,292)	(127,379)
Adjustments	(19,651)	(20,655)	19,651	19,883
Total deferred tax assets (liabilities)	88,224	82,751	(106,641)	(107,496)

The Directors believe that the recognised deferred tax assets are recoverable based on expected future results, as indicated in the Group's business plans for the period 2025 to 2029, also considering the effects of the tax consolidation agreements in place between certain Group companies and the recognised deferred tax liabilities.

5. Notes to the consolidated income statement

Pursuant to CONSOB Communication no. 6064293/06, it is hereby specified that the Group did not carry out any "atypical and/or unusual transactions" during the year under consideration.

5.1. *Revenues from sales and services*

The breakdown of the item is as follows:

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Italy	235,298	297,980
Europe	1,059,688	1,258,517
Asia	47,609	81,529
America	166,104	184,305
Other countries	56,739	58,201
Revenues from sales and services	1,565,438	1,880,532

The revenues of the KME SE group included in the income statement balances of these consolidated financial statements amount to Euro 1,540 million and mainly derive from the sale of copper products and copper alloys. Revenues were broken down by customer location. The residual part relates to CULTI Milan and its subsidiaries.

During the year, the Group did not generate sales of more than 10% of Group sales with any customer. Total revenues have been recognised from the transfer of goods at a point in time.

5.2. *Other income*

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Income from "special situations"	126	749
Lease receivables	7,982	8,669
Provision of services to related companies	70	78
Other	52,739	15,915
Other income	60,917	25,411

The item "Other" includes the capital gain of Euro 32.8 million recorded at the end of December 2024 following the decision to waive in advance the repurchase option included in the lease agreement for the Osnabrück property. The waiver made the sale of the property final, enabling the capital gain to be recognised.

5.3. *Personnel cost*

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Wages and salaries	(178,420)	(182,591)
Social security contributions	(39,585)	(41,098)
Other personnel costs	(8,783)	(10,394)
Personnel cost	(226,788)	(234,083)

The majority of the personnel expenses relate to remuneration, which comprises wages, salaries, compensation and all other remuneration for work performed by employees of the Group in the financial year. The mandatory statutory contributions to be borne by the Company, including in particular social security contributions, are reported under social security contributions.

Retirement benefit expenses relate to active and former staff or their surviving dependants. These expenses include net periodic pension costs, employer contributions to supplementary occupational pension plans and retirement benefit payments.

The average number of the Group's staff is given here below:

	31/12/2024	31/12/2023	Change
Total employees (average)	3,309	3,530	(221)

5.4. Other operating costs

<i>(in Euro thousand)</i>	2024	2023
Directors' and Statutory Auditors' fees	(5,230)	(5,411)
Professional services	(21,723)	(22,316)
Transportation	(31,582)	(34,194)
Other personnel expense	(759)	(949)
Advertising and other commercial costs	(2,297)	(3,788)
Electricity, heating, postal and telephone costs	(64,415)	(76,314)
Production and sales costs	(20,066)	(18,991)
Commissions	(12,186)	(13,185)
Insurance premiums	(12,648)	(13,039)
Property leases	(4,993)	(4,247)
Maintenance	(24,840)	(32,539)
Other taxes	(3,985)	(3,737)
Membership fees	(198)	(193)
Other net costs	(27,743)	(20,044)
Bank service charges	(974)	(984)
Losses on disposal of fixed assets	(1,927)	(982)
Release of provisions	966	-
Allocation to provisions for risks	(5,401)	(12,165)
Charges on Management Warrants	(339)	(1,046)
Other operating costs	(240,340)	(264,124)

The "Charges on Management Warrants" attributable to the Parent Company include the effects of the actuarial calculation in application of the provisions of IFRS 2 and have as a counter-entry an increase in equity (for more details regarding the assignment of management warrants, please refer to what is reported in note 4.14).

5.5. Net financial expense

<i>(in Euro thousand)</i>	2024	2023
<i>Interest income from related parties</i>	2,041	1,620
<i>Interest income</i>	7,221	5,566
<i>Gains from currencies and derivatives</i>	13,381	6,696
<i>Other financial income</i>	300	816
Total financial income	23,074	14,698
<i>Interest expense to related parties</i>	(408)	(26)
<i>Interest expense</i>	(43,718)	(35,212)
<i>Interest expense on securities issued</i>	(23,508)	(11,315)
<i>Fees and commission expense on guarantees and loans</i>	(22,740)	(29,768)
<i>Losses on currencies and derivatives</i>	(10,891)	(5,243)
<i>Impairment of financial instruments</i>	(666)	(3,520)
<i>Other financial expense</i>	(524)	(565)
Total financial expense	(102,487)	(85,649)
Total net financial expense	(79,413)	(70,951)

5.6. Result of investments

The breakdown of the item is as follows:

<i>(in Euro thousand)</i>	2024	2023
Profit (loss) from equity-accounted investments	(10,974)	(8,388)
Gains/losses from the sale of fund units and securities	100	-
Dividends	420	-
Result of investments	(10,454)	(8,388)

The "Profit (loss) from equity-accounted investments", negative for Euro 10,974 thousand, is related to the result for the financial year of the Magnet Joint Venture of the KME SE Group.

As for dividends, these refer to payments received from the investee Intek Investimenti.

5.7. Current and deferred taxes

<i>(in Euro thousand)</i>	2024	2023
Current taxes	(5,526)	(7,384)
Deferred taxes	3,501	7,402
Current and deferred taxes	(2,025)	18

Italian Legislative Decree no. 209 of 27 December 2023 transposed Directive no. 2022/EU/2523 on the "Global Minimum Tax", with the explicit aim of ensuring from 1 January 2024 a minimum level of taxation for groups with revenues exceeding Euro 750 million. The regulations, commonly referred to as "Pillar II", originate from the rules formulated by the OECD and are designed to ensure that multinational groups with consolidated revenues of Euro 750 million or more are subject to an Effective Tax Rate (ETR) of no less than 15% in each jurisdiction in which they operate; if the ETR calculated according to the Pillar II rules for a jurisdiction is less than 15%, the group is required to pay a supplementary tax (the "top-up tax") to reach the minimum tax threshold.

The Pillar II rules also provide for a transitional period during which groups subject to the aforementioned regulations may be exempt from complex calculations for determining the ETR by performing certain tests, known as "Transitional CbCR Safe Harbors" ("TCSH"), applicable in the first three tax periods

following the entry into force of the regulations. It is sufficient that at least one of the TCSH is met for the jurisdiction in which the group operates for the supplementary tax due for that jurisdiction to be zero.

As required by IAS 12 (in particular as a result of the "Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar II model Rules"), the Group, with the support of an external consultant, carried out an analysis to identify the scope of application and assess the potential exposure to top-up tax.

This assessment was based on the financial reporting packages used to prepare the 2024 consolidated financial statements and the preliminary figures for the other companies within the Group.

Based on the results of the TCSH calculation for the 2024 tax period, each jurisdiction passed at least one of the tests and, therefore, it was possible to conclude that the Group is not exposed to any additional tax. When preparing the related additional disclosures as required by IAS 12, the Group applied the temporary exception to the recognition of deferred tax assets and liabilities related to the application of the provisions of Pillar II.

Since 2007, the Company and most of its Italian subsidiaries have elected to apply the Italian domestic tax consolidation regime, determining IRES (Italian corporate income tax) on a taxable base that corresponds to the algebraic sum of the taxable income and losses of each of the participating entities. The financial relationships, responsibilities and mutual obligations are set out in the domestic tax consolidation regime agreement and regulations, according to which taxable losses of the Parent Company and/or subsidiaries can be offset against the tax savings realised by the Parent Company and/or subsidiaries with taxable income.

Reconciliation of theoretical tax charge and the effective charge:

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
Profit/(loss) before taxes	(68,886)	(46,497)
Expected income tax expense/income (tax rate used 24%)	16,533	11,159
Reconciliation:		
Effect from different tax rates:	3,925	1,792
Other effects:		
- Non-deductible (expenses) and tax-exempt income	3,132	(28,623)
- Tax losses for which no deferred tax is recognised	(29,322)	9,702
- Tax losses used	1,712	(288)
- Current tax expense of previous years	(483)	54
- Other	2,478	6,222
Income tax recognised in the income statement	(2,025)	18

6. Additional information

6.1. *Financial instruments by category*

Additional information on financial instruments by category of financial assets and liabilities is presented below; please note that the table also shows miscellaneous receivables and other assets as well as miscellaneous payables and other liabilities.

<i>(in Euro thousand)</i>	<i>31 Dec 24</i>	<i>31 Dec 23</i>	<i>Change</i>
Financial assets at fair value through profit or loss	25,107	4,808	20,299
Financial assets at fair value through other comprehensive income	3,687	999	2,688
Amortised cost	384,561	273,908	110,653
Total financial assets	413,355	279,715	133,640
Financial liabilities at fair value through profit or loss	(6,539)	(5,179)	(1,360)
Financial payables and liabilities at amortised cost	(1,406,193)	(1,167,804)	(238,389)
Total financial liabilities	(1,412,732)	(1,172,983)	(238,749)

6.2. *Financial instruments by financial statement item*

The financial instruments on the basis of the related items in the financial statements as at 31 December 2024 are shown below:

<i>(in Euro thousand)</i>	<i>Measurement method</i>				
<i>Values as at 31 December 2024</i>	<i>Carrying amount</i>	<i>Cost</i>	<i>Fair value</i>	<i>Outside the scope of IFRS 7</i>	<i>Fair Value</i>
Investments	10,991	-	4,914	6,077	4,914
Other non-current assets	6,413	6,413	-	-	6,413
Non-current financial assets	76,589	76,568	21	-	76,589
Trade receivables	59,079	59,079	-	-	59,079
Current financial assets	79,596	55,737	23,859	-	79,596
Other receivables and current assets	20,447	5,522	-	14,925	5,522
Cash and cash equivalents	181,242	181,242	-	-	181,242
Total financial assets	434,357	384,561	28,794	21,002	413,355
Non-current financial payables and liabilities	(176,790)	(176,790)	-	-	(176,790)
Bonds	(198,954)	(198,954)	-	-	(204,310)
Current financial payables and liabilities	(252,332)	(245,793)	(6,539)	-	(252,322)
Trade payables	(717,452)	(717,452)	-	-	(717,452)
Other current liabilities	(80,505)	(67,204)	-	(13,301)	(67,204)
Total financial liabilities	(1,426,033)	(1,406,193)	(6,539)	(13,301)	(1,418,078)

<i>(in Euro thousand)</i> <i>Values as at 31 December 2023</i>	<i>Measurement method</i>				Fair Value
	Carrying amount	Cost	Fair value	Outside the scope of IFRS 7	
Investments	14,861	-	884	13,977	884
Other non-current assets	4,870	4,870	-	-	4,870
Non-current financial assets	3,167	3,052	115	-	3,167
Trade receivables	55,158	55,158	-	-	55,158
Current financial assets	94,284	89,476	4,808	-	94,284
Other receivables and current assets	25,756	2,743	-	23,013	2,743
Cash and cash equivalents	118,609	118,609	-	-	118,609
Total financial assets	316,705	273,908	5,807	36,990	279,715
Non-current financial payables and liabilities	(223,916)	(223,916)	-	-	(223,916)
Bonds	(230,710)	(230,710)	-	-	(230,710)
Current financial payables and liabilities	(127,286)	(122,107)	(5,179)	-	(127,286)
Trade payables	(551,180)	(551,180)	-	-	(551,180)
Other current liabilities	(56,043)	(39,891)	-	(16,152)	(39,891)
Total financial liabilities	(1,189,135)	(1,167,804)	(5,179)	(16,152)	(1,172,983)

The carrying amount of the financial assets and liabilities recognised in these financial statements does not diverge from their fair value.

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the valuation techniques adopted to measure fair value into three levels. The fair value hierarchy assigns the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (Level 1 data) and the lowest priority to unobservable inputs (Level 3 data):

- Level 1 – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 – unobservable market inputs for the asset or liability.

For financial instruments outstanding as at 31 December 2024 and for comparative purposes as at 31 December 2023, the table below shows the fair value hierarchy of financial assets and liabilities that are measured at fair value on a recurring basis (Level 3 includes the carrying amounts of unlisted financial assets carried at cost in the absence of an available fair value).

<i>(in Euro thousand)</i>	<i>Fair Value</i> <i>as at 31/12/2024</i>	<i>Fair Value levels</i>		
		<i>1</i>	<i>2</i>	<i>3</i>
Investments	4,914	-	-	4,914
Non-current financial assets	21	-	21	-
Current financial assets	23,859	-	23,687	172
Total financial assets	28,794	-	23,708	5,086
Non-current financial payables and liabilities	-	-	-	-
Current financial payables and liabilities	6,539	-	6,539	-
Total financial liabilities	6,539	-	6,539	-

(in Euro thousand)	Fair Value as at 31/12/2023	Fair Value levels		
		1	2	3
Investments	884	-	-	884
Non-current financial assets	115	-	115	-
Current financial assets	4,808	-	4,636	172
Total financial assets	5,807	-	4,751	1,056
Non-current financial payables and liabilities	-	-	-	-
Current financial payables and liabilities	5,179	-	5,179	-
Total financial liabilities	5,179	-	5,179	-

Financial instruments reclassification

With regard to financial assets and liabilities that are measured at fair value on a recurring basis, there were no transfers from Level 3 to other levels and vice versa in 2024 resulting from changes in the significant input variables of observable valuation techniques.

6.3. Notional value of financial instruments and derivatives

(in Euro thousand)	CULTI Group	
Type	IRS	IRS
Purpose	Hedging	Hedging
Original notional value	2,500	800
Notional value 31/12/2024	790	382
Carrying amount	14	7
Expiry year	2026	2026

(in Euro thousand)	KME SE Group	
Type	LME	Firm Commitment
Notional value 31/12/2024	315,051	148,806
Expiry date	2024	2024

6.4. Credit risk exposure

The Group's exposure to credit risks mainly arises from its operating business (in particular the Copper sector). Credit risk represents the Group's exposure to potential losses deriving from the non-fulfilment of obligations assumed by both commercial and financial counterparties. This risk mainly derives from economic-financial factors, or from the possibility of a default situation of a counterparty, or from more strictly technical-commercial factors.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying amount of financial assets and receivables. Note that certain credit positions are secured (i.e. for trade receivables much of the risk is secured by factoring).

The credit risk concentration in trade receivables is limited due to the broad and diversified customer base.

Allocations to the bad debt provision are made specifically on credit positions that present non-standard risk elements. On the credit positions that do not have these characteristics, allocations are instead made on

the basis of the average collectability estimated on the basis of statistical indicators: the valuation is carried out through customer portfolios on the basis of past experience, shares and/or financial information, as well as credit facilities and write-downs.

With regard to credit risk relating to assets as well as derivative financial instruments, the solvency risk is limited by the fact that the related contracts are only entered into with counterparties and/or credit institutions with a reliable rating.

6.5. Foreign exchange risk exposure

During 2024, the Group operated internationally and has conducted its transactions in various currencies.

During these transactions, revenues are generated in currencies other than the functional currency of the Parent Company. The Group's policy is to monitor and, if necessary, hedge the aforementioned risks using derivative financial instruments such as cross currency swaps and forward contracts.

Foreign currency exchange risks mainly relate to the dollar:

<i>(in Euro thousand)</i>	USD	GBP	CHF
Gross exposure	(180,047)	4,916	475
Forward exchange contracts	179,387	(5,416)	(239)
Net exposure	(660)	(500)	236

A realistically possible strengthening (weakening) of the currencies against the other currencies to 31 December would have influenced the measurement of the financial instruments in foreign currency and essentially the profit or loss.

In the sensitivity analysis for the currencies it was assumed that the rate of the euro against the foreign currency changes by +/-10% in each case. If the euro had been 10% stronger or weaker against the foreign currency than the dominating balance sheet date rate, the equity capital and the annual result would have been changed according to the scheme presented in the following table.

In the analysis it is assumed that all other influential factors, in particular interest rates, remain constant.

All relevant foreign currency positions as well as the planned turnover in the following period taken into account in the foreign currency risk are included in the calculation.

<i>(in Euro thousand)</i>	USD	GBP	CHF
Strengthening 10%	(66)	(50)	24
Weakening 10%	66	50	(24)

6.6. Exposure to the risk of fluctuations in share value

The carrying amount of financial assets is the Group's maximum exposure to this risk.

6.7. Interest rate risk exposure

As at 31 December 2024 the Group's interest-bearing financial assets and liabilities had the following interest rate risk exposure:

<i>(in Euro million)</i>	+100 BP	-50 BP
Effect on the result for the year	5.7	(2.8)
Effect on Equity	5.7	(2.8)

At the closing date of these Consolidated Financial Statements, IRS Swaps were in place to hedge the interest rate of the loan pertaining to:

- CULTI Milano S.p.A. relating to the loan taken out in 2020 of Euro 2.5 million with ICCREA Banca;
- Scent Company S.r.l. entered into in 2020 for Euro 0.8 million with Intesa Sanpaolo.

6.8. Liquidity risk exposure

Liquidity risk can arise from difficulties in raising finance to support operating activities as and when required.

Sufficient supply of liquidity for the Group is guaranteed by the Group cash flow as well as by the banks with the short-term and long-term credit facilities. Fluctuations in the cash flow development can thus be absorbed; the Group's liabilities are mainly distributed as follows:

- derivative financial instruments: time horizon within 3 months;
- financial liabilities other than derivative financial instruments: time horizon from 1 to 5 years.

Note that as at 31 December 2024 there are four bonds outstanding, three of the Parent Company and one of the subsidiary KMH:

- *KME Group 2020-2025*, issued in February 2020, outstanding for a nominal amount of Euro 52,707 thousand, with a fixed rate of 4.5% (annual coupon), which was repaid in February 2025;
- *KME Group 2022-2027*, issued in September 2022 and outstanding for a nominal amount of Euro 63,533 thousand, with a fixed rate of 5.0% (annual coupon);
- *KME Group 2022-2027*, issued in the second half of 2024, outstanding for a nominal amount of Euro 138,804 thousand, with a fixed rate of 5.75% (annual coupon);
- *KMH S.p.A. Up to Euro 135,100,000.00 Senior Guaranteed and Secured Fixed Rate Notes due 31 December 2025*, issued in the fourth quarter of 2023 of Euro 110.8 million, with quarterly step-up coupons (12% until 28 February 2025, and 15% until 31 December 2025), whose maturity has been postponed to the end of 2027.

6.9. Exposure to commodity price risk

As a result of its business operations, the Group is exposed to commodity price risks. Among other measures, forward contracts are entered into in order to mitigate these risks.

The nominal volume of the derivative financial instruments relating to copper, zinc, nickel, tin and aluminium, which result from the gross total of the nominal amounts of the individual purchasing and sales contracts, amounted to Euro 464 million as at 31 December 2024.

In accordance with IFRS 7, commodity price risks are shown in the form of a sensitivity analysis, which reflects the effects of a change in the commodity prices on the net income for the period.

In the event of an increase (decrease) of 100 Euro/ton in the fair value of all relevant commodity prices, as for the reporting period, there would be a change of Euro 3.3 million (worsening in the event of a price increase/improvement in the event of price decreases).

The calculation includes all derivatives financial instruments for metal at the balance sheet date.

7. Disclosure of payments for services rendered by the Independent Auditors

In accordance with Article 149-duodecies of the "Issuers' Regulation", the following table shows the payments made during the year, net of expenses, VAT and supervisory contributions, for services provided to the Company and its subsidiaries by the Independent Auditors, Deloitte & Touche S.p.A. and other companies belonging to its network:

<i>(in Euro thousand)</i>	<i>Total</i>	<i>KME Group S.p.A.</i>	<i>Subsidiaries</i>
a) audit fees	1,487	207	1,280
b) fees for non-audit services	342	225	117
- audit services for certification purposes	342	225	117
- other fees	-	-	-
c) fees charged by firms in the Independent Auditors' network	-	-	-
Independent Auditors' fees	1,829	432	1,397

8. Disclosure on related party transactions

Related party transactions, including intra-group transactions, were neither atypical nor unusual, in that they were part of the Group companies' day-to-day business and were all conducted on an arm's length basis or according to standard criteria or normal market conditions. In 2024, there were no transactions that could be qualified as of greater importance pursuant to the "Procedure applicable to related party transactions".

9. Commitments and guarantees

As at 31 December 2024 there was a commitment for investments in property, plant and equipment of Euro 25.0 million.

In December 2015, KME Group S.p.A. indicated its willingness to issue a guarantee of up to Euro 5.0 million for Dynamo Camp ETS (formerly Associazione Dynamo) for the granting of a mortgage loan for the restructuring of certain properties located in Limestre. This mortgage is also secured by other collaterals; it amounts to Euro 1.258 million as at 31 December 2024. It should also be noted that Immobiliare Pictea issued a guarantee to secure a loan granted to Dynamo Camp ETS, the residual value of which as at 31 December 2024 amounted to Euro 1.8 million.

Annexes to the notes:

Reconciliation of result of the Parent company KME Group S.p.A. and the 2024 consolidated profit or loss:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>
Profit/(loss) in the separate financial statements of the Parent Company	(25,059)
Result of consolidated companies	(39,542)
Elimination of dividends received	(239)
Other consolidation entries	(2,159)
Cancellation of effect of IFRS 16 on intra-group transactions	(307)
Cancellation of effect of IFRS 9 on intra-group transactions	(13)
Consolidation entries (PPA)	(3,592)
Consolidated net profit (loss)	(70,911)
<i>of which Profit/(loss) for the period attributable to non-controlling interests</i>	<i>(6,029)</i>
<i>of which Profit/(loss) for the period attributable to the shareholders of the parent company</i>	<i>(64,882)</i>

Reconciliation of the equity of the Parent company KME Group S.p.A. and the consolidated equity for the year ended 31 December 2024:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>
Parent company's equity (including profit/(loss) for the year)	259,339
Equity of consolidated companies	734,002
Derecognition of carrying amount of fully consolidated investments	(1,085,063)
Difference between the equity of consolidated companies and their carrying amount	365,260
Consolidation entries (PPA and consolidation adjustments)	(3,365)
Share of equity of consolidated companies attributable to minority interests	(52,899)
Equity attributable to the shareholders of the Parent company	217,274

**CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO
ARTICLE 154 BIS, PARAGRAPH 5 OF ITALIAN LEGISLATIVE DECREE 58/98, AS
AMENDED AND SUPPLEMENTED**

1. Having regard to the requirements of article 154-*bis*, paragraphs 3 and 4, Italian Legislative Decree no. 58 of 24 February 1998, the undersigned Diva Moriani, Chairwoman, and Giuseppe Mazza, Manager in charge of Financial Reporting for KME Group S.p.A., hereby certify:
 - the adequacy with respect to the characteristics of the Company and
 - the effective applicationof the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2024.
2. No material findings emerged in this regard.
3. Moreover, they certify that:
 - 3.1. the consolidated financial statements:
 - a) were prepared in accordance with the applicable set of international accounting standards endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) reflect the balances recorded in the accounting books and records;
 - c) give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole;
 - 3.2. the Report on operations includes a reliable analysis of the development and performance of the business and the situation of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Milan, 14 April 2025

The Chairwoman

Manager in charge of Financial
Reporting

signed Diva Moriani

signed Giuseppe Mazza

***Report of the Board of Statutory Auditors of KME Group S.p.A.
on the consolidated financial statements as at 31 December 2024***

The Board of Statutory Auditors prepares its report to the consolidated financial statements as at 31 December 2024 as part of its duties to supervise compliance with the law and the articles of incorporation.

This report is prepared in the principle that the arguments or documents submitted by the Directors to the Shareholders' Meeting are examined by the Board of Statutory Auditors, which reports to the Shareholders' Meeting itself.

In order to avoid unnecessary duplication, this report is complementary to the report on the separate financial statements as at and for the year ended 31 December 2024, which shall be considered as totally referred to herein.

ACCOUNTING STANDARDS – EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31 December 2024 were drafted pursuant to Article 154-ter of Italian Legislative Decree 58/1998 and are compliant with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the procedure as set out in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002, as well as with the provisions issued in implementation of article 9 of Italian Legislative Decree 38/2005.

The consolidated financial statements also incorporate the recommendations contained in the ESMA Public Statement of 24 October 2024, with regard, among other things, to the preparation of the financial statements in the mandatory ESEF format for issuers of listed securities.

The consolidated financial statements provide for the line-by-line consolidation of the controlling interests that have drawn up their financial statements on the basis of uniform and consistent accounting standards or, in any case, linked to the same. Associated entities and joint ventures are consolidated using the equity method. The consolidation was carried out on the basis of the sub-consolidated financial statements of KME SE and CULTI Milano.

The consolidated results as at 31 December 2024 are fully comparable with those of the last financial year, including both the income and cash flow statements of the consolidated companies for all twelve months. Therefore, we were able to overcome the

limited comparability affecting the Group's financial statements following the launch of the new strategic approach announced by the Company on 22 April 2022, which had rendered the IFRS 10 consolidation exception for investment entities no longer applicable, with the subsequent obligation of a line-by-line consolidation of controlling interests to be adopted prospectively from the date on which the change of status occurred.

The consolidated financial statements, both at income statement and cash flow statement level, only include the activities of the consolidated subsidiaries, as shown in more detail in the following tables.

Consolidated statement of financial position – Assets

<i>(in Euro thousand)</i>	<i>31-Dec-24</i>		<i>31-Dec-23</i>	
		<i>of which related parties</i>		<i>of which related parties</i>
Property, plant and equipment	527,582		529,206	
Investment property	67,182		66,724	
Goodwill	394,445		394,833	
Intangible assets	46,222		50,430	
Investments in subsidiaries	9,023	9,023	18,126	18,126
Equity-accounted investments	6,077	6,077	13,977	13,977
Investments in other companies	4,914	-	884	-
Other non-current assets	6,413	-	4,870	-
Non-current financial assets	76,589	51,018	3,167	-
Deferred tax assets	88,224		82,751	
Total non-current assets	1,226,671		1,164,968	
Inventories	400,583		374,179	
Trade receivables	59,079	23,224	55,158	10,978
Current financial assets	79,596	30,140	94,284	69,974
Other receivables and current assets	21,156	87	26,465	243
Cash and cash equivalents	181,242		118,609	
Total current assets	741,656		668,695	
Non-current assets held for sale	11,947		11,947	
Total Assets	1,980,274		1,845,610	

Consolidated statement of financial position – Liabilities

<i>(in Euro thousand)</i>	<i>31-Dec-24</i>		<i>31-Dec-23</i>	
		<i>of which related parties</i>		<i>of which related parties</i>
Share capital	200,154		200,105	
Other reserves	138,679		244,287	
Treasury shares	(48,439)		(126,834)	
Retained earnings/(accumulated losses)	(6,066)		20,069	
Other comprehensive income reserve	(2,172)		(614)	
Profit/(loss) for the year	(64,882)		(40,335)	
Equity attributable to the shareholders of the Parent company	217,274		296,678	
Non-controlling interests	53,056		62,137	
Total Group equity	270,330		358,815	
Retirement benefits	116,674		126,639	
Deferred tax liabilities	106,641		107,496	
Non-current financial payables and liabilities	176,790		223,916	
Bonds	198,954		230,710	
Other non-current liabilities	2,099		1,489	
Provisions for risks and charges	5,177		6,168	
Total non-current liabilities	606,335		696,418	
Current financial payables and liabilities	252,332	563	127,286	
Trade payables	717,452	35,350	551,180	45,514
Other current liabilities	122,473	14,616	95,790	127
Provisions for risks and charges	11,352		16,121	
Total current liabilities	1,103,609		790,377	
Liabilities directly associated to assets held for sale	-		-	
Total liabilities and equity	1,980,274		1,845,610	

Consolidated statement of cash flows – indirect method

<i>(in Euro thousand)</i>	<i>2024</i>	<i>2023</i>
(A) Cash and cash equivalents at the beginning of the year	118,609	128,844
Profit (loss) before tax	(68,886)	(46,497)
Amortisation, depreciation, impairment and write-downs	48,254	57,562
Change in inventories	(19,766)	75,443
Change in trade receivables	3,218	26,694
Change in trade payables	88,561	(132,440)
Change in provisions for personnel, provisions for risks and charges	(20,279)	(9,329)
Change in other assets and liabilities	92,713	59,481
Changes in fair value of derivatives	(7,801)	(1,697)
Result from equity-accounted investments	10,974	8,388
Financial result (without currency and fair value effects)	57,734	56,539
Income taxes	(13,672)	(13,184)
Other non-monetary changes	(32,390)	5,623
(B) Cash flow from operating activities	138,660	86,583
(Increases) in non-current property, plant and equipment and intangible assets	(11,634)	(1,077)
Decreases in non-current property, plant and equipment and intangible assets	(26,983)	(28,773)
Change in other non-current assets/liabilities	(1,100)	19
Change in investments	(14,373)	34,766
Interest received	9,406	6,631
Dividends received	420	-
(C) Cash flow from investing activities	(44,264)	11,566
Changes in equity against payment	1,838	(115,897)
Dividends paid	(34)	(3,346)
Change in current and non-current financial payables	117,038	102,980
Change in current and non-current financial receivables	(63,611)	(14,090)
Interest payments	(65,023)	(42,381)
Other financial payments	(23,934)	(37,569)
(D) Cash flow from financing activities	(33,726)	(110,303)
(E) Change in cash and cash equivalents	60,670	(12,154)
(F) Changes in consolidated scope and reclassification ex IFRS 5	1,866	1,888
(G) Exchange rate-related changes in cash and cash equivalents	97	31
(H) Cash and cash equivalents at the end of the year	181,242	118,609

Consolidated income statement and statement of comprehensive income

<i>(in Euro thousand)</i>	2024	2023
	<i>of which related parties</i>	<i>of which related parties</i>
Revenues from sales and services	1,565,438	1,880,532
Change in inventories of finished and semi-finished products	338	(876)
Own work capitalised	2,171	1,463
Other income	60,917	25,411
Purchases and change in raw materials	(1,092,501)	(1,317,919)
Labour cost	(226,788)	(234,083)
Depreciation, amortisation, impairment and write-downs	(48,254)	(57,562)
Other operating costs	(240,340)	(264,124)
Operating profit/(loss)	20,981	32,842
Financial income	23,074	14,698
Financial expense	(102,487)	(85,649)
<i>Net financial expense</i>	<i>(79,413)</i>	<i>(70,951)</i>
Result of investments	(10,454)	(8,388)
Profit/(loss) before taxes	(68,886)	(46,497)
Current taxes	(5,526)	(7,384)
Deferred taxes	3,501	7,402
Total income taxes	(2,025)	18
Result from continuing operations	(70,911)	(46,479)
Profit (loss) from discontinued operations	-	-
Net result for the year	(70,911)	(46,479)
Other comprehensive income:		
<i>Measurement of employee defined benefits</i>	<i>(2,215)</i>	<i>(4,734)</i>
<i>Taxes on other comprehensive income</i>	<i>(306)</i>	<i>1,752</i>
<i>Fair value measurements</i>	<i>-</i>	<i>(9,700)</i>
Items that will not be reclassified to profit or loss	(2,521)	(12,682)
<i>Foreign currency translation gains/(losses)</i>	<i>1,121</i>	<i>(1,572)</i>
<i>Net change in cash flow hedge reserve</i>	<i>(522)</i>	<i>(151)</i>
<i>Taxes on other comprehensive income</i>	<i>58</i>	<i>64</i>
Items that may be reclassified to profit or loss	657	(1,659)
Total other comprehensive income, net of tax effect	(1,864)	(14,341)
Total comprehensive income for the year	(72,775)	(60,820)
<i>Net result for the year attributable to:</i>		
<i>- non-controlling interests</i>	<i>(6,029)</i>	<i>(6,144)</i>
<i>- shareholders of the parent company</i>	<i>(64,882)</i>	<i>(40,335)</i>
Net result for the year	(70,911)	(46,479)
<i>Total comprehensive income attributable to:</i>		
<i>- non-controlling interests</i>	<i>(6,311)</i>	<i>(6,677)</i>
<i>- shareholders of the parent company</i>	<i>(66,464)</i>	<i>(54,143)</i>
Total other comprehensive income for the year	(72,775)	(60,820)
Earnings per share (in Euro)		
Basic earnings/(loss) per share	(0.2922)	(0.1409)
Diluted earnings/(loss) per share	(0.2284)	(0.0878)

Reconciliation between the Consolidated Financial Statements and the Parent Company Financial Statements

The reconciliation between the economic performance and shareholders' equity of the Group and those reported separately for KME Group S.p.A. is shown in the following tables.

Reconciliation of result of the Parent company KME Group S.p.A. and the 2024 consolidated profit or loss:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>
Parent company's equity (including profit/(loss) for the year)	259,339
Equity of consolidated companies	734,002
Derecognition of carrying amount of fully consolidated investments	(1,085,063)
Difference between the equity of consolidated companies and their carrying amount	365,260
Consolidation entries (PPA and consolidation adjustments)	(3,365)
Share of equity of consolidated companies attributable to minority interests	(52,899)
Equity attributable to the shareholders of the Parent company	217,274

Reconciliation of the equity of the Parent company KME Group S.p.A. and the consolidated equity for the year ended 31 December 2024:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>
Parent company's equity (including profit/(loss) for the year)	259,339
Equity of consolidated companies	734,002
Derecognition of carrying amount of fully consolidated investments	(1,085,063)
Difference between the equity of consolidated companies and their carrying amount	365,260
Consolidation entries (PPA and consolidation adjustments)	(3,365)
Share of equity of consolidated companies attributable to minority interests	(52,899)
Equity attributable to the shareholders of the Parent company	217,274

The emergence of goodwill mainly deriving from the PPA (Purchase Price Allocation) carried out at the time of the first consolidation in 2022 is of particular relevance, as shown in the following table:

<i>(in Euro thousand)</i>	<i>31 Dec 2024</i>	<i>31 Dec 2023</i>	<i>Change</i>
Copper Cash Generating Unit	369,013	367,057	1,956
Perfumes and Cosmetics Cash Generating Unit	25,432	27,776	(2,344)
Goodwill	394,445	394,833	(388)

The changes during the year are due to changes in the scope of consolidation.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 31 December 2024 reflect the consolidation of the Parent Company and its directly and indirectly controlled companies, jointly controlled or associated entities. Associated entities and jointly controlled entities (joint ventures) are consolidated using the equity method.

For details of the companies subject to consolidation, please refer to the notes to the consolidated financial statements.

The assets and liabilities which are expected to be disposed of are reclassified under the assets and liabilities items intended to highlight these cases and its economic effects are shown in a separate item in the income statement.

Subsidiaries are all those companies over which the Parent Company simultaneously has:

- power, i.e. it holds legitimate rights that bestow upon it the actual capacity to manage relevant activities, i.e. activities that have a significant effect on returns;
- exposure or rights to variable returns arising from the relationship with the company itself;
- capacity to exercise its power.

Insignificant subsidiaries and companies whose consolidation does not produce substantial effects are excluded from the scope of consolidation. However, the effects of these exclusions are immaterial and therefore their omission does not influence the economic decisions of the users of these consolidated financial statements.

With regard to the changes in the scope of consolidation that occurred in 2024, the following should be noted in particular:

- the entry into the scope of consolidation of Azienda Metalli Laminati S.p.A., following the acquisition by KME Italy S.p.A. of 75.76% of the company's share capital, which as at 31 December 2023 was classified as an associate due to the Group's 24.24% interest held through KME Mansfeld GmbH;
- the sale by Culti Milano S.p.A. of 25.11% of its investment in Bakel S.p.A. (formerly Bakel S.r.l.), as a result of which Bakel S.p.A. and its subsidiary Bakel Inc. were removed from the scope of consolidation and the residual investment in Bakel S.p.A. was recognised under investments in other companies and measured at fair value;

- Intek Investimenti S.p.A. was also added to the line-by-line scope of consolidation following the sale by the Company to the subsidiary KME SE for internal reorganisation reasons. It should be noted that until 31 December 2023, Intek Investimenti S.p.A. was consolidated at cost because it was considered that the effect on the consolidated financial statements would not be significant for financial reporting purposes.

With reference to the controlled entities, in terms of significance, the main equity investment is represented by KME SE, a German company that heads a European industrial group and is a global leader in the production and marketing of copper and copper alloy products. The KME SE Group is composed of several production sites in Germany, Italy, France and Spain and is also represented worldwide by a vast network of commercial companies, agents and service centres to meet the needs of customers in the main industrial sectors.

ACCOUNTING DOCUMENTS WHICH COMPRISE THE CONSOLIDATED FINANCIAL STATEMENTS

On 14 April 2025, the Chairwoman of the Company, Diva Moriani, and the Manager in charge of Financial Reporting, Giuseppe Mazza, provided the Directors and Statutory Auditors with a written statement, also in accordance with article 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree no. 58/1998, certifying the adequacy of the management and accounting policies for preparing separate and consolidated financial statements for 2024, and their compliance with international financial reporting standards, for a company of this type.

Today, the Independent Auditors Deloitte & Touche S.p.A. issued an unreserved opinion on the consolidated financial statements.

The information contained in the section of the Report on Operations for the year 2024 reserved for the consolidated financial statements and in the Notes to the consolidated financial statements is complete.

Information on key indicators of both financial and non-financial performance can be extracted from the tables contained in the Report on Operations and in the Notes to the consolidated financial statements.

Information on the most important events, related-party and/or intra-group transactions in 2024, reports and representations made by shareholders or third parties and, in general, oversight and controls, is contained in the Board of Statutory Auditors' Report on the separate financial statements for the year 2024.

In conclusion, the Board of Statutory Auditors is of the opinion that the consolidated financial statements and accompanying documents adequately reflect the Group's financial position and results of operations for the year 2024.

The consolidated financial statements and accompanying documents have only been provided to Shareholders for information purposes and do not require approval.

* * *

Milan, 24 April 2025

The Board of Statutory Auditors (with unanimous consent)

The Chairman

(signed Gianluca Cinti)

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
KME Group S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of KME Group S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 KME Group S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of the goodwill of the CGU Copper

Description of the key audit matter

The goodwill recognised in the consolidated financial statements as at 31 December 2024 allocated to the Copper CGU amounted to € 369 million.

As indicated in the explanatory notes, in paragraph “4.3 Goodwill”, the Directors of KME Group S.p.A. carried out, as required by the relevant accounting standards, the impairment test of the abovementioned goodwill by comparing the recoverable value of the Copper CGU - determined according to the value in use method - with its book value.

The main assumptions adopted by the Directors of KME Group S.p.A. to estimate the aforementioned value in use concern:

- the forecast of Copper CGU's expected cash flows for the explicit period based on the Business Plan 2025 - 2029 of KME SE prepared and approved by the relevant governing bodies;
- the projections of these cash flows for the determination of the terminal value;
- the determination of the discount rate (WACC) and the long-term growth rate (g-rate).

The explanatory notes to the consolidated financial statements show that the impairment test performed not revealed any impairment of the Copper CGU, with the result that the carrying value of goodwill remained unchanged.

Considering the subjectivity of the estimate of expected cash flows and the key variables of the valuation model adopted by the Company, as well as the relevance of the value of goodwill recognised in the consolidated financial statements, the related impairment test is considered to be a key aspect of the audit of the Group's consolidated financial statements as at 31 December 2024.

Audit procedures performed

The main procedures carried out as part of our audit work, also with the support of evaluation specialists, have included the following:

- analysis, also through meetings and discussions with the Company's management, of the model used by the Directors for the execution of the impairment test and the determination of the value of use of the CGU Copper;
- understanding and recognition of the relevant controls put in place by the Company on the impairment test process;
- verification of the reasonableness of the main assumptions adopted for the formulation of cash flow forecasts, and the determination of the discount rate and long-term growth rate used in the valuation model;
- verification of the mathematical accuracy of the model used to determine the value in use.

We have also reviewed the completeness and compliance with IAS 36 requirements of the disclosure provided by the Company.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, 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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of management's 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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;
- evaluate 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of KME Group S.p.A. has appointed us on 31 May 2016 as auditors of the Company for the years from 31 December 2016 to 31 December 2024.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of KME Group S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements as at 31 December 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of KME Group S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of KME Group as at 31 December 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;
- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of KME Group as at 31 December 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Franchino
Partner

Milan, Italy
24 April 2025

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of KME Group S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.