



# 2022 ANNUAL REPORT

(Translation from the Italian original which remains the definitive version)

## **Fisia Italimpianti S.p.A.**

Single-member company managed and coordinated by Webuild S.p.A.

**Fully paid-up share capital of €3,400,000**

Registered office  
Via De Marini 1  
16149 - Genoa

Tax code, VAT no. and Genoa company registration no. 02340830997  
REA no. 478693

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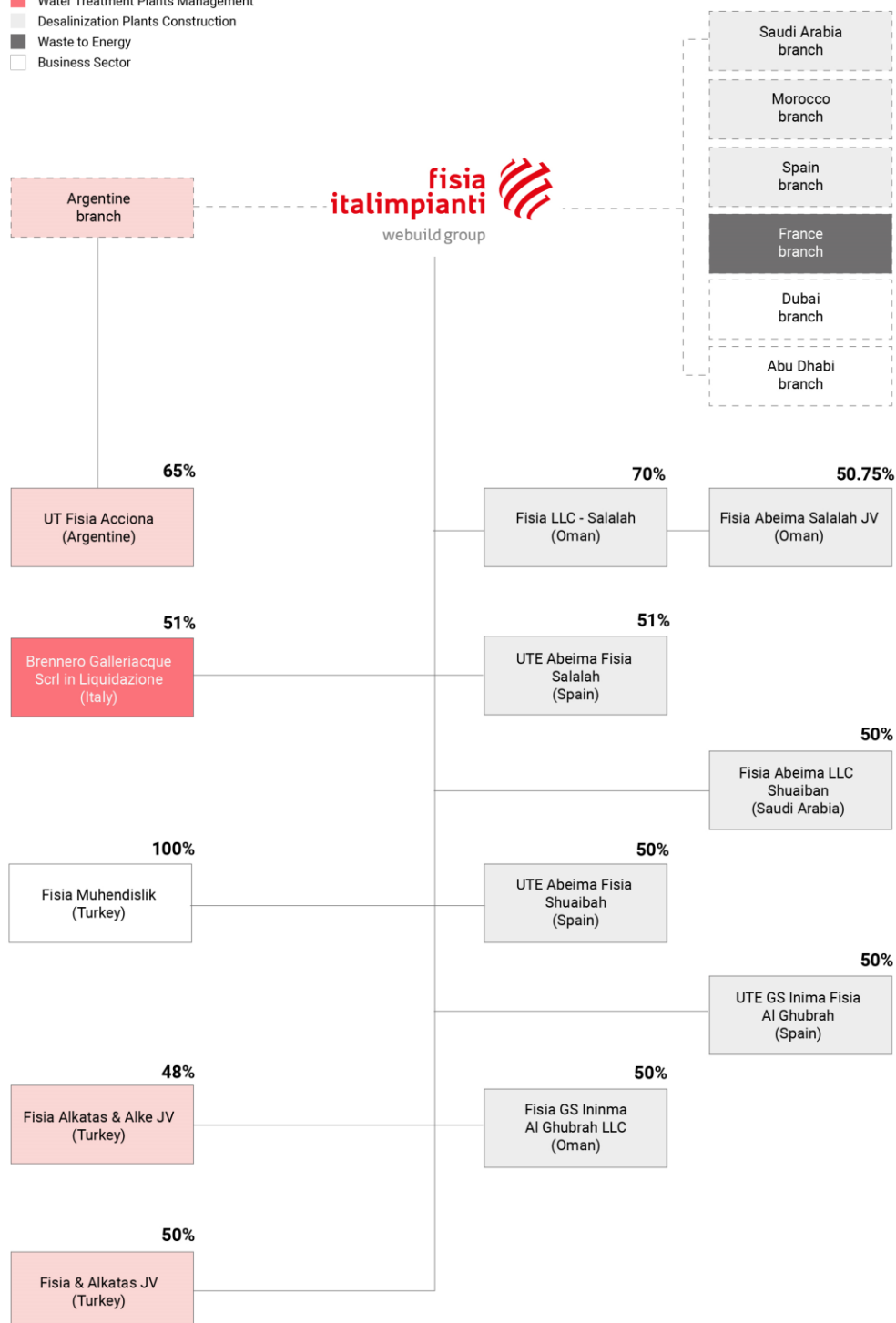
## Global presence



## Group structure

### Business area

- Water Treatment Plants Construction
- Water Treatment Plants Management
- Desalinization Plants Construction
- Waste to Energy
- Business Sector



## Company officers

### Board of directors

Chairman	Gianfranco Catrini
Chief executive officer	Paola Bertossi
Directors	Paolo Romiti Zeno Schio Francesco Novielli

*The board of directors was elected by the sole shareholder on 13 April 2023 for a one-year term, which expires with approval of the financial statements at 31 December 2023.*

*The director Gianfranco Catrini was appointed as chairman by the sole shareholder on 13 April 2023 and acts as the company's legal representative (pursuant to article 22 of the by-laws).*

*The director Paola Bertossi was appointed chief executive officer by the board of directors on 13 April 2023 with legal representation powers (pursuant to article 22 of the by-laws) and the management powers as per the law and by-laws conferred by the board of directors at the same meeting.*

### Board of statutory auditors

Chairman	Gianmario Guglielmetti
Standing statutory auditors	Guido Arrigoni Giovanni Tampalini
Substitute statutory auditors	Francesco Farina Pietro Paolo Rampino

*The board of statutory auditors was elected by the sole shareholder on 7 April 2021 with a three-year term (2021-2023), which expires with approval of the financial statements at 31 December 2023.*

### Independent auditors

KPMG S.p.A.

With its resolution passed on 7 April 2021, the sole shareholder engaged KPMG S.p.A. to perform the statutory audit pursuant to Legislative decree no. 39/2010 for the 2021-2023 three-year period.

## DIRECTORS' REPORT

### Introduction

Fisia Italimpianti Group ("Fisia Group" or the "Group"), part of Webuild Group, is an international leader in the sustainable design and construction of water treatment and desalination plants. Thanks to over 90 years of experience, it is one of the most competitive global contractors in its sector and offers cutting edge solutions for water desalination and treatment, desalination using renewable sources of energy and the sustainable management of urban solid waste.

Its main services are technological and engineering management, design, supply, construction, placement in operation and maintenance of plant.

### Order backlog

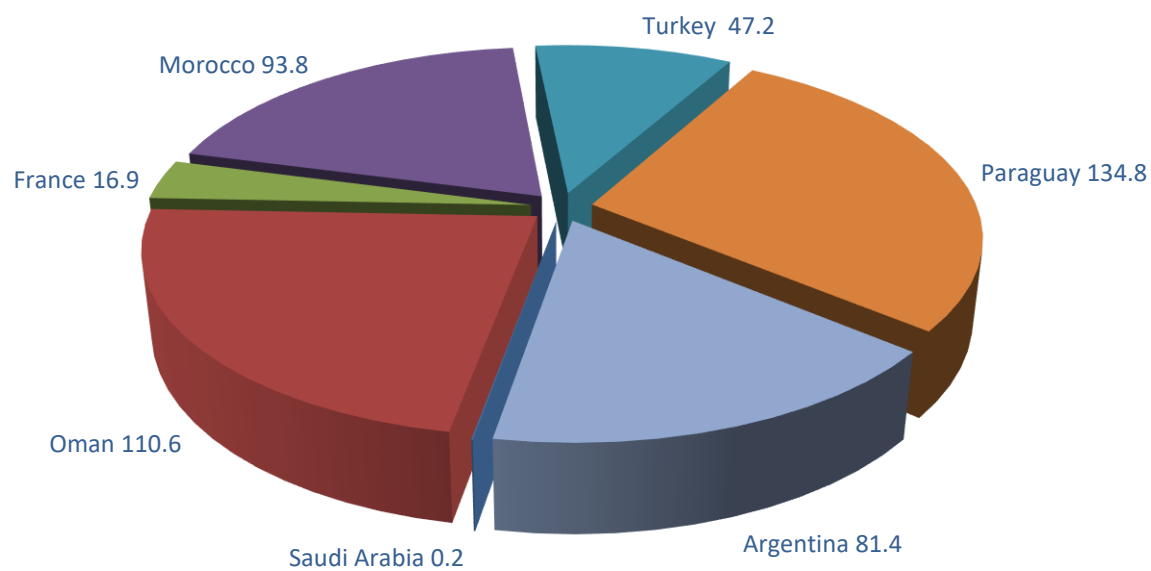
At 31 December 2022, the Group's order backlog is worth €484.9 million as follows:

County	Contract	Residual order backlog in €m equivalent
Saudi Arabia	Zuluf	0.2
Oman	Ghubrah Ing	1.4
France	Metropole Rennes	16.9
Morocco	Dakhla	93.8
Turkey	Fisia Alkatas & Alke (Yenikapi)	47.2
Argentina	Fisia Acciona UTE (Riachuelo Lote 2)	81.4
Paraguay	Paracel	134.8
Oman	Ghubrah	109.1
<b>Total</b>		<b>484.9</b>

### New contracts acquired during the year

- the Paracel project in Paraguay with Paracel S.A.: the private customer, Paracel S.A., has commissioned Fisia Italimpianti S.p.A. (the parent) to build three water treatment plants for a new pulp mill being developed near the city of Concepción in Paraguay for a consideration of €134.8 million;
- the Zuluf project in Saudia Arabia: on 13 June 2022, the developer received the conditional award letter for this project. Fisia Italimpianti had presented a bid to this developer and signed a binding EPC (Engineering, Procurement & Construction) contract worth approximately €319.1 million to build a water treatment plant and a 25-year O&M (Operations & Maintenance) contract for the same plant, once it has been completed, for around €102.0 million. Therefore, on 27 June 2022, Fisia Italimpianti was requested to complete negotiations for the bid in order to finalise the award and agree the related contract.  
On 18 October 2022, the parent signed an early works agreement worth USD190 thousand (already invoiced during the year), after which it signed an additional agreement for the early works (the limited notice to proceed), which included the previous agreement, for USD837 thousand on 15 December 2022.  
After the reporting date, on 23 January 2023, the parent signed the EPC contract as described in the section on the post-balance sheet events in the notes to the consolidated financial statements.

**Residual order backlog  
by geographical segment in €m equivalent**



\* \* \*



## Key performance indicators

The balance sheet, profit and loss account and cash flow statement have been prepared in Euros, without decimal points, unless specified otherwise.

The tables in the notes to the consolidated financial statements have been prepared in thousands of Euros.

The following tables show the reclassified profit and loss account for 2022 and the reclassified balance sheet at 31 December 2022, with comparative prior year figures.

## Reclassified profit and loss account

€'000	2022	2021	Variation
Revenues	73,455	49,241	24,213
Other revenues and income	815	489	327
<b>Total revenues</b>	<b>74,270</b>	<b>49,730</b>	<b>24,540</b>
Operating costs	(79,866)	(55,943)	(23,923)
<b>Gross operating loss</b>	<b>(5,597)</b>	<b>(6,213)</b>	<b>616</b>
Amortisation, depreciation, provisions and write-downs	(2,606)	(436)	(2,170)
<b>Operating loss</b>	<b>(8,203)</b>	<b>(6,649)</b>	<b>(1,554)</b>
<b>Financial income and charges and gains (losses) on equity investments</b>			
Financial income	2,879	1,155	1,724
Financial charges	(1,372)	(1,282)	(90)
Net exchange rate losses)	(1,900)	(1,425)	(475)
<b>Net financial charges</b>	<b>(393)</b>	<b>(1,552)</b>	<b>1,159</b>
<b>Net financial charges and net gains (losses) on equity investments</b>	<b>(393)</b>	<b>(1,552)</b>	<b>1,159</b>
<b>Loss before tax</b>	<b>(8,596)</b>	<b>(8,201)</b>	<b>(395)</b>
Income taxes	(48)	(1,109)	1,060
<b>Net loss for the year</b>	<b>(8,644)</b>	<b>(9,310)</b>	<b>666</b>
Net loss attributable to the Group	(7,920)	(8,995)	1,075
Net profit (loss) attributable to non-controlling interests	(724)	(315)	(409)

## Reclassified balance sheet

€'000	31.12.2022	31.12.2021	Variation
Net fixed assets	732	1,478	(746)
Provisions for risks and charges	(1,920)	(50)	(1,870)
Inventory	22,118	13,552	8,565
Net tax liabilities	(899)	(2,589)	1,690
Receivables	17,349	20,984	(3,635)
Payables	(51,888)	(47,863)	(4,025)
Net intragroup payables	(137)	(28)	(109)
Other assets	257	212	45
Other liabilities	(536)	(641)	106
<b>Net invested capital</b>	<b>(14,923)</b>	<b>(14,944)</b>	<b>21</b>
<b>Net equity</b>	<b>5,387</b>	<b>11,014</b>	<b>(5,627)</b>
<b>Net financial debt</b>	<b>(20,309)</b>	<b>(25,958)</b>	<b>5,649</b>
<b>Total financial resources</b>	<b>(14,923)</b>	<b>(14,944)</b>	<b>21</b>

The reclassified balance sheet at 31 December 2021 shows negative net invested capital of €14,923 thousand, principally generated by payables to third parties partly offset by receivables and inventory, sufficiently covered by the available financial resources.

\* \* \*

## Performance

The intense commercial drive made in the year led to significant achievements in terms of new contracts and, specifically, the Paracel contract as well as the early works agreements for the water treatment plant in Saudi Arabia (Zuluf project) and the related 25-year O&M contract for the same plant once it is operational.

However, the benefits of these achievements in terms of the Group's production and results were not properly seen in 2022 due to both the delay in starting work on the projects caused by the complicated international situation (including the lingering aftermath of Covid-19) and spiralling inflation triggered by soaring raw material prices along with the rise in production and transport costs linked to the price of natural gas, electricity and fossil fuels, which have contributed to investors' general wariness.

Therefore, the net loss for the year is a result of the above factors as well as the delays in rolling out the Ghubrah III project in Oman, additional costs which made it necessary to revisit the estimated costs needed to complete contracts, mostly incurred during the year and principally related to completion of the Tranche Optionelle for the revamping of the Rennes waste-to-energy plant in France (the Tranche Ferme for the project's engineering had already been completed) and the Dakhla desalination plant in Western Sahara in Morocco, and the higher costs incurred to settle claims for the Jebel Ali contracts in Dubai (United Arab Emirates).

This impact was only partly offset by progress on other contracts, such as the Riachuelo Lot 2 contract in Argentina, being carried out by U.T. Fisia - Acciona Agua. This contract's contribution will increase significantly in 2023 with respect to its percentage of completion and the related rise in revenues and profitability.

The combination of these factors meant that the Group was unable to cover its overheads. In fact, its net operating costs amount to approximately €8.4 million.

The adjusted gross operating profit, bolstered by the significant increase in revenues in 2022, was not sufficient to entirely cover the overheads, partly due to the higher non-recurring direct operating costs related to the settlement of claims, as shown in the following table, where the overheads are excluded from the calculation of the gross operating profit.

€'000	2022	2021	Variation
Revenues	73,455	49,241	24,213
Other revenues and income	815	489	327
<b>Total revenues</b>	<b>74,270</b>	<b>49,730</b>	<b>24,540</b>
Operating costs	(71,475)	(48,977)	(22,498)
<b>Adjusted gross operating profit</b>	<b>2,794</b>	<b>753</b>	<b>2,041</b>
Amortisation, depreciation, provisions and write-downs	(2,606)	(436)	(2,170)
Overheads	(8,391)	(6,966)	(1,425)
<b>Operating loss</b>	<b>(8,203)</b>	<b>(6,649)</b>	<b>(1,554)</b>

This situation was anomalous and non-recurring for the reasons explained in more detail in the sections on the contracts and equity investments.

The "Outlook" section presents the forecast development presented in the five-year business plan while the sections on the Group's market and products analyse the prospects for the products and markets of greatest interest to Fisia Group.

## Equity investments in in-scope companies

On 26 January 2022, two joint ventures in which the Group was involved with GS Inima (Spain) (50:50) were sold, namely:

- **GS Inima Fisia UTE Barka V SWRO** and **GS Inima Fisia BARKA LLC**, set up for the engineering, procurement and construction of a reverse osmosis desalination plant in Muscat (Oman) with a capacity of 100,000 cubic metres/day worth approximately USD100 million (Fisia Italimpianti's share: USD50 million).

Fisia Italimpianti S.p.A., GS Inima Environment S.A.U., GS Inima Barka V Desalination Company S.A.O.C., GS Inima Fisia (Barka) LLC, UTE Barka V SWRO and GS Inima Middle East LLC signed an agreement for the parent's exit from the project, to be achieved by selling its investments in Barka LLC and Barka UTE to GS Inima Group companies.

The agreement provided for the sale of the contracts and obligations with the customer, the partner, subcontractors and third parties in general with the issue of a specific liability disclaimer by GS Inima in the parent's favour, as well as payment of the costs incurred, for a total consideration of €1.6 million, collected on 1 February 2022.

The main activities carried out in 2022 by the Group on projects acquired in previous years are described below:

#### **GS Inima Fisia UTE Ghubrah III IWP and GS Inima Fisia Ghubrah LLC (Ghubrah plant - Oman)**

In 2022, as part of a 50:50 joint venture with GS Inima (Spain), the parent was awarded an EPC contract for a reverse osmosis desalination plant in Muscat, Oman with production of 300,000 cubic metres a day worth approximately USD227 million (Group's share: €113.5 million). The work is being carried out by GS Inima Fisia UTE Ghubrah III IWP (Spain) and GS Inima Fisia GHUBRAH LLC (Oman) and has encountered delays due to the unavailability of the original site which made it necessary for the customer to identify a new area. As a result, the entire project had to be revised with the related modification of the contracts due to the higher costs incurred for the site change and to update the entire contractual consideration.

On 12 October 2022, an agreement was signed with the customer whereby it compensated the joint venture for its pre-bid activities (USD1.1 million, invoiced and collected at the date of preparation of this report).

#### **U.T. Fisia Italimpianti and Acciona Agua (Riachuelo plant Lot 2 - Argentina)**

In 2019, as part of a joint venture with Acciona Agua (Spain) (Group's share: 65%), the parent acquired a contract worth roughly USD236 million to build Lot 2 of the Riachuelo system in Buenos Aires, Argentina. This mega engineering and infrastructure project will reduce pollution in the catchment basin and Rio de la Plata, which Argentina's most polluted river Riachuelo River flows into.

The joint venture will build a waste water pre-treatment plant and the related load and return shafts with a capacity of 27 cubic metres/second, making it one of the largest plants of its kind in the world upon its completion.

This project is the second of three lots for the Riachuelo system, which will improve the serious environmental issues of the Matanza Riachuelo catchment basin, providing flexibility and safety to the water purification system of Buenos Aires which will directly considerably improve the health and quality of life of the city's roughly 4.3 million residents. Construction work continued during the year and is slated for completion in 2024.

#### **Fisia Ve Alkatas İş Ortaklığı and Fisia – Alkatas – Alke İş Ortaklığı JV (Atakoy and Yenikapi plants, Turkey)**

The parent was awarded the contract in 2016 as part of a joint venture with Alkatas Construction J.S.C. to build phase 2 of the state-of-the-art waste water treatment plant in Ataköy for the customer İski - İstanbul Su ve Kanalizasyon İdaresi (Istanbul Water and Sewerage Administration).

This project is a cornerstone of the urban waste water treatment programme for the heavily populated city of Istanbul and the project's objective is to improve the environmental situation of the Bosphorus Strait and the Marmara Sea.

Fisia Italimpianti's share of the contract is approximately €84 million.

The project has been completed, the provisional acceptance certification has been obtained and the warranty period has commenced. Once the remaining activities have been performed, the customer will issue the final acceptance certification.

The Yenikapi project involves the construction of a new water purification plant in Istanbul. The related contract of approximately TRY800 million was awarded to the joint venture of Fisia Italiimpianti and the Turkish companies Alkataş and Alke in April 2018.

Acquisition of this contract has consolidated the Group's position in the market of engineering and construction of plant to improve the ecosystem.

At the date of preparation of this report, the engineering phase has been completed and the joint venture is awaiting receipt of the authorisations necessary to start the works (delayed partly due to the Covid-19 pandemic).

In August 2018, the parent set up a new wholly-owned subsidiary, Fisia Mühendislik ve İnşaat A.Ş. (Fisia Engineering and Construction JSC), in Istanbul to scope out the opportunities in the Turkish market and inclusion in the more exciting new local projects.

#### **UTE Abeima Fisia Shuaibah and Fisia Abeima LLC (Shuaibah plant, Saudi Arabia)**

This contract was awarded in 2017 and consists of the engineering, procurement and construction of a reverse osmosis desalination plant in the Shuaibah area to provide potable water to the cities of Jeddah, Medina and Taif.

The contract is being performed on a project financing basis by an SPE owned by ACWA Power, a major Saudi developer of energy generation and seawater desalination projects.

It is worth approximately USD255 million and is being carried out by Fisia Italiimpianti as a 50:50 joint venture with Abeima, part of the Abengoa Group (Spain).

The plant was built in just 21 months, gaining global recognition as a fast track project. It was delivered to the customer with receipt of the taking over certificate within the contractually-established timeline.

In addition, in 2020, the plant was awarded the prestigious Global Water Award as the best desalination plant of 2019. On 19 December 2021, a USD2.5 million settlement agreement was formalised by the parties (Shuaibah Two Water Development Project Company, Fisia Abeima LLC and UTE Abeima Fisia Shuaibah) to pay for the works (to be completed within the warranty period) and settle the disputes. This meant that all the parties involved discontinued all claims and disputes to allow the regular issue of the certification, placement in service of the plant and related completion of the contract. UTE Abeima Fisia Shuaibah paid the amount upon receipt of the invoice from the customer and took the necessary actions to complete the works.

Additional negotiations are in place to finalise a settlement agreement to terminate the contracts, the cost of which is included in the estimate of the costs to complete the contract. The related timeline has been delayed by the new restructuring of the Abengoa Group, including the partner Abeima. The agreement was finalised after the reporting date on 18 April 2023 as described in the section on the post-balance sheet events.

#### **UTE Abeima Fisia Salalah, Fisia LLC, Fisia Abeima Salalah JV (Salalah plant, Oman)**

In December 2017, the parent was awarded a contract worth roughly USD117 million as part of a joint venture with a company of the Abengoa Group to build a reverse osmosis desalination plant to provide potable water to the Dhofar region.

The plant is the second project assigned by ACWA Power, thus strengthening the joint venture's relationship with one of the largest international investors in the water and energy sectors. In 2020, the project was held back by the local and international restrictions imposed by the global pandemic and the joint venture is renegotiating the contract with the customer as these delays are due to "force majeure" and "change in law" events.

The plant has been completed and was delivered to the customer on 11 March 2021. The warranty period has started.

In 2021, the project made a net loss of USD7.8 million, of which USD3.3 million for higher costs and USD4.5 million (including USD0.9 million for the offshore part and USD3.6 million for the onshore part - Fisia Italiimpianti's share: the equivalent of €1.9 million) for the lack of grounds to claim greater costs from the customer. The parent has continued

its actions to obtain compensation from the customer for the higher costs incurred that were not envisaged in the contract.

On 14 July 2021, a bank surety of USD12.7 million provided by HSBC Middle East Dubai to the customer Dhofar Desalination Company SAOC and counter-guaranteed by Banca Intesa was enforced.

This amount was debited to Fisia Italimpianti S.p.A. which, in turn, charged the related amount to Fisia Abeima Salalah J.V. as the EPC contractor and as provided for in the joint venture agreement between Fisia Italimpianti and Abengoa Agua, which establishes the partners' joint and several liability, as also reiterated in the most recent meetings of the executive committee of 30 November and 22 December 2021.

At the reporting date, collection of the amount outstanding by Fisia Italimpianti is subordinated to the new restructuring of the Abengoa Group, which should be completed during the first half of 2023.

Therefore, Fisia Abeima Salalah J.V. recognised a financial receivable due from the customer as, supported by its legal advisors, it deems the enforcement of the surety to be undue and, hence, recoverable. The parent's technical and legal consultants' assessments are at an advanced stage and it has taken steps to protect its interests, including in line with the contracts between it and the customer.

On 6 June 2022, arbitration proceedings as per clause 47.3 of the contract, notified to the customer, Dhofar Desalination Company, were commenced and are still in progress. The total provisional amount estimated as a result of these proceedings and claimed by the joint venture is USD22.9 million (for five claims including the time extension, contract changes and reimbursement of the unduly enforced surety).

#### **Brennero Galleriacque S.C. a r.l.**

In 2021, this subsidiary terminated all the contracts entered into with third parties for their services in conjunction with the contract to operate the plant signed with Isarco S.c. a r.l. as this customer terminated such contract at the end of 2020. Therefore, it discontinued all activities related to the operation of the water treatment plant in Fortezza, which implied achievement of the business object and the winding up of the consortium company as per its by-laws. Accordingly, the consortium members resolved to wind up the consortium company with the related entry in the company register made on 25 May 2021.

At the date of preparation of this report, the liquidator had not completed the procedures to settle all the consortium company's receivables and payables and allocating any remaining amounts to the members.

\* \* \*

#### **Production revenues**

Production revenues for 2022 amount to €74.3 million and mostly relate to progress made on contracts and, specifically, the Riachuelo Lot 2 project being carried out by UTE Fisia Italimpianti Succursale Argentina and Acciona Agua Succursale Argentina for approximately €50.1 million and the Rennes Metropole project for €18 million as well as cost recoveries of €0.8 million.

In addition to the projects being carried out by the group companies (see the previous section on "Equity investments in in-scope companies"), the remaining balance of production revenues relates mostly to the parent's main contracts as listed below:

- Dakhla desalination plant (Morocco): the €99.6 million contract covers the engineering, procurement and construction of a desalination plant in Dakhla in Western Sahara (Morocco) on behalf of Dakhla Water & Energy Company S.A.. 2022 production, calculated using the cost-to-cost method, is €1,617 thousand and the stage of completion is 1.62%. In December 2022, the first invoices for the limited notice to proceed stage were issued and the customer issued the notice to proceed on 28 December 2022.

The engineering design activities and geological studies are underway.

Given the significant increase in the cost of procuring and transporting materials caused by the global economic scenario in 2022, the Group has taken the necessary contractually-provided for steps with the customer to contain the impact of such increase on contract costs.

- Jebel Ali Station “M” desalination plant (Dubai - UAE): this contract was awarded in September 2007 and integrated with two riders for total capacity of 140 million gallons/day. The contract is worth €763 million, the work has been completed and the plant has obtained all the acceptance certifications.
- Jebel Ali Station “L” Phase 1 and 2 desalination plant (Dubai - UAE): the contract is worth €198 million, work started in May 2005 and has been completed with the issue of the related acceptance certifications.

An agreement is under negotiation with the customer, DEWA - Dubai Electricity and Water Authority, for the latter two projects to settle any pending claims and to return the performance bonds at the reporting date. The Group has provided for the related greater cost of finalising the projects based on the customer’s claims (net amount of €1.6 million).

The agreement was finalised after the reporting date on 4 May 2023 as described in the section on the post-balance sheet events.

- Project Rennes: this project had an original contract value of around €7 million (Fisia Italimpianti’s share: €2 million). It covers the design of a new urban waste-to-energy plant for Rennes (France) - the “Tranche Ferme” phase. The heat produced by the plant will be recovered and used to generate steam which will then be used to produce electricity and/or heat for the district heating of urban buildings. The project is being carried out by a joint venture comprised of Fisia Italimpianti, Legendre (France), Studio Paumier (France) and RUTHS (Italy) as agent. Acquisition of this contract has facilitated Fisia Italimpianti’s return to the incineration market. Construction of the plant, with a contract value of €95 million (whose “Tranche Optionelle” had already been signed by the customer with the “Tranche Ferme”), of which Fisia Italimpianti’s share is €36.4 million (increased by approximately €4.6 million for contractual price variations, billed for approximately €3.2 million at the reporting date with the related adjustments to the costs of the main subcontracts), started in April 2021. In February 2022, operations commenced at the work site and, at the reporting date, the mechanical erection phase is underway, involving the assembly of metal structures and equipment, some of which has already been put in place while others have already been installed and tested. 2022 production amounts to €18,289 thousand. Given the significant increase in the cost of procuring and transporting materials caused by the global economic scenario in 2022, the Group has taken the necessary contractually-provided for steps with the customer to contain the impact of such increase on contract costs.
- Project Zuluf (Group’s share: 100%): on 13 June 2022, the developer received the conditional award letter. Fisia Italimpianti had presented a bid to this developer and signed a binding EPC (Engineering, Procurement & Construction) contract worth approximately €319 million to build a water treatment plant in Saudi Arabia and a 25-year O&M contract for the same plant, once it has been completed, for around €102 million. Therefore, on 27 June 2022, Fisia Italimpianti was requested to complete negotiations for the bid in order to finalise the award and agree the related contract.  
On 18 October 2022, the early works agreement of USD190 thousand was signed and billed during the year. Subsequently, the parent signed an additional agreement for the early works (the limited notice to proceed), which included the previous agreement, for USD837 thousand on 15 December 2022.  
2022 production amounts to €664 thousand.
- Project Paracel (Group’s share: 100%): this USD144 million private contract commissioned by Paracel S.A. was

signed on 12 August 2022 and became effective on 12 September 2022. It covers the construction of three water treatment plants for a pulp mill under development near the city of Concepción in Paraguay. The EPC contract entails the construction of a plant with treatment capacity of 7,000 cubic metres/hour, a demineralisation water plant with capacity of 1,350 cubic metres/hour and an effluent treatment plant with capacity of 6,600 cubic metres/hour.

The project is still at an initial phase and the notice to proceed should be issued early in 2024.

2022 production amounts to €36 thousand.

## The market

The Group has continued its strategy to build up its product portfolio through its value proposition, drawing on its capacity and experience, and to diversify and grow its geographical footprint. Therefore, the comments made in this section refer to the global market.

The reverse osmosis technology is the most widely-used desalination technology in all the areas where this is possible. The most interesting market by far, in terms of volumes and potential opportunities, continues to be the production of drinking water for civil purposes, starting from the treatment of sea or brackish water. However, there is growing interest in applications for industrial use tied to the increasing requirement for sustainability.

Demand continues to be lively in the water treatment plant sector, both for civil use and industrial plants. This sector offers great opportunity for growth in the medium term in terms of potential volumes and geographical scale, as well as in technical and innovative terms.

All the market segments in which the Group operates are expanding, including at a fast pace in some geographical areas. Therefore, it can reasonably be assumed that the Group will grow its business and this assumption underpins its new five-year plan referred to in other sections of this report.

## Products

The Group's portfolio principally consists of water treatment plants (desalination and other treatment processes).

It is also active in the plant engineering sector and, specifically, in the waste treatment plant segment.

The main features of the available products and the Group's positioning are described below.

## Desalination

Desalination plants can be split into two main technological families:

1. evaporation;
2. membrane separation - reverse osmosis;

as described below in more detail.

## Evaporation

The Group is a global leader in the use of the MSF (multi stage flash) technology and has built many plants using this technology for a total of more than 3.5 million cubic metres of installed capacity.

This technology has lost favour drastically in the last decade due to the fact that the membrane separation plants are more energy efficient and require less investment costs.

The thermal technology market in the Group's traditional geographical areas, such as, specifically the Arab states of the Persian Gulf (UAE, Saudi Arabia, Oman, Qatar, etc.) is now limited to the reconditioning of existing plants.



### Membrane separation - reverse osmosis

The global reverse osmosis (RO) technology market has grown at a fast pace in recent years.

Following the fine-tuning of the potable water pre-treatment technologies (floating and ultra filtering), which made the process usable in areas where the quality of seawater is not very suitable for this type of plant, this technology is gaining ground and is currently the most popular choice of public and private sector customers.

The Group has already accumulated experience in small sized plants in previous years and has recently transitioned to this type of plant, acquiring contracts for four medium to large plants in just a few years and specifically:

- Shuaibah 3 (Saudi Arabia), 250,000 cubic metres/day. Completed in May 2019 and currently under warranty;
- Salalah 3 (Oman), 113,500 cubic metres/day. Entering production at year end;
- Ghubrah 3 (Oman), 300,000 cubic metres/day. Acquired at the end of 2020;
- Dakhla (Morocco), 89,101 cubic metres/day. Acquired at the end of 2021.

Thanks to these projects and experience, the Group is well placed to acquire a market leadership position, like it did in the thermal plant sector.

### Water treatment

The Group has extensive know-how and experience in this sector, gained through the construction of numerous waste water and potable water treatment plants.

Specifically, it has acquired the following significant contracts in recent years:

- the Atakoy purification plant in Istanbul (Turkey) which includes, inter alia, an advanced biological processing treatment plant of 240,000 cubic metres/day throughput, a MBR (membrane bio-reactor) section of 20,000 cubic metres/day and significant revamping of the existing part of the plant to allow it to produce 360,000 cubic metres/day;
- a pre-treatment waste water plant at Riachuelo (Buenos Aires, Argentina), comprising an initial pumping section followed by coarse, fine and extra fine screens, grit and de-greasing sections and a final lifting station. Its processing capacity is more than 2 million cubic metres/day;
- the Yenikapi treatment plant in Istanbul (Turkey) with a capacity of 450,000 cubic metres/day;
- the Paracel treatment plant, three water treatment plants for a pulp mill under development near the city of Concepción in Paraguay, which includes the construction of a plant with treatment capacity of 7,000 cubic metres/hour, a demineralisation water plant with capacity of 1,350 cubic metres/hour and an effluent treatment plant with capacity of 6,600 cubic metres/hour.

### Waste-to-Energy

The Group has some important contracts in this sector including the Acerra WtE plant, completed in 2010, which has three lines and processes 2,100 tonnes per day.

In 2019, the Group was awarded the contract to revamp the WtE plant of the Rennes municipality (France), which processes 140,000 tonnes/year of urban solid waste and generates 15 MW of electricity and 49.6 MW of thermal energy. The contract has enabled the Group to re-enter this sector, which has interesting growth opportunities, including through joint ventures with other companies of Webuild Group to which Fisia Italimpianti belongs.



### SOA certifications

On 20 April 2021, the parent's board of directors resolved to modify the parent's business object to align its business activities set out in the by-laws with those of the new SOA categories. In the extraordinary meeting of 14 May 2021, the parent's sole shareholder approved this modification.

As a result, the parent received its new SOA certification on 25 May 2021, which was updated on 29 October 2021.

As well as renewing the existing categories, thanks to the Webuild/Fisia Italiimpianti intragroup resource pooling agreement, the new SOA certification is unlimited for the following categories:

- OG1 (Civil and industrial buildings);
- OG6 (Aqueducts, gas pipelines, oil pipelines, irrigation works and evacuation works);
- OG7 (Sea works and dredging);
- OG8 (River works, defence, hydraulic and reclamation);
- OG9 (Equipment for the production of electric energy);
- OG10 (Installations for the transformation and distribution of electric energy);
- OG11 (Technological systems);
- OG12 (Works of reclamation and environmental protection);
- OS3 (Water-sanitary systems);
- OS4 (Electromechanical-transporter systems);
- OS14 (Waste elimination and recovery systems);
- OS21 (Special structural works);
- OS22 (Drinking water and purification systems);
- OS28 (Thermal and conditioning systems);
- OS30 (Internal electrical systems).

### Financial risks

The Group is exposed to financial risks, including the following:

- market risk;
- currency risk;
- credit risk;
- liquidity risk;

as described below.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and commodity price risk.

#### Currency risk

Due to its international operations, the Group is exposed to currency risk arising on fluctuations in the exchange rates between the currencies of the countries where it operates and the Euro. At year end, it was mostly exposed to the US dollar and currencies pegged to it.

The Group's currency risk management policy hinges on the following strategies:

- use of the contract consideration agreed in local currency mainly to cover the contract costs to be incurred in the same currency or related currencies;
- analyses of the foreign currency exposures on a cumulative and forward-looking basis by deadline and agreement of forwards in the same currency based on the Group's net exposure at the deadlines.

Adoption of these guidelines allowed the Group to mitigate its currency risk vis-à-vis the US dollar.

At year end, the Group did not have any hedges.

#### Credit risk

Credit risk is the Group's exposure to potential losses caused by a customer's default. Its customers include governments or government agencies and major international companies.

Given the Group's type of customer and the countries where it operates, this risk is not material.

#### Liquidity risk

Liquidity risk is the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

With respect to net working capital requirements, the Group's strategy aims at ensuring that each ongoing contract is financially independent.

However, in exceptional cases, Fisia Group's membership of a large solid group means it is able to overcome any temporary financing requirements by using external credit facilities.

#### Related party transactions

Transactions performed with the ultimate parents are shown in the next table:

€'000	Financial - due within one year	Trade - due within one year	Total receivables from parents	Financial - due within one year	Trade - due within one year	Total payables to parents	Net balance with ultimate parents
Webuild S.p.A.	-	784	784	(19,350)	(937)	(20,287)	(19,503)
Salini Costruttori S.p.A.	313	-	313	-	-	-	313
<b>Total</b>	<b>313</b>	<b>784</b>	<b>1,097</b>	<b>(19,350)</b>	<b>(937)</b>	<b>(20,287)</b>	<b>(19,190)</b>

They include trading and financial transactions. Trade payables to Webuild amount to €121 thousand.

The group companies do not hold own shares or shares of the ultimate parents.

The consolidated financial statements and notes thereto provide details of the assets, liabilities, revenues and costs with the ultimate parents and related parties.

#### Legislative decree no. 231/01

The parent's current organisational, management and control model as per Legislative decree no. 231/01, approved by the board of directors on 2 February 2021, complies with the most recent regulations about tax crimes and the new predicate crimes. Their inclusion in the model was performed with the assistance of the ultimate parent's compliance unit, which also aligned the last review with the changes made to Fisia Italimpianti's organisational structure.

Pursuant to Legislative decree no. 231 of 8 June 2001, as subsequently amended, all the relevant parties were informed about the changes made to the model, as was the case on previous occasions.

As provided for by the model, during 2022, the supervisory body regularly carried out its checks and reported on its findings to the competent bodies. It found the model to be functional and effective, and stated this in its reports.

## Code of Conduct

As recommended by Webuild, the parent has adopted a Code of Conduct which reflects its standards and expectations.

Specifically, the Code sets out the parent's ethical principles and rules of conduct.

The supervisory body is responsible for ensuring that Fisia Italimpianti's employees comply with the Code of Conduct and it liaises with the other competent departments and bodies to ensure that it is correctly applied.

## GDPR compliance

### (Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data)

With respect to the requirements of the Privacy Code and as reiterated and supplemented by the GDPR (Regulation (EU) 2016/679), in its meeting of 11 June 2018, the parent's board of directors resolved to confirm the chief executive officer as the Data controller, with the duties, powers and responsibilities for personal data processing as well as responsibilities for ensuring the parent complies with the GDPR.

On 21 April 2022, the parent's board of directors appointed the HR manager as the Data controller's representative to whom their duties are delegated as per the Regulation. The HR manager was also given all the relevant decision-making and spending powers as well as broad independence for the exercise of the duties, including the definition of organisational profiles, activities necessary to ensure compliance with the principle of accountability and the applicable obligations and measures of the Regulation.

In addition, the delegate was awarded the most extensive representation powers and responsibility to ensure the parent complies with the GDPR, duly informing the board of directors.

## Mandatory disclosures on the environment

The Group carries out its activities in full compliance with the regulations about the environment and hygiene in the workplace.

## Human resources

At the date of preparation of this report, the Group's workforce (considering the fully consolidated companies) comprises:

eight managers;  
103 white collars;  
one manager seconded (full-time) by the ultimate parent;  
one junior manager seconded (40%) by the ultimate parent.  
for a total of 112 resources.

At year end, the parent's foreign branches have 33 employees and the fully consolidated companies have 31 employees.

The Group has complied with all the relevant provisions of Legislative decree no. 81/2008 such as, for example, employee training, assessment of health and safety risks and checks of machinery and equipment. Specifically, none of its direct employees were injured during the year.

\* \* \*

With respect to the aspects covered by Legislative decree no. 152/2006, the Group complies with all the regulations about environmental protection, has obtained the permits required to operate, has implemented the related measures, checked the suitability of land for its use, complies with the management of waste and its by-products and monitors and mitigates the environmental impact of its work.

No environmental incidents took place during the year.

The Group did not receive fines from environmental protection bodies nor were criminal proceedings commenced or continued during the year.

\* \* \*

### IT systems

Development of the Group's remote working project, rolled out in the summer of 2019, was accelerated during the year, partly to deal with the Covid-19 emergency. As a result, the number of company laptops given to employees increased, as did VNP accesses to the intranet and utilisation of unified communication and collaboration platforms that combine work chats, video conferences, content sharing and application integration. The Group also upgraded the hardware of its fixed work stations so it could be used remotely.

The Group invested in software to make the use of its applications on a remote basis easier (using Remote Desktop) and to allow the concurrent use of BIM (Building Information Modeling) as agreed with its foreign partners for the newly acquired contracts.

Starting from 2021, it has restyled its internal communication channel provided on its web platform and used to share and view multimedia content online (video sharing). It had already revisited its website in line with the Group's rebranding directives and is gradually upgrading the existing infrastructure.

### Communication

The communication project, launched in 2018, has covered various marketing aspects to reinforce the Fisia Group's reputation on the market and emphasise its membership of Webuild Group.

During the year, the Group carried out many projects to consolidate its reputation on the water desalination and treatment market.

Fisia Italimpianti also stepped up its collaboration with its Group in the communication sector, sharing news and key information through their social media channels.

Another project has entailed updating the video sharing web channel by reorganising its structure to make it more user-friendly and extending its content with the most recent videos of the plants being built by Fisia Italimpianti.

### Outlook

The Group has prepared a new 2023-2027 business plan based on the assumption it will continue as a going concern to achieve the objectives set by the parent and provided for therein.

This plan is substantially a continuation of previous plans in terms of the Group's products and geographical markets. Moreover, thanks to both the experience acquired in recent years and the new projects awarded towards the end of 2022, the assumptions underpinning the plan are very solid.

The business plan includes financial projections for the five-year period and is based on assumptions, deemed reasonable by the directors, about:

- its potential order pipeline;
- contract profitability;
- the sustainability of the financial plan.

Specifically, the plan provides for acquisitions of approximately €2.0 billion, average annual production (including through the investees) of around €300 million and operating profits from its first year.

The parent's board of directors approved the plan (as summarised above) during its meeting of 9 February 2023.

The ultimate parent, Webuild, has confirmed that, should it become necessary, it will provide the parent with financial support in 2023 as per the specific comfort letter issued on 3 March 2023.

### Financial highlights

Reference should be made to the balance sheet, profit and loss account, cash flow statement and the related notes for the actual figures while a brief summary is provided below.

€m	31.12.2022	31.12.2021	Variation
<b>Profit and loss account</b>			
Production revenues	74,270	49,730	24,540
Operating loss	(8,203)	(6,649)	(1,554)
Loss before tax	(8,596)	(8,201)	(395)
<b>Net loss for the year</b>	<b>(8,644)</b>	<b>(9,310)</b>	<b>666</b>
Net loss attributable to the Group	(7,920)	(8,995)	1,075
Net profit (loss) attributable to non-controlling interests	(724)	(315)	(409)
<b>Balance sheet</b>			
Net fixed assets	(1,188)	1,428	(2,616)
Net equity	5,387	11,014	(5,627)
<b>Net financial position</b>	<b>(20,309)</b>	<b>(25,958)</b>	<b>5,649</b>
<b>Operating figures</b>			
<b>Order backlog</b>	<b>484,926</b>	<b>392,064</b>	<b>92,862</b>
<b>Employees (no.)</b>	<b>176</b>	<b>144</b>	<b>32</b>

### Research and development

The Group carries out research and development activities using an integrated cross-company system that covers all its internal units.

It continuously reviews each product line's characteristics to ensure they meet market trends and commercial strategies together with the technical and operating bodies in order to improve both its opex and capex.

Specifically, it concentrated on improving the technology for the reverse osmosis desalination process and its research objectives were to:

- reduce energy consumption;
- improve the intake seawater pre-treatment processes;
- optimise the permeate's post-treatment processes;

as described below.

### **Reducing energy consumption**

The Group developed a method for the first stage of osmosis using the partial split system which shortens the extension of the second stage, when required, and optimises electricity consumption while concurrently reducing investment costs.

It also studied the pressure centre system for the centralised feeding of the reverse osmosis racks to provide customers with optimised solutions in terms of energy consumption, plant availability and investment costs.

### **Improving the pre-treatment of the intake seawater**

The studies' objectives are to identify a preferred method to optimise the pre-treatment system and the operating processes when the plant is fully operational depending on the characteristics of the water to be treated.

The previously-developed calculation models for the RO plants' pre-treatment technologies were validated and fine-tuned by comparing the feedback from the roll-out of the Shuaibah RO plant.

During 2022, the Group also developed pre-treatment technologies using dual media filters that allow faster filtering and, therefore, lower investment costs and a smaller pre-treatment footprint.

### **Optimising the permeate's post-treatment processes**

In previous years, the Group registered patents for the post-treatment of the distillate produced by both thermal and reverse osmosis plants or the water compounds produced by hybrid plants.

The research and development unit developed a model for the post-treatment of the permeate from reverse osmosis plants that use calcium gravity filters and is fed from the upflow water.

The calculation model will be tested/fine-tuned after the Salalah RO plant has been rolled-out.

11 July 2023

**On behalf of the board of directors**

**Chairman**

**Gianfranco Catrini**

**CONSOLIDATED FINANCIAL  
STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31  
DECEMBER 2022**

Balance sheet

	31 December 2022	31 December 2021
<b>ASSETS</b>		
<b>B) Fixed assets</b>		
<b>I Intangible fixed assets</b>		
3) Industrial patents and intellectual property rights	11,560	11,400
7) Other	212,543	291,330
<b>Total intangible fixed assets</b>	<b>224,103</b>	<b>302,730</b>
<b>II Tangible fixed assets</b>		
1) Land and buildings	202,909	610,030
2) Plant and machinery	18,792	22,210
3) Industrial and commercial equipment	130,799	423,042
4) Other assets	155,662	120,487
<b>Total tangible fixed assets</b>	<b>508,162</b>	<b>1,175,769</b>
<b>Total fixed assets</b>	<b>732,265</b>	<b>1,478,499</b>
<b>C) Current assets</b>		
<b>I Inventory</b>		
1) Raw materials, consumables and supplies	692,657	445,455
2) Work in progress and semi-finished products	547,437	792,868
3) Contract work in progress	21,513,735	18,853,998
5) Payments on account	3,730,636	4,761,860
<b>Total inventory</b>	<b>26,484,465</b>	<b>24,854,181</b>
<b>II Receivables</b>		
1) Trade receivables	13,504,499	17,235,808
- due within one year	13,504,499	17,235,808
4) From parents	783,775	551,691
- due within one year	783,775	551,691
5) From subsidiaries of parents	18,300	-
- due within one year	18,300	-
5 bis) Tax receivables	3,582,399	1,995,564
- due within one year	3,582,399	1,995,564
5 quater) a) From others	3,845,000	3,748,197
- due within one year	3,845,000	3,748,197
<b>Total receivables</b>	<b>21,733,973</b>	<b>23,531,260</b>
<b>III Current financial assets</b>		
6) Other receivables	10,838,366	4,592,573
7) Financial assets relating to cash pooling arrangements	22,360,584	19,113,349
<b>Total current assets</b>	<b>33,198,950</b>	<b>23,705,922</b>
<b>IV Liquid funds</b>		
1) Bank and postal accounts	6,463,929	6,124,411
3) Cash-in-hand and cash equivalents	540	14,401
<b>Total liquid funds</b>	<b>6,464,469</b>	<b>6,138,812</b>
<b>Total current assets</b>	<b>87,881,857</b>	<b>78,230,175</b>
<b>D) Prepayments and accrued income</b>	<b>257,074</b>	<b>211,917</b>
<b>Total assets</b>	<b>88,871,196</b>	<b>79,920,591</b>



Balance sheet

	31 December 2022	31 December 2021
<b>LIABILITIES</b>		
<b>A) Net equity</b>		
I Share capital	3,400,000	3,400,000
IV Legal reserve	4,586	4,586
VI Other reserves	11,210,150	18,574,550
- translation reserve	6,685,127	3,668,918
- reserve to cover losses	4,525,023	14,905,632
VIII Retained earnings (losses carried forward)	0	(1,385,608)
IX Net loss for the year	(7,920,139)	(8,995,255)
<b>Net equity attributable to the Group</b>	<b>6,694,597</b>	<b>11,598,273</b>
Share capital and reserves attributable to non-controlling interests	(584,029)	(269,726)
Net loss attributable to non-controlling interests	(723,930)	(314,517)
<b>Total net equity attributable to non-controlling interests</b>	<b>(1,307,959)</b>	<b>(584,243)</b>
<b>Total net equity</b>	<b>5,386,638</b>	<b>11,014,030</b>
<b>B) Provisions for risks and charges</b>		
4) Other	1,919,864	50,000
<b>Total provisions for risks and charges</b>	<b>1,919,864</b>	<b>50,000</b>
<b>C) Employees' leaving entitlement</b>	<b>533,659</b>	<b>631,943</b>
<b>D) Payables</b>		
4) Bank loans and borrowings	4,551	530,199
<i>due within one year</i>	<i>4,551</i>	<i>530,199</i>
5) Loans and borrowings from other financial backers	6,022,402	4,943,138
<i>due within one year</i>	<i>6,022,402</i>	<i>4,943,138</i>
6) Payments on account	4,366,889	11,301,783
<i>due within one year</i>	<i>4,366,889</i>	<i>11,301,783</i>
7) Trade payables	41,100,979	40,406,449
<i>due within one year</i>	<i>41,100,979</i>	<i>40,406,449</i>
11) Payables to parents	20,287,051	2,806,802
<i>due within one year</i>	<i>20,287,051</i>	<i>2,806,802</i>
11 bis) Payables to subsidiaries of parents	1,251	1,129,105
<i>due within one year</i>	<i>1,251</i>	<i>1,129,105</i>
12) Tax payables	4,481,355	4,584,663
<i>due within one year</i>	<i>4,481,355</i>	<i>4,584,663</i>
13) Social security charges payable	937,306	770,725
<i>due within one year</i>	<i>937,306</i>	<i>770,725</i>
14) a) Other payables	3,827,375	1,742,563
<i>due within one year</i>	<i>3,827,375</i>	<i>1,742,563</i>
<b>Total payables</b>	<b>81,029,159</b>	<b>68,215,427</b>
<b>E) Accrued expenses and deferred income</b>		
2) Other accrued expenses	1,876	9,191
<b>Total liabilities</b>	<b>88,871,196</b>	<b>79,920,591</b>

Profit and loss account

	2022	2021
<b>A) Production revenues</b>		
1) Turnover from sales and services	14,476,757	9,578,181
3) Change in contract work in progress	58,977,832	39,663,022
5) Other revenues and income	815,150	488,570
<i>b) Other revenues and income</i>	<i>815,150</i>	<i>488,570</i>
<b>Total production revenues</b>	<b>74,269,739</b>	<b>49,729,773</b>
<b>B) Production cost</b>		
6) Raw materials, consumables, supplies and goods	(31,160,204)	(9,688,590)
7) Services	(28,076,932)	(30,250,453)
8) Use of third party assets	(767,805)	(646,073)
9) Personnel expenses	(17,546,578)	(14,462,952)
<i>a) Wages and salaries</i>	<i>(13,134,521)</i>	<i>(11,046,163)</i>
<i>b) Social security contributions</i>	<i>(3,413,320)</i>	<i>(2,651,080)</i>
<i>c) Employees' leaving entitlement</i>	<i>(537,518)</i>	<i>(449,032)</i>
<i>e) Other costs</i>	<i>(461,219)</i>	<i>(316,677)</i>
10) Amortisation, depreciation and write-downs	(736,601)	(405,065)
<i>a) Amortisation of intangible fixed assets</i>	<i>(33,428)</i>	<i>(41,288)</i>
<i>b) Depreciation of tangible fixed assets</i>	<i>(446,220)</i>	<i>(332,433)</i>
<i>d) Write-down of current assets and liquid funds</i>	<i>(256,953)</i>	<i>(31,344)</i>
11) Change in raw materials, consumables, supplies and goods	1,240,094	1,184,254
12) Provision for risks	(1,869,620)	0
14) Other operating costs	(3,555,047)	(2,110,244)
<b>Total production costs</b>	<b>(82,472,693)</b>	<b>(56,379,123)</b>
<b>Operating loss</b>	<b>(8,202,954)</b>	<b>(6,649,350)</b>
<b>C) Financial income and charges</b>		
16) Other financial income	2,878,955	1,155,195
<i>d) Other income</i>	<i>2,878,955</i>	<i>1,155,195</i>
<i>from subsidiaries</i>	<i>0</i>	<i>9,978</i>
<i>from parents</i>	<i>47,249</i>	<i>14,401</i>
<i>from others</i>	<i>2,831,706</i>	<i>1,130,816</i>
17) Interest and other financial charges	(1,371,690)	(1,281,831)
<i>to parents</i>	<i>(453,649)</i>	<i>(267,664)</i>
<i>other</i>	<i>(918,041)</i>	<i>(1,014,167)</i>
<i>17)bis Net exchange rate gains (losses)</i>	<i>(1,900,020)</i>	<i>(1,425,053)</i>
<b>Net financial charges</b>	<b>(392,755)</b>	<b>(1,551,689)</b>
<b>Loss before tax</b>	<b>(8,595,709)</b>	<b>(8,201,039)</b>
20) Income taxes, current and deferred		
<i>a) current income taxes</i>	<i>(2,269,080)</i>	<i>(1,639,987)</i>
<i>b) taxes relative to prior years</i>	<i>760</i>	<i>0</i>
<i>d) income from national tax consolidation scheme/tax transparency scheme</i>	<i>2,219,960</i>	<i>531,254</i>
<b>Total income taxes</b>	<b>(48,360)</b>	<b>(1,108,733)</b>
<b>21) Net loss for the year</b>	<b>(8,644,069)</b>	<b>(9,309,772)</b>
<b>Net loss attributable to the Group</b>	<b>(7,920,139)</b>	<b>(8,995,255)</b>
<b>Net loss attributable to non-controlling interests</b>	<b>(723,930)</b>	<b>(314,517)</b>

**Cash flow statement**

	2022	2021
<b>A. Cash flows from operating activities (indirect method)</b>	(8,644,069)	(9,309,772)
Income taxes	48,360	1,108,733
Interest expense	(1,507,265)	126,636
<b>1. Loss before income taxes, interest</b>	<b>(10,102,974)</b>	<b>(8,074,403)</b>
<i>Non-monetary adjustments not affecting net working capital</i>		
Amortisation and depreciation	479,648	373,721
Accruals to provisions	2,407,138	449,032
Write-downs	256,953	31,344
<b>2. Cash flows before changes in net working capital</b>	<b>(6,959,235)</b>	<b>(7,220,306)</b>
<i>Changes in net working capital</i>		
Increase in inventory	(2,661,508)	(10,433,006)
(Decrease)/increase in payments on account and advances	(6,934,894)	9,336,422
Decrease/(increase) in trade receivables	3,474,356	(4,844,593)
Decrease/(increase) in receivables from group companies	2,954,713	(5,032,260)
Increase in other current assets	(1,728,551)	(153,675)
Increase in trade payables	694,530	16,003,757
Increase/(decrease) in payables to group companies	(713,154)	610,628
Increase in other current liabilities	3,220,034	3,154,124
Other variations (advances to suppliers)	1,031,224	(4,149,603)
<b>3. Cash flows after changes in net working capital</b>	<b>(7,622,485)</b>	<b>(2,728,512)</b>
<i>Other adjustments</i>		
Interest collected/(paid)	1,507,265	(126,638)
Income taxes paid	(48,360)	(1,108,733)
Utilisation of provisions	(635,802)	(540,473)
<b>4. Other collections/payments</b>		
<b>Cash flows used in operating activities (A)</b>	<b>(6,799,382)</b>	<b>(4,504,356)</b>
<i>Intangible fixed assets</i>		
Divestments	45,199	138,669
<i>Tangible fixed assets</i>		
(Investments)/divestments	221,387	(980,822)
Current financial assets		
Investments	(6,245,793)	(2,130,567)
<b>Cash flows used in investing activities (B)</b>	<b>(5,979,207)</b>	<b>(2,972,720)</b>
<b>C. Cash flows from financing activities</b>		
<i>Third party funds</i>		
Increase in financial assets related to cash pooling arrangements	(3,247,235)	(11,217,099)
Increase in short-term bank borrowings	(525,648)	(3,403,461)
Increase in loans	17,065,549	(2,244,357)
Decrease in loans	(3,205,097)	4,838,486
<i>Own funds</i>		
Capital increase (waiver of financial receivables)	-	12,865,983
Increase in share capital of non-controlling interests	(314,303)	1,088,470
Variation in translation reserve and retained earnings (losses carried forward)	3,330,980	10,875,779
<b>Cash flows generated by financing activities (C)</b>	<b>13,104,246</b>	<b>12,803,801</b>
<b>Increase (decrease) in liquid funds (A ± B ± C)</b>	<b>325,657</b>	<b>5,326,725</b>
<b>Opening liquid funds</b>	<b>6,138,812</b>	<b>812,087</b>
of which:		
bank and postal accounts	6,124,411	799,966
<b>Closing liquid funds</b>	<b>6,464,469</b>	<b>6,138,812</b>
of which:		
bank and postal accounts	6,463,929	6,124,411

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED  
31 DECEMBER 2022**

## Introduction

The financial statements of the Fisia Italimpianti Group (“Fisia Group” or the “Group”) have been prepared on a going concern basis as set out in the current five-year business plan described in the “Outlook” section of the directors’ report.

The ultimate parent, Webuild S.p.A. (“Webuild”), has confirmed that it will support the Group if necessary over the next year and for the 12 months after the approval of the draft separate financial statements as at and for the year ended 31 December 2022.

These notes to the consolidated financial statements of Fisia Group have been prepared in accordance with article 38 of Legislative decree no. 127/1991.

The directors of the parent, Fisia Italimpianti S.p.A. (“Fisia Italimpianti”), have prepared the consolidated financial statements on a voluntary basis to provide full disclosure on the Group, partly to comply with the requests for information by its stakeholders. They do not have to be filed or published under Legislative decree no. 127/91.

The parent has elected not to prepare consolidated financial statements as required by law even though it has controlling investments as it is controlled directly by Webuild, with registered office in Milan (Italy), and indirectly by Salini Costruttori S.p.A., with registered office in Rome (Italy), which prepare consolidated financial statements of the smallest and largest group of companies that include the parent as a subsidiary, respectively.

The consolidated financial statements of Webuild S.p.A. are available on the website [www.webuildgroup.com](http://www.webuildgroup.com), while the consolidated financial statements of Salini Costruttori S.p.A. are filed with the competent chamber of commerce as required by law.

The amounts presented in the balance sheet, profit and loss account and cash flow statement are in Euros, without decimal points, while those disclosed in the notes are expressed in thousands of Euros, except as otherwise specified.

## Basis of presentation

The consolidated financial statements of Fisia Group have been prepared in accordance with the provisions of Legislative decree no. 127/91 and the Italian Civil Code, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter (“OIC”). They consist of a balance sheet, a profit and loss account, a cash flow statement and these notes.

Captions required by articles 2424 and 2425 of the Italian Civil Code are not presented in the balance sheet and profit and loss account if their balance is zero.

Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

The cash flow statement shows the reasons for increases and decreases in liquid funds during the year and has been prepared under the indirect method, using the layout provided for by OIC 10.

Events that took place after the reporting date are presented in the specific section of these notes.

The table in the “Related party transactions” section provides details of the Group’s transactions with its subsidiaries, associates, parents, subsidiaries of parents and other related parties.

## Basis of preparation

The consolidated financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going concern basis, considering the 2023-2027 business plan approved on 9 February 2023. The ultimate parent has confirmed that, should it become necessary, it will support Fisia Italimpianti until the approval of the draft separate financial statements as at and for the year ended 31 December 2023 in order to facilitate achievement of the objectives set out in the above-mentioned business plan. Captions have been recognised and

presented in accordance with the substance over form principle, if in compliance with the Italian Civil Code and the OIC.

The Group has also complied with the principles of measurement consistency, materiality and comparability of information.

Accordingly,

- the Group measures the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items;
- the Group recognises income and expense pertaining to the year regardless of when it is collected or paid. They are, therefore, recognised in the profit and loss account on an accruals basis;
- the directors assessed the Group's ability to continue as a going concern in the foreseeable future, i.e., for at least twelve months from the reporting date. They did not identify any uncertainties in this respect;
- identification of rights, obligations and conditions is based on the contractual terms of transactions and the reporting standards to check the correctness of the recognition or derecognition of assets, liabilities, revenues and costs;
- the accounting policies are unchanged from the previous year to ensure the comparability of the consolidated financial statements from one year to the next;
- no exceptional events took place during the year, which would have led the Group to depart from the accounting policies, as permitted by Legislative decree no. 127/91, in order to give a true and fair view of its financial position and financial performance;
- the Group did not make any revaluations under specific laws;
- the materiality of the financial statements captions was assessed considering the consolidated financial statements as a whole and both qualitative and quantitative factors. The accounting policies section describes how the Group applied the accounting treatments required by the OIC based on the principle of materiality;
- each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter are adjusted for comparative purposes and the related effects are disclosed in the notes, if material.

### **Basis of consolidation**

The criteria adopted to prepare the consolidated financial statements are set out below.

### **Consolidation scope**

The consolidated financial statements have been prepared using the financial statements at 31 December 2022 drawn up by the group companies and adjusted, if necessary, to comply with the presentation requirements of OIC 17.

Fisia Italimpianti, tax code and VAT no. 02340830997, has its registered office in Via De Marini 1, Genoa.

In addition to the parent, Fisia Italimpianti, the consolidation scope includes:

- BRENNERO GALLERACQUE S.c.r.l in liquidation (subsidiary);
- FISIA VE ALKATAS IS ORTAKLIGI (subsidiary);
- FISIA-ALKTAS-ALKE JOINT VENTURE (subsidiary);
- FISIA MÜHENDISLIK VE İNŞAAT ANONİM ŞİRKETİ (subsidiary);
- UTE FISIA ITALIMPIANTI SUCCURSAL ARGENTINA E ACCOINA AGUA SUCCURSAL ARGENTINA (subsidiary)
- FISIA LLC (subsidiary);
- UTE ABEIMA FISIA SHUAIBAH (jointly-controlled company);
- FISIA ABEIMA LLC (jointly-controlled company);
- UTE ABEIMA FISIA SALALAH (jointly-controlled company);
- FISIA ABEIMA SALALAH JV (jointly-controlled company);
- GS INIMA FISIA UTE GHUBRAH III IWP (jointly-controlled company);

- GS INIMA FISIA GHUBRAH LLC (jointly-controlled company).

The consolidated companies' details are as follows:

- BRENNERO GALLERACQUE S.c.r.l in liquidation  
VAT no. and tax code 02474600992,  
Registered office in Via De Marini 1, Genoa  
Quota capital €10,000, of which €5,100 held by the parent at the reporting date (51%);
- FISIA VE ALKATAS IS ORTAKLIGI (FISIA ALKATAS)  
Registered office: Erturk Sokar. No 1 K1 is Merkezi Kat:6 Kavacik-Beykoz / Istanbul (Turkey)  
Share capital TRY1,000, of which 51% held by the parent at the reporting date;
- FISIA-ALKATAS-ALKE JOINT VENTURE (FISIA ALKATAS ALKE)  
Kavacik Mah. Ertuk Sok. No:1 K1 Plaza Kat:6 Beykoz-Istanbul (Turkey),  
of which the parent holds 48% with a controlling investment of 50% as provided for by the shareholder agreements;
- FISIA MÜHENDISLIK VE İNŞAAT ANONİM ŞİRKETİ (FISIA MUHENDISLIK)  
Registered office: Vişnezade Mah. Süleyman Seba Cad. no: 82/4 – Beşiktaş (Turkey)  
Share capital TRY50,000, wholly-owned by the parent at the reporting date;
- FISIA LLC  
Registered office: Alkhuwair South, Muscat (Oman),  
Share capital OMR250,000, of which 70% held by the parent, with a controlling investment of 99.5% as provided for by the shareholder agreements;
- UTE FISIA ITALIMPIANTI SUCURSAL ARGENTINA E ACCOINA AGUA SUCURSAL ARGENTINA  
Registered office, Avenida del Libertador 602, piso 22 B, ciudad de Buenos Aires (Argentina),  
Share capital ARS224,263,365, of which 65% held by the parent;
- ABEINSA INFRAESTRUCTURAS E FISIA ITALIMPIANTI UTE SALALAH  
(UTE ABEIMA FISIA SALALAH)  
Registered office: Campus Palmas Altas, calle Energía Solar, numero 1 – 41,014 Seville (Spain),  
of which the parent holds 51%;
- FISIA ABEIMA LLC  
CR: 1010610568, PO Box 7669 Riyadh (Saudi Arabia)  
Share capital SAR500,000, of which 50% held by the parent;
- UTE ABEIMA FISIA SHUAIBAH  
VAT number ESU90328378,  
Registered office: Calle Energía Solar, 1 41014 Campus Palmas Altas-Seville (Spain),  
of which the parent holds 50%;
- FISIA ABEIMA SALALAH JV  
Registered office: P.O. Box 889, Postal code 100 (Oman),

of which Fisia LLC holds 51%;

- GS INIMA FISIA UTE GHUBRAH III IWP  
Registered office: MADRID, CALLE GOBELAS 41-45, 1 A,  
Share capital €6,000, of which 50% held by the parent;
- GS INIMA FISIA GHUBRAH LLC  
Registered office: MUSCAT, SULTANATE OF OMAN, POST BOX NO. 1803, POSTAL CODE 114,  
Share capital €6,000, of which 50% held by the parent.

The consolidation scope changed as a result of the sale of the Barka project in Oman on 26 January 2022 and the parent's investment in BARKA LLC and BARKA UTE (see the "Equity investments in in-scope companies" section of the Directors' report for more information).

### Consolidation methods

#### *Line-by-line*

The line-by-line method provides for the recognition of the assets, liabilities, costs, revenues and cash flows of the in-scope companies in the consolidated financial statements in full. Intragroup balances and transactions are eliminated. Each asset and liability is recognised at its entire carrying amount.

The group companies consolidated using the line-by-line method are:

- BRENNERO GALLERACQUE S.c.r.l in liquidation;
- FISIA VE ALKATAS IS ORTAKLIGI;
- FISIA-ALKTAS-ALKE JOINT VENTURE;
- FISIA MÜHENDISLIK VE İNŞAAT ANONİM ŞİRKETİ;
- FISIA LLC.

Although the parent does not control Fisia Alkatas Alke, it is consolidated using the line-by-line method as the parent has dominant influence as per the definition of OIC 17.9 and on the basis of the internal agreements between the joint venturers.

#### *Proportionate method*

This method provides for the proportionate inclusion of the assets, liabilities, costs, revenues and cash flows of the entities over which one of the in-scope companies has joint control with other third party investors, considering only the share of their carrying amount held directly or indirectly by the parent.

The group companies consolidated using the proportionate method are:

- UTE ABEIMA FISIA SHUAIBAH;
- FISIA ABEIMA LLC;
- UTE ABEIMA FISIA SALALAH;
- FISIA ABEIMA SALALAH JV;
- UTE FISIA ITALIMPIANTI SUCCURSAL ARGENTINA E ACCOINA AGUA SUCCURSAL ARGENTINA;
- GS INIMA FISIA UTE GHUBRAH III IWP;
- GS INIMA FISIA AL GHUBRAH LLC.

### Foreign currency financial statements

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the balance sheet items and the average annual rates to the profit and loss account items, as these approximate the spot rates.



Differences arising from the translation of the opening net equity using the closing rates and from the translation of assets and liabilities at the spot rate and the profit and loss account items at the average annual rate are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

	Currency	Closing rate	Average rate
- UTE ABEIMA FISIA SHUAIBAH	US dollar	1.0666	1.0530
- FISIA ABEIMA LLC	Saudi riyal	3.9998	3.9489
- UTE ABEIMA FISIA SALALAH	US dollar	1.0666	1.0530
- FISIA ABEIMA SALALAH JV	US dollar	1.0666	1.0530
- GS INIMA FISIA UTE GHUBRAH III IWP	US dollar	1.0666	1.0530
- GS INIMA FISIA GHUBRAH LLC	US dollar	1.0666	1.0530
- UT FISIA ITALIMPIANTI SUCCURSALE ARGENTINA E ACCIONA AGUA SUCCURSALE ARGENTINA	Argentine peso	188.5033	188.5033
- FISIA LLC	Omani rial	0.4101	0.4049
- FISIA MÜHENDISLIK	Turkish lira	19.9649	19.9649
- FISIA-ALKTAS-ALKE	Turkish lira	19.9649	19.9649

The financial statements captions translated using the average annual rates of group companies operating in hyperinflationary economies are retranslated using the closing rates.

### Accounting policies

The consolidated financial statements have been prepared in Euros and in a transparent manner to give a true and fair view of the Group's financial position, financial performance and cash flows. The consolidated financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis. Captions have been recognised and presented in accordance with the substance over form principle, if in compliance with the Italian Civil Code and the OIC. The accounting policies are unchanged from the previous year to ensure the comparability of the Group's consolidated financial statements over the years.

No exceptional events took place during the year, which would have led the Group to depart from the accounting policies, as permitted by article 2423.5 of the Italian Civil Code, in order to give a true and fair view of its financial position and financial performance. Moreover, the Group did not make any revaluations under specific laws.

### Intangible fixed assets

Intangible fixed assets are recognised at acquisition or development cost, with the prior consent of the board of statutory auditors, where required. They are stated net of accumulated amortisation and any write-downs. The acquisition cost includes the related transaction costs. The development cost includes all directly attributable costs and the reasonably attributable portion of other costs incurred from development up to when the asset is available for use.

Intangible fixed assets, comprising industrial patents, licences and intellectual property rights, are recognised as assets only if they can be identified individually, the related future economic benefits will flow to the Group, which can limit third-party access to such benefits, and their cost can be estimated with sufficient reliability.

They are amortised in line with their residual income generating potential.

### Tangible fixed assets

They are recognised at acquisition cost, including the related transaction costs, net of depreciation.

Ordinary maintenance costs related to recurring maintenance and repairs to keep assets in good working order to ensure their expected useful life, capacity and original productivity, are expensed when incurred.

They have not been revalued. Gains and losses on their sale form part of the net profit of the year in which the sale is made.

Depreciation is calculated systematically using rates held to reflect the asset's estimated useful life. In accordance with the principle of materiality set out in article 2423.4 of the Italian Civil Code and the applicable reporting standard, the depreciation rates are halved in the first year in which the asset is available for use.

The rates applied are as follows:

	Rate
Light construction	6.66% - 10.00%
Plant and machinery	10.00% - 15.00%
Sundry and small equipment	10.00% - 15.00%
Cars and motor vehicles	25.00%
Transport vehicles	20.00%
Furniture and equipment	12.00% - 20.00%

If, at the reporting date, there are indications of impairment losses on tangible and intangible fixed assets, the recoverable amount of such assets is estimated. If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.

The write-down is not maintained in subsequent years if the reasons therefor cease to exist. The write-down is reversed up to the amount the asset would have had if the write-down had never taken place, that is, net of the amortisation/depreciation that would have been recognised in the absence of the write-down. Write-downs of goodwill and deferred charges cannot be reversed.

### **Inventory**

Contract work in progress for the construction of assets (or combinations of assets) or for the supply of non-standard goods or services is recognised under inventory and measured using the percentage of completion method applied to the total consideration.

The Group applies the cost-to-cost method to determine the percentage of completion.

Any losses to complete the contract that can be estimated based on objective evidence or reasonable assumptions are expensed in full when they come to light and are included in the calculation of contract work in progress.

This method represents the best estimate of the works programme at the date of preparation of the consolidated financial statements. The Group regularly updates the underlying assumptions, which include the best estimates of the contract and counterparty risk.

The carrying amount of contract work in progress agreed in a foreign currency is firstly calculated in that currency using the percentage of completion method applied to the contract consideration, after which it is translated into Euros using the exchange rate ruling on the invoice date. If the amount invoiced is lower than the works' carrying amount, the difference is translated into Euros at the closing rate. Progress billings for work not yet approved by customers are recognised under liabilities.

Progress billings for each contract may exceed the contract work in progress' carrying amount or vice versa, depending on the contract terms agreed with the customer.

Pre-operating costs are expensed in line with the percentage of completion of the project, calculated using the method set out above.

Costs to acquire new contracts are expensed if the contracts have not been acquired before the reporting date.

### **Receivables and payables**

Receivables and payables are recognised at amortised cost, considering the time value of money and, for receivables, their estimated realisable value.

The Group recognises receivables at their estimated realisable value by writing down their carrying amount through the provision for bad debts, in order to provide for any risk of impairment. To this end, the Group considers specific

indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date.

Foreign currency receivables and payables are translated into Euros using the closing rate.

Exchange rate gains and losses are recognised in caption 17-bis of the profit and loss account. A breakdown between realised and unrealised gains and losses is provided in these notes.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and settlement amounts at the due date are insignificant.

Furthermore, pursuant to article 12.2 of Legislative decree no. 139/2015, the Group opted not to recognise receivables and payables arising before 1 January 2016 at amortised cost and did not discount them.

### **Prepayments and accrued income, accrued expenses and deferred income**

Accrued income and expenses are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

### **Provisions for risks and charges**

They include accruals made to cover specific losses and liabilities that are certain or possible, but whose amount or due date is unknown at the reporting date given the specific nature of the Group's operations.

#### ***Provision for future risks and charges***

This provision is set up to cover the risk of probable liabilities arising from the settlement of disputes or claims for compensation.

Risks for which a liability is only possible are described in these notes without provision as per the OIC. No provision is made for remote risks.

The Group complies with the general principles of prudence and accruals-basis of accounting when measuring provisions and does not set up provisions for generic risks without economic justification.

#### ***Provision for labour disputes***

This provision includes accruals for possible liabilities arising from labour disputes.

### **Employees' leaving entitlement**

This is the Group's outstanding payable to its employees vested at 31 December 2006, net of any advances made.

Law no. 296 of 27 December 2006 (the 2007 Finance Act) introduced new rules for Italian employees' leaving entitlement (TFR) accruing after 1 January 2007.

As a result of this pension reform:

- the Italian group companies retain the entitlements vested up to 31 December 2006;
- the entitlements accrued after 1 January 2007 are either, depending on the employees' explicit or tacit agreement:
  - ✓ transferred to external pension funds;
  - ✓ maintained by the Italian group companies, which transferred them to the INPS (the Italian social security institution) treasury fund.

Entitlements accruing after 1 January 2007 continue to be presented in caption B9) “Employees’ leaving entitlement” of the profit and loss account. Caption C “Employees leaving entitlement” in the balance sheet shows the entitlements vested at 31 December 2006. Caption D13 “Social security charges payable” includes the payable accrued at 31 December for the entitlements still to be transferred to the pension funds and social security institutions.

### **Revenues and costs**

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence principles.

Revenues from the sale of goods and the costs to purchase them are recognised when title thereto is substantially transferred (transfer of risks and rewards).

Revenues include changes in work in progress (see the paragraph on Inventory).

Financial income and charges are recognised on an accruals basis.

Revenues from services and the costs to purchase them are recognised when the services have been rendered or when the related fees are due, in the case of contracts with progress billings.

Grants and aid are recognised in the profit and loss account when the Group is reasonably certain it will receive them. Revenues and costs, whose amount or impact is exceptional, are disclosed in these notes.

### **Translation criteria**

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount. Foreign currency monetary assets and liabilities, including provisions for risks and charges set up for foreign currency liabilities, are translated into Euros using the spot closing rate. The related exchange rate gains and losses are recognised in the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognised separately. Any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation of the net profit or loss for the year are approved, it is recognised in a undistributable reserve for the part not used for the loss for the year, if any. Should the net profit for the year be lower than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the year.

### **Income taxes and deferred taxes**

The parent has availed of the option provided for by article 117 and subsequent articles of Presidential decree no. 917/86 for the group taxation scheme. Accordingly it transfers its obligation to pay IRES to the tax parent, Webuild S.p.A..

Income taxes are calculated using an estimate of the taxable profit in accordance with the ruling tax legislation, the applicable exemptions and any tax credits. The Group recognises deferred taxes on temporary differences between the carrying amounts of assets and liabilities and their tax base.

Deferred tax assets on deductible temporary differences and carryforward tax losses are recognised when the Group is reasonably certain they will be recovered through future taxable profits or sufficient taxable temporary differences in the years in which the deferred tax assets reverse.

Deferred tax assets not recognised or impaired in prior years as the requirements for their recognition were not met are recognised or reinstated in the year in which the relevant requirements are met.

Deferred tax assets and liabilities are offset if the relevant requirements are met (offsetting ability and intention) and the resulting positive or negative balance is respectively stated under the specific captions of current assets or provisions for risks and charges.

When the expected taxable profit will not be sufficient to realise the deferred tax assets based on the Group's tax planning, they are reversed to profit or loss.

#### **Commitments, guarantees and contingent liabilities**

They are disclosed in these notes.

Risks for which a liability is probable are described in these notes and provided for appropriately.

#### **Use of estimates**

The preparation of consolidated financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, is recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

#### **Workforce**

At the reporting date, the Group's workforce is as follows:

	31.12.2022	31.12.2021	Variation
Managers	7	8	-1
Junior managers	42	39	3
White collars	61	53	8
<b>Total</b>	<b>110</b>	<b>100</b>	<b>10</b>

The national collective labour agreement applied by the parent is that of the metalworking and plant installation industry.

The Group also avails of additional resources made available by its parents and/or other Webuild Group companies, which are seconded to it (including on a part-time basis) as shown below:

	31.12.2022	31.12.2021	Variation
Managers (100%)	1	1	0
Junior managers (40%)	1	0	1
<b>Total</b>	<b>2</b>	<b>1</b>	<b>0</b>

On 30 March 2022, the companies signed a one-year agreement with the competent trade unions covering the regulation and use of remote work for a maximum of 12 days a month for each employee.

At year end, the parent's foreign branches have 33 employees and the fully consolidated companies have 31 employees.

	31.12.2022	31.12.2021	Variation
Branches	33	12	21
Fully consolidated companies	31	31	0
<b>Total</b>	<b>64</b>	<b>43</b>	<b>21</b>

#### **Other information**

At 31 December 2022, the Group does not have any:

- assets or loans earmarked for a special purpose;
- off-balance sheet items;
- other financial instruments issued by it.

\*\*\*

In addition to that set out above, there are no other events that would significantly change the Group's financial position, financial performance and cash flows compared to that shown in its consolidated financial statements at 31 December 2022 or that would require additional adjustments thereto or disclosures in the notes.

## Notes to the main captions of the balance sheet and profit and loss account

### BALANCE SHEET

#### ASSETS

#### B) FIXED ASSETS

##### I. Intangible fixed assets

At 31 December 2022, the caption's carrying amount of €224 thousand may be broken down as follows:

##### Intangible fixed assets

	Historical cost	Acc. amortisation at 31.12.2021	Acquisitions	Decreases	Amortisation	Decrease in acc. amortisation	31.12.2022
3) Industrial patents and intellectual property rights	96	(84)	10	0	(9)	0	12
7) Other	445	(154)	0	(55)	(24)	0	212
<b>Total</b>	<b>541</b>	<b>(238)</b>	<b>10</b>	<b>(55)</b>	<b>(33)</b>	<b>0</b>	<b>224</b>

Industrial patents and intellectual property rights include the licences purchased to use application software, amortised over the licence term.

Other intangible fixed assets comprise the cost of renovating the Genoa offices.

##### **Previous revaluations, amortisation and write-downs**

The carrying amounts do not include revaluations or write-downs.

##### II. Tangible fixed assets

Tangible fixed assets show a decrease of €667 thousand as follows:

#### Changes in the historical cost of tangible fixed assets

	31.12.2021	Acquisitions	Decreases	Reclassifications	31.12.2022
1) Land and buildings	657	18	(409)	0	266
2) Plant and machinery	154	4	0	0	158
3) Industrial and commercial equipment	842	75	(1)	0	916
4) Other assets	1,039	164	(0)	0	1,202
<b>Total</b>	<b>2,692</b>	<b>261</b>	<b>(410)</b>	<b>0</b>	<b>2,542</b>

#### Changes in accumulated depreciation

	31.12.2021	Acquisitions	Decreases	Other changes	31.12.2022
1) Land and buildings	(47)	(15)	0	0	(63)
2) Plant and machinery	(132)	(7)	0	0	(139)
3) Industrial and commercial equipment	(420)	(295)	0	(71)	(786)
4) Other assets	(918)	(128)	0	0	(1,046)
<b>Total</b>	<b>(1,517)</b>	<b>(446)</b>	<b>0</b>	<b>(71)</b>	<b>(2,034)</b>

#### Carrying amount of tangible fixed assets

	31.12.2021	Changes	31.12.2022
1) Land and buildings	610	(407)	203
2) Plant and machinery	22	(3)	19
3) Industrial and commercial equipment	422	(292)	131
4) Other assets	121	35	156
<b>Total</b>	<b>1,176</b>	<b>(666)</b>	<b>508</b>

## C) CURRENT ASSETS

### I Inventory

Contract work in progress presented under current assets in the balance sheet is net of progress billings and progress payments for work accepted. Inventory may be broken down as follows:

	31.12.2022	31.12.2021	Variation
Raw materials, consumables and supplies	693	445	247
Work in progress and semi-finished products	547	793	(245)
Contract work in progress	21,514	18,854	2,660
Payments on account	3,731	4,762	(1,031)
<b>Total</b>	<b>26,484</b>	<b>24,854</b>	<b>1,630</b>

The contract work in progress is shown below:

	Contract work in progress	Advances from customers	Progress billings	Total advances and progress billings
Gubrah	1,240	348	760	1,108
Metropole Rennes	3,322	33	0	33
Dakhla	1,031	0	0	0
Zuluf	486	0	0	0
Paracel	36	0	0	0
Shuaibah	0	0	1,540	1,540
Salalah	0	0	810	810
Riachuelo Lot 2	14,041	0	0	0
Yenikapi	1,358	0	0	0
Atakoy	0	0	876	876
<b>Total</b>	<b>21,514</b>	<b>381</b>	<b>3,986</b>	<b>4,367</b>

Contract work in progress is calculated using the cost-to-cost method, net of progress billings and progress payments for work accepted. The balance mostly relates to the Riachuelo Lot 2 and the Metropole Rennes contracts.

Payments on account under liabilities (€4,367 thousand) include progress billings issued on the agreed dates for the amount that exceeds the gross work in progress calculated using the cost-to-cost method.

Progress billings decreased by €1,031 thousand, mostly due to the completion of the Jebel Ali projects.

Contractual obligations for works and services still to be provided at year end are described in the section on new orders and the order backlog of the Directors' report.

## II. Receivables

This caption may be broken down as follows:

	31.12.2022	31.12.2021	Variation
Trade receivables	13,504	17,236	(3,732)
From parents	784	552	232
From subsidiaries of parents	18	0	18
Tax receivables	3,582	1,996	1,587
From others	3,845	3,748	97
<b>Total</b>	<b>21,734</b>	<b>23,531</b>	<b>(1,797)</b>

### 1) Trade receivables

Trade receivables comprise:

	31.12.2022	31.12.2021	Variation
Customers	7,220	11,143	(3,923)
Clients	6,284	6,093	191
<b>Total</b>	<b>13,504</b>	<b>17,236</b>	<b>(3,732)</b>

Trade receivables relate to fees for invoices issued and to be issued to customers for works performed, and progress billings as contractually established.

The increase in trade receivables is mostly due to the commercial activities of the year.



The caption includes the remaining approximate €4 million due from Consorzio Valle Crati, acknowledged by an arbitration award, which has become definitive, together with interest calculated at the legal rate and compensation for damage equal to 5% per year, as well as all the related arbitration costs.

Assisted by the parent's legal advisors, the directors deem that the receivable is not only certain and due but is also fully recoverable as:

- the customer's appeal was rejected in the ruling of October 2019 and the parent was able to resume an enforcement procedure (which was suspended due to the pending appeal) for which it had accrued €2.4 million;
- the arbitration tribunal accepted the parent's petition against the order to suspend other seizures in its award of October 2019 and the parent was awarded an additional €3,095 thousand, of which it collected €766 thousand on 7 January 2021, as well as other amounts awarded on 12 January 2022, of which it collected €321 thousand during the year;
- two rulings of November 2019 ordered the municipalities that were part of the consortium to pay their share of the amount due to the parent, as had already been ordered by the special commissioner;
- the total amount of seized receivables is approximately €5 million (in addition to amounts held by the municipal treasurer to be awarded) from which the amounts already paid are to be deducted.

Trade receivables are recognised net of the provision for bad debts of €1,062 thousand at the reporting date.

Changes in the provision for bad debts during the year are as follows:

	31.12.2021	Increases	Decreases	31.12.2022
Write-downs (trade receivables)	673	226	0	900
Write-downs (default interest)	162	0	0	162
<b>Total</b>	<b>835</b>	<b>226</b>	<b>0</b>	<b>1,062</b>

This provision is deemed suitable considering the risks of non-recoverability of the receivables.

A breakdown of receivables by geographical segment is as follows:

	Italy	EU	Middle East	Africa	South America	Total
Trade receivables	3,707	141	5,790	640	3,227	13,504
From associates	784	0	0	0	0	784
From subsidiaries of parents	18	0	0	0	0	18
Tax receivables	70	69	596	0	2,847	3,582
From others	1,822	15	1,589	5	415	3,845
<b>Total</b>	<b>6,401</b>	<b>141</b>	<b>5,790</b>	<b>645</b>	<b>3,227</b>	<b>21,734</b>

Foreign currency trade receivables amount to USD2,206 thousand and ARS6,486 thousand retranslated into Euros using the closing rates. Foreign currency tax receivables amount to USD47 thousand, ARS€208,663 thousand and AED99 thousand retranslated into Euros using the closing rate. Receivables from others in foreign currency amount to USD985 thousand, AED284 thousand, SAR47 thousand and MAD45 thousand, retranslated into Euros using the closing rate.

Unrealised exchange rate gains and losses arising from the retranslation at closing rates compared to the transaction-date rates or the previous year closing rates, when they refer to transactions carried out before 2022, are recognised in the profit and loss account. The note to caption C) Financial income and charges provides information about the exchange rate gains and losses.

#### 4) From parents

Receivables from parents of €784 thousand refer to commercial services.

	31.12.2022	31.12.2021	Variation
Trade receivables	784	552	232
<b>Total</b>	<b>784</b>	<b>552</b>	<b>232</b>

#### 5) From subsidiaries of parents

Receivables from subsidiaries of parents amount to €18 thousand at the reporting date.

	31.12.2022	31.12.2021	Variation
Trade receivables	18	0	18
<b>Total</b>	<b>18</b>	<b>0</b>	<b>18</b>

#### 5-bis) Tax receivables

	31.12.2022	31.12.2021	Variation
VAT	1,553	725	828
Foreign taxes	2,030	1,271	759
<b>Total</b>	<b>3,582</b>	<b>1,996</b>	<b>1,587</b>

Tax receivables of €3,582 thousand include foreign tax receivables of €2,030 thousand mostly related to the Argentine branch.

VAT receivables (for December) relate to amounts to be transferred to the parent as part of its inclusion in the national VAT consolidation scheme (€187 thousand).

The Group did not pay IRAP on account during the year as the necessary conditions were not met.

It has not recognised deferred tax assets on temporary differences that arose during calculation of the tax base for the year as their full realisation within the relevant business plan period is not reasonably certain.

Temporary differences deductible in subsequent years mainly relate to the measurement of contract work in progress and the taxed provision for bad debts.

#### 5-quater) From others

Receivables from others of €3,845 thousand mostly comprise cost recharges.

	31.12.2022	31.12.2021	Variation
Employees	149	14	135
Third parties	3,682	3,725	(43)
Guarantee deposits	14	9	5
<b>Total</b>	<b>3,845</b>	<b>3,748</b>	<b>97</b>

### III. Current financial assets

The caption chiefly relates to cash pooling transactions made to optimise cash flows between the group companies and to support project activities.

	31.12.2022	31.12.2021	Variation
Other receivables	10,838	4,593	6,245
Financial assets relating to cash pooling arrangements	22,361	19,113	3,248
<b>Total</b>	<b>33,199</b>	<b>23,706</b>	<b>9,493</b>

Other receivables of €10,838 thousand (€4,593 thousand at 31 December 2021) comprise Argentine securities held for sale within 12 months.

A breakdown of the financial assets related to cash pooling arrangements is provided below:

	31.12.2022	31.12.2021	Variation
<b>Ultimate parents</b>	<b>313</b>	<b>297</b>	<b>17</b>
Salini Costruttori S.p.A.	313	297	17
<b>Non-controlling interests</b>	<b>22,048</b>	<b>18,816</b>	<b>3,232</b>
Fisia Abeima LLC	3,508	2,219	1,289
Fisia Abeima Salalah JV	15,319	13,155	2,164
Fisia LLC	110	69	41
Ute Abeima Fisia Shuaibah	3,068	3,312	(244)
Fisia GS Inima (Al Ghubra) LLC	27	0	27
Abeima Fisia Salalah Ute	16	61	(45)
<b>Total</b>	<b>22,361</b>	<b>19,113</b>	<b>3,248</b>

At the reporting date, the Group has financial receivables of €313 thousand from Salini Costruttori for the group VAT consolidation scheme related to 2015, plus accrued interest. Receivables from other joint ventures for non-controlling interests amount to €22,048 thousand.

The largest balances are the receivables from Fisia Abeima LLC and UTE Abeima Fisia Shuibah of €3,508 thousand and €3,068 thousand, respectively, for the transfer of the funds necessary to allow them to complete their activities and that from Fisia Abeima Salalah J.V. of €15,319 thousand. This latter receivable increased significantly in 2021 due to the recharge of the enforced surety of €10,831 thousand (see the section on new orders and the order backlog in the Directors' report).

#### IV. Liquid funds

The caption shows the Group's liquidity held in its bank current accounts and as petty cash at the reporting date.

	31.12.2021	31.12.2021	Variation
Bank and postal accounts	6,464	6,124	340
Cash-in-hand and cash equivalents	1	14	(14)
<b>Total</b>	<b>6,464</b>	<b>6,139</b>	<b>326</b>

Bank deposits and petty cash in foreign currency amount to USD1,248 thousand, AED201 thousand, KWD6 thousand, OMR518 thousand, TRY527 thousand, SAR1,286 thousand, ARS1,581 thousand and MAD2,473 thousand. They are translated into Euros using the spot closing rate.

#### D) PREPAYMENTS AND ACCRUED INCOME

The caption may be analysed as follows:

	31.12.2022	31.12.2021	Variation
Prepayments:			
- Insurance	99	75	24
- Commissions on sureties	60	5	55
- Leases	37	18	19
- Other	61	114	(53)
<b>Total</b>	<b>257</b>	<b>212</b>	<b>45</b>

The prepayments mostly consist of commissions on sureties charged in advance by the issuer banks (for 2023), performance bonds given to customers, leases and other prepayments.

## LIABILITIES

### A) NET EQUITY

	31.12.2022	31.12.2021	Variation
- Share capital	3,400	3,400	0
- Legal reserve	5	5	0
- Other reserves	11,210	18,575	(7,364)
- Retained earnings (losses carried forward)	0	(1,386)	1,386
- Net loss for the year	(7,920)	(8,995)	1,075
<b>Total net equity attributable to the Group</b>	<b>6,695</b>	<b>11,598</b>	<b>(4,904)</b>
- Share capital and reserves attributable to non-controlling interests	(584)	(270)	(314)
- Net loss attributable to non-controlling interests	(724)	(315)	(409)
<b>Total net equity attributable to non-controlling interests</b>	<b>(1,308)</b>	<b>(584)</b>	<b>(724)</b>
<b>Total net equity attributable to the Group</b>	<b>5,387</b>	<b>11,014</b>	<b>(5,627)</b>

The parent's share capital of €3,400,000 comprises 3,400,000 ordinary shares with a nominal amount of €1 all held by the sole shareholder, Webuild S.p.A..

The parent does not hold own shares.

#### Changes in net equity

	Share capital	Legal reserve	Retained earnings (losses carried forward)	Translation reserve	Reserve to cover losses	Net loss for the year	Total net equity (deficit) attributable to the Group	Share capital and reserves att. to NCI	Net loss attributable to NCI	Total net equity attributable to NCI	Total net equity (deficit)
<b>31 December 2019</b>	<b>3,400</b>	<b>5</b>	<b>93</b>	<b>214</b>	<b>6,000</b>	<b>(11,303)</b>	<b>(1,592)</b>	<b>1,329</b>	<b>(2,686)</b>	<b>(1,357)</b>	<b>(2,950)</b>
Translation reserve	-	-	-	249	-	-	249	-	-	-	249
Waiver of the receivable to cover losses	-	-	-	-	12,866	-	12,866	-	-	-	12,866
Covering of net loss for 2019	-	-	-	-	(11,303)	11,303	-	(2,687)	2,687	-	-
Net loss for 2020	-	-	-	-	-	(15,759)	(15,759)	-	1,088	1,088	(14,671)
<b>31 December 2020</b>	<b>3,400</b>	<b>5</b>	<b>93</b>	<b>463</b>	<b>7,563</b>	<b>(15,759)</b>	<b>(4,237)</b>	<b>(1,358)</b>	<b>1,088</b>	<b>(269)</b>	<b>(4,506)</b>
Translation reserve	-	-	-	3,206	-	-	3,206	-	-	-	3,206
Waiver of the receivable to cover losses	-	-	-	-	21,619	-	21,619	-	-	-	21,619
Covering of net loss for 2020	-	-	1,478	-	(14,275)	15,759	6	1,088	(1,088)	-	6
Net loss for 2021	-	-	-	-	-	(8,995)	(8,995)	-	(315)	(315)	(9,310)
<b>31 December 2021</b>	<b>3,400</b>	<b>5</b>	<b>(1,385)</b>	<b>3,669</b>	<b>14,906</b>	<b>(8,995)</b>	<b>11,599</b>	<b>(269)</b>	<b>(315)</b>	<b>(584)</b>	<b>11,014</b>
Translation reserve	-	-	-	3,016	-	-	3,016	-	-	-	3,016
Covering of net loss for 2021	-	-	1,385	-	(10,381)	8,995	-	(315)	315	-	-
Net loss for 2022	-	-	-	-	-	(7,920)	(7,920)	-	(724)	(724)	(8,644)
<b>31 December 2022</b>	<b>3,400</b>	<b>5</b>	<b>-</b>	<b>6,685</b>	<b>4,525</b>	<b>(7,920)</b>	<b>6,695</b>	<b>(584)</b>	<b>(724)</b>	<b>(1,308)</b>	<b>5,387</b>

Changes in the translation reserve during the year relate to the translation of the group companies' foreign currency financial statements as described in the relevant section. The year-end balance is €3,016 thousand.

As described in the section on the post-balance sheet events and to provide a clearer picture of the Group's financial position, it should be noted that, on 10 February 2023, the sole shareholder Webuild S.p.A. waived its right to financial receivables of €8,000 thousand (tax amount of €8,000 thousand) to be used to cover the parent's net losses.

It has confirmed that it will provide Fisialtalimpianti with financial support in 2023 should this become necessary.

The following table shows the reconciliation between the parent and the Group's net equity and net loss:

	Net equity	Net loss
<b>As per the parent's financial statements</b>	<b>6,695</b>	<b>(7,920)</b>
Elimination of consolidated equity investments and related results	(1,323)	(1,647)
Net equity and net profit or loss of consolidated companies	15	923
<b>As per the consolidated financial statements</b>	<b>5,387</b>	<b>(8,644)</b>
- of which attributable to the Group	6,695	(7,920)
- of which attributable to non-controlling interests	(1,308)	(724)

## B) PROVISIONS FOR RISKS AND CHARGES

This caption of €1,920 thousand comprises:

- the provision for labour law disputes of €50 thousand;
- the provision for contractual risks of €1,870 thousand.

### Provisions for risks and charges

	31.12.2021	Accruals	Releases	Utilisations	Other changes	31.12.2022
Disputes	50	0	0	0	0	50
Provision for contractual risks	0	1,870	0	0	0	1,870
<b>Total</b>	<b>50</b>	<b>1,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,920</b>

The provision for labour law disputes has been set up for possible work-related disputes.

The provision for contractual risks relates to future contract costs. The Group accrued €1,870 thousand for the contractual definition of completed projects that are no longer recognised as inventory in the balance sheet under assets.

## C) EMPLOYEES' LEAVING ENTITLEMENT

This caption, calculated in accordance with article 2120 of the Italian Civil Code, shows the Italian group companies' payable to their employees accrued at the reporting date in line with their length of service.

	31.12.2021	Accruals	Payments	Transfers and advances	31.12.2022
Employees' leaving entitlement	632	538	(636)	0	534
<b>Total</b>	<b>632</b>	<b>538</b>	<b>(636)</b>	<b>0</b>	<b>534</b>

The caption refers to the balance outstanding at 31 December 2006, net of advances paid. Entitlements accrued after 1 January 2007 have been allocated to the pension plans or kept with the group companies, which transferred them to the INPS treasury fund, in line with their employees' explicit or tacit decisions. The caption "Social security charges payable" includes the amount to be transferred to the pension funds and social security institutions at the reporting date. The caption includes immaterial amounts of leaving entitlement for foreign employees.

#### D) PAYABLES

They are measured at amortised cost, considering the passage of time and their due dates. They may be broken down as follows:

	31.12.2022	31.12.2021	Variation
Bank loans and borrowings	5	530	(526)
Loans and borrowings from other financial backers	6,022	4,943	1,079
Payments on account	4,367	11,302	(6,935)
Trade payables	41,101	40,406	695
Payables to parents	20,287	2,807	17,480
Payables to subsidiaries of parents	1	1,129	(1,128)
Tax payables	4,481	4,585	(103)
Social security charges payable	937	771	167
Other payables	3,827	1,743	2,085
<b>Total</b>	<b>81,029</b>	<b>68,215</b>	<b>12,814</b>

A breakdown of payables by geographical segment is as follows:

	Italy	Europe	Middle East	South America	Other countries	Total
Bank loans and borrowings	0	0	5	0	0	5
Loans and borrowings from other financial backers	59	5,247	717	0	0	6,022
Payments on account	0	33	4,334	0	0	4,367
Trade payables	7,459	5,692	15,435	11,475	1,040	41,101
Payables to parents	20,171	0	117	0	0	20,287
Payables to subsidiaries of parents	0	0	1	0	0	1
Tax payables	754	35	1,136	2,545	11	4,481
Social security charges payable	596	10	20	305	6	937
Other payables	751	0	2,260	792	24	3,827
<b>Total</b>	<b>29,789</b>	<b>11,017</b>	<b>24,025</b>	<b>15,117</b>	<b>1,082</b>	<b>81,029</b>

#### 4) Bank loans and borrowings

At the reporting date, bank loans and borrowings decreased to €5 thousand from €530 thousand at 31 December 2021.

#### 5) Loans and borrowings from other financial backers

Loans and borrowings from other financial backers of €6,022 thousand (€4,943 thousand at 31 December 2021) refer to the non-controlling investors of joint ventures. The most significant balances are €1,926 thousand to those of Fisia Abeima Salalah J.V., €3,186 thousand to those of Fisia Abeima LLC and €717 thousand to those of Fisia Alkatas Alke J.V..

#### 6) Payments on account

	Advances from customers	Progress billings	Total advances and progress billings
Gubrah	348	760	1,108
Metropole Rennes	33	0	33
Shuaibah	0	1,540	1,540
Salalah	0	810	810
Alkatas jv	0	876	876
<b>Total</b>	<b>381</b>	<b>3,986</b>	<b>4,367</b>

As disclosed in the note to Inventory, payments on account under liabilities (€4,367 thousand) include progress billings issued on the agreed dates for the amount that exceeds the gross work in progress calculated using the cost-to-cost method. They also include the decrease related to the Metropole Rennes contract to align the percentage of completion of the contract with the progress billings issued at the reporting date.

Advances from customers amount to €381 thousand at the reporting date.

## 7) Trade payables

Trade payables of €41,101 thousand increased by €695 thousand compared to 31 December 2021 (€40,406 thousand), substantially unchanged from the previous year end.

## 11) Payables to parents

	31.12.2022	31.12.2021	Variation
Trade payables	937	523	415
Financial payables	19,350	2,284	17,066
<b>Total</b>	<b>20,287</b>	<b>2,807</b>	<b>17,480</b>

Payables of €20,287 thousand to the ultimate parent, Webuild S.p.A., are of a financial and trading nature (€19,350 thousand and €937 thousand, respectively). The balance includes loans and borrowings due to the ultimate parent's foreign branches of €121 thousand.

## 11-bis) Payables to subsidiaries of parents

	31.12.2022	31.12.2021	Variation
Trade payables	1	57	(55)
Financial payables	0	1,073	(1,073)
<b>Total</b>	<b>1</b>	<b>1,129</b>	<b>(1,128)</b>

These payables are of a trading nature. The financial payable due to IGLYS S.A. by the Argentine branch was repaid during the year.

## 12) Tax payables

A breakdown of this caption is as follows:

	31.12.2022	31.12.2021	Variation
Withholdings	654	608	45
VAT	502	1,684	(1,182)
Foreign taxes	3,325	2,292	1,033
<b>Total</b>	<b>4,481</b>	<b>4,585</b>	<b>(103)</b>

Tax payables include VAT of €502 thousand, of which €190 thousand is deferred, and withholdings on employees' and consultants' remuneration of €654 thousand.

The Group did not provide for IRES or IRAP as it made a tax loss.

Foreign tax payables nearly entirely refer to the Argentine branch.

### 13) Social security charges payable

This caption includes amounts accrued on paid remuneration due within one year.

The reporting date balance is substantially unchanged from the previous year end. It mainly consists of amounts due to Italian and Argentine social security institutions of €596 thousand and €305 thousand, respectively.

	31.12.2022	31.12.2021	Variation
Social security institutions	937	771	167
<b>Total</b>	<b>937</b>	<b>771</b>	<b>167</b>

### 14) Other payables

Other payables are mostly due to employees for unpaid holidays, deferred remuneration and the related social security contributions.

None of the payables are secured by collateral on company assets.

	31.12.2022	31.12.2021	Variation
Employees	1,842	1,343	499
Third parties	1,985	400	1,586
<b>Total</b>	<b>3,827</b>	<b>1,742</b>	<b>2,085</b>

## E) ACCRUED EXPENSES AND DEFERRED INCOME

	31.12.2022	31.12.2021	Variation
Other accrued expenses	2	9	(7)
<b>Total</b>	<b>2</b>	<b>9</b>	<b>(7)</b>

The accrued expenses relate to commissions on performance bonds accrued at year end and not yet charged by the issuer banks.

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## PROFIT AND LOSS ACCOUNT

Given the more detailed presentation of some revenue and cost captions in the profit and loss account and the previous comments on the balance sheet captions and that provided in the Directors' report, only the main captions are presented in this section.

### A) PRODUCTION REVENUES

#### 1) Turnover from sales and services

	2022	2021	Variation
Turnover from sales and services	14,477	9,578	4,899
Change in contract work in progress	58,978	39,663	19,315
Other revenues and income	815	489	327
<b>Total</b>	<b>74,270</b>	<b>49,730</b>	<b>24,540</b>

Turnover from sales and services mostly relates to amounts invoiced to customers (€11,817 thousand) and technical services (€2,481 thousand). The remainder relates to amounts recharged to the ultimate parent Webuild S.p.A..

The increase in contract work in progress is explained in the note to inventory.

#### 5b) Other revenues and income

	2022	2021	Variation
Other cost recoveries	316	252	64
Compensation for damages	140	112	28
Gains on disposals of tangible fixed assets	0	2	(2)
Prior year income	359	122	236
<b>Total</b>	<b>815</b>	<b>489</b>	<b>327</b>

Prior year income mainly relates to the elimination of payables due to the lapsing of their terms of prescription; therefore, it is extraordinary in nature.

The cost recoveries mostly refer to the costs recharged to joint ventures and suppliers.

#### Production revenues by geographical segment

	Revenues	Change in contract work in progress	Other revenues and income	Total
Italy	209	0	370	579
EU	11,040	7,249	0	18,289
Africa	653	964	0	1,617
Middle East	1,856	1,337	425	3,618
South America	718	49,428	21	50,167
<b>Total</b>	<b>14,477</b>	<b>58,978</b>	<b>815</b>	<b>74,270</b>

## B) PRODUCTION COST

### 6) Raw materials, consumables, supplies and goods

	2022	2021	Variation
Materials and project components	27,289	8,641	18,649
Consumables and other	3,871	1,048	2,823
<b>Total</b>	<b>31,160</b>	<b>9,689</b>	<b>21,472</b>

The larger balances relate to the purchase of components and spare parts for contracts and supplies for ongoing projects.

### 7) Services

This caption of €28,077 thousand comprises:

	2022	2021	Variation
Administrative, legal, notary and other consultancies	1,870	1,549	322
Technical and engineering consultancies	13,538	10,435	3,103
Subcontracts	4,760	13,299	(8,539)
Commercial	500	321	180
Sundry services	5,425	3,904	1,521
Maintenance of own and third party assets	406	202	204
Transport and shipping, sea freight and waste	1,577	541	1,036
<b>Total</b>	<b>28,077</b>	<b>30,250</b>	<b>(2,174)</b>

The cost of technical and engineering services includes subcontracts, outsourcing and installation at the work sites. The caption also comprises legal consultancies, surety commissions, transport and travel costs and insurance services. The smaller subcontracting costs of €8,359 thousand are partly offset by higher costs for technical and engineering consultancies of €3,103 thousand, sundry services of €1,521 thousand and transport of €1,036 thousand.

### 8) Use of third party assets

This caption mostly consists of the cost of leasing equipment and vehicles (€235 thousand), leasing the Genoa offices and other business premises (€346 thousand) and information systems (€158 thousand). It is substantially unchanged from the previous year.

	2022	2021	Variation
Lease of vehicles/machines and equipment	235	234	1
Lease of office equipment	14	15	(1)
Office leases	346	276	70
Information systems	158	121	37
Lease of accommodation	15	0	15
<b>Total</b>	<b>768</b>	<b>646</b>	<b>122</b>

### 9) Personnel expenses

This caption includes all the personnel-related expenses such as merit salary increases, promotions, cost-of-living adjustments, unpaid holidays and the accruals required by law and national collective employment contracts.

Personnel expenses for the head office employees amount to €17,457 thousand.

	2022	2021	Variation
Wages and salaries	13,135	11,046	2,088
Social security contributions	3,413	2,651	762
Employees' leaving entitlement	538	449	88
Other costs	461	317	145
<b>Total</b>	<b>17,547</b>	<b>14,463</b>	<b>3,084</b>

The increase in the caption is mostly due to the greater number of resources taken on to fill vacant positions.

The head office's average workforce and actual number of employees are as follows:

	Average for 2022	Actual no. at 31/12/2022	Average for 2021	Actual no. at 31/12/2021
Managers	7	7	9	8
Junior managers	40	42	37	39
White collars	55	61	52	53
<b>Total</b>	<b>102</b>	<b>110</b>	<b>98</b>	<b>100</b>

During the year, 27 people joined the Group and 17 left.

The personnel expenses of the branches in Dubai, Abu Dhabi, Saudi Arabia, Morocco and Argentina amount to €1,938 thousand while those of the fully consolidated companies come to €215 thousand. In addition to the expenses for the head office's personnel (€7,651 thousand), most of this caption refers to the employees of the Argentine joint venture (€7,387 thousand).

#### 10) Amortisation, depreciation and write-downs

##### Amortisation of intangible fixed assets

Amortisation is calculated systematically considering the assets' residual income generating potential as set out in the section on the basis of preparation. It amounts to €33 thousand for the year.

The caption may be analysed as follows:

	2022	2021	Variation
Industrial patents and intellectual property rights	9	16	(7)
Other	24	25	(1)
<b>Total</b>	<b>33</b>	<b>41</b>	<b>(8)</b>

##### Depreciation of tangible fixed assets

Depreciation of €446 thousand was calculated on the basis of the assets' residual useful lives and use in the production process. The rates used are presented in the section on the basis of preparation.

	2022	2021	Variation
Land and buildings	15	14	2
Plant and machinery	7	11	(3)
Industrial and commercial equipment	295	215	80
Other assets	128	94	34
<b>Total</b>	<b>446</b>	<b>333</b>	<b>113</b>

## Write-down of current receivables and liquid funds

	2022	2021	Variation
Write-down of trade receivables	257	31	226
<b>Total</b>	<b>257</b>	<b>31</b>	<b>226</b>

## 12) Provisions for risks

	2022	2021	Variation
Provisions for risks	1,870	0	1,870
<b>Total</b>	<b>1,870</b>	<b>0</b>	<b>1,870</b>

The Group accrued €1,870 thousand to the provision for contractual risks for the contractual definition of completed projects that are no longer recognised as inventory in the balance sheet under assets.

## 14) Other operating costs

This caption may be broken down as follows:

	2022	2021	Variation
Bank fees and charges	(19)	(22)	3
Prior year expense	(35)	(49)	14
Sundry costs	(3,502)	(2,039)	(1,462)
<b>Total</b>	<b>(3,555)</b>	<b>(2,110)</b>	<b>(1,445)</b>

The increase is due to the higher operating costs, mostly indirect taxes paid in Argentina.

## C) FINANCIAL INCOME AND CHARGES

### 16) Other financial income

#### d) Other

A breakdown of this caption is provided below:

	2022	2021	Variation
From parents	47	10	37
From subsidiaries	0	14	(14)
Other	2,832	1,131	1,701
<b>Total</b>	<b>2,879</b>	<b>1,155</b>	<b>1,724</b>

Other financial income of €47 thousand net from ultimate parents relates to the giro accounts with Webuild S.p.A. and Salini Costruttori S.p.A., which bear interest at market rates.

“Other” relates to short-term investments of liquidity in Argentina and shows a significant increase on the previous year caption.

### 17) Interest and other financial charges

	2022	2021	Variation
<b>Parents</b>	<b>(454)</b>	<b>(268)</b>	<b>(186)</b>
Interest expense on loans and borrowings	(454)	(268)	(186)
<b>Other</b>	<b>(918)</b>	<b>(1,014)</b>	<b>96</b>
- Interest expense on loans and borrowings	(12)	(910)	898
- Bank interest expense	(10)	(24)	14
- Interest expense on instalment payments of taxes	(20)	(55)	35
- Bank charges	(17)	(10)	(8)
- Other	(858)	(16)	(843)
<b>Total</b>	<b>(1,372)</b>	<b>(1,282)</b>	<b>(90)</b>

Interest expense on loans and borrowings relate to the short-term loans bearing interest at market rates from Webuild of €454 thousand.

“Other” principally relates to the adjustment for inflation in Argentina.

### 17 Bis) Net exchange rate losses

	2022	2021	Variation
<b>Exchange rate gains:</b>			
-realised	5,061	2,783	2,277
-unrealised	11,809	436	11,373
<b>Total exchange rate gains</b>	<b>16,869</b>	<b>3,219</b>	<b>13,650</b>
<b>Exchange rate losses:</b>			
-realised	(13,787)	(2,314)	(11,472)
-unrealised	(4,983)	(2,330)	(2,653)
<b>Total exchange rate losses</b>	<b>(18,769)</b>	<b>(4,644)</b>	<b>(14,125)</b>
<b>Net exchange rate losses</b>	<b>(1,900)</b>	<b>(1,425)</b>	<b>(475)</b>

Net exchange rate losses amount to €1,900 thousand.

### 20) Income taxes, current and deferred

	2022	2021	Variation
Current income taxes	(2,269)	(1,640)	(629)
Taxes relative to prior years	1	0	1
Income from national tax consolidation scheme	2,220	531	1,689
<b>Total</b>	<b>(48)</b>	<b>(1,109)</b>	<b>1,061</b>

The parent elected to join the national tax consolidation scheme in 2018 with its parent as the tax consolidator. This option is for three years and has been renewed, as contractually provided for.

The Group did not provide for IRAP as the necessary conditions were not met (negative IRAP tax base). The IRES tax base for the year is negative. At the reporting date, the Group recognised the benefit from participation in the national

tax consolidation scheme for its tax loss for the year and offset interest expense transferred to the tax consolidator (€2,090 thousand and €130 thousand, respectively) (controllare l'italiano per ripetizione fra prima e ultima frase). The income taxes of €2,269 thousand mostly relate to the Argentine branch (€2,238 thousand arising on the profits of UTE Fisia Italmimpianti S.p.A. Sucursal Argentina and Acciona Agua S.A. Sucursal Argentina, which are fiscally transparent) and the French branch (€25 thousand).

#### Other information

The consolidated financial statements at 31 December 2022 do not include derivatives or financial fixed assets that require disclosure as per article 2427-bis of the Italian Civil Code.

Pursuant to article 2427.1/22-ter of the Italian Civil Code, it is noted that the Group does not have off-balance sheet agreements that would affect the consolidated financial statements.

The Group does not have payables related to repurchase agreements.

The Group does not have payables secured by collateral on its assets.

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#### Off-balance sheet commitments, guarantees and contingent liabilities

	31.12.2022	31.12.2021	Variation
Guarantees to third parties	59,622	29,601	30,021
<b>Guarantees to third parties</b>	<b>59,622</b>	<b>29,601</b>	<b>30,021</b>

Sureties and guarantees given to third parties are mostly provided for by the related contracts with customers and issued for advances received, to ensure the contract's performance and withholdings and sureties to participate in calls for tenders.

The Group has given guarantees to third parties on behalf of:

- Fisia Alkatas JV of €2,517 thousand;
- Fisia Alkatas Alke of €385 thousand;
- UTE Fisia Abeima Shuaibah of €722 thousand;
- Abeima Fisia Salalah UTE of €393 thousand;
- UTE Fisia Italmimpianti S.p.A. Sucursal Argentina and Acciona Agua S.A. Sucursal Argentina UTE of €1,904 thousand (letters of patronage).

The ultimate parent Webuild S.p.A. has issued letters of patronage of €13,731 thousand, of which €12,931 thousand on behalf of Fisia Italmimpianti S.p.A. Sucursal Argentina and Acciona Agua S.A. Sucursal Argentina UTE.

On 14 July 2021, a surety issued by HSBC Middle East Dubai to the grantor Dhofar Desalination Company SAOC which was counter-guaranteed by Banca Intesa for USD12.7 million was enforced.

This amount was debited by Webuild S.p.A. to Fisia Italmimpianti which, in turn, charged the related amount to Fisia Abeima Salalah J.V. as the EPC contractor and as provided for in the joint venture agreement between Fisia Italmimpianti and Abengoa Agua, which establishes the partners' joint and several liability, as also reiterated in the meetings of the executive committee of 30 November and 22 December 2021.

Fisia Abeima Salalah J.V. recognised a financial receivable due from the customer as it deems the enforcement of the surety to be undue and, hence, recoverable. The parent's technical and legal consultants' assessments are at an

advanced stage and it has taken steps to protect its interests, including in line with the contracts between it and the customer.

On 6 June 2022, arbitration proceedings as per clause 47.3 of the contract, notified to the customer Dhofar Desalination Company were commenced and are still in progress. The total provisional amount estimated as a result of these proceedings and claimed by the joint venture is USD22.9 million (for five claims including the time extension, contract changes and reimbursement of the unduly enforced surety).

On 27 July 2022, the Genoa tax office completed its audit of the IRES, IRAP and VAT for 2017, commenced in January 2020.

The audit, which was suspended several times due to the Covid-19 pandemic, was completed with the issue of the preliminary assessment report after which the parent was requested to meet with the Genoa tax office. It is analysing the tax office's findings with the assistance of the parent's tax department. At the date of preparation of this report, the meeting with the Genoa tax office has not taken place. As the parent deems that it acted correctly, it does not expect additional liabilities to arise although it does not exclude the possible resort to the mechanisms introduced by the 2023 budget act.

#### **Disclosure about public aid**

With respect to the transparency disclosure about government grants introduced by article 1.125-129 of Law no. 124/2017 as subsequently amended by Decree law no. 113/2018 (the "Safety decree") and Decree law no. 135/2018 (the "Simplification decree"), it should be noted that the Group did not receive subsidies, grants or other financial benefits of any kind from the public administration and similar bodies, subsidiaries controlled by public administrations or companies with public sector bodies as investors.

#### **Management and coordination**

As required by articles 2497 and 2497-septies of the Italian Civil Code, it should be noted that the parent is managed and coordinated by Webuild S.p.A..

The key figures from the most recently approved separate financial statements (31 December 2022) of the ultimate parent are provided below in accordance with article 2497-bis of the Italian Civil Code. The ultimate parent, Webuild S.p.A., registered office in Centro Direzionale Milanofiori Strada 2497 - Palazzo L, Rozzano (MI), prepares consolidated financial statements which can be found on its website [www.webuildgroup.com](http://www.webuildgroup.com).

**Financial statements as at and for the year ended 31 December 2022**

Key figures  
(€'000)

<b>STATEMENT OF FINANCIAL POSITION</b>	
NON-CURRENT ASSETS	2,987,388
CURRENT ASSETS	6,162,669
<b>TOTAL ASSETS</b>	<b>9,150,057</b>
EQUITY	
- Share capital	600,000
- Share premium	367,763
- Other reserves	645,273
- Other comprehensive expense	(6,360)
- Retained earnings	4,048
- Loss for the year	(69,557)
<b>TOTAL EQUITY</b>	<b>1,541,168</b>
NON-CURRENT LIABILITIES	2,295,855
CURRENT LIABILITIES	5,313,034
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,150,057</b>
<b>STATEMENT OF PROFIT OR LOSS</b>	
TOTAL REVENUE	2,062,329
TOTAL COSTS	(2,087,072)
NET FINANCING COSTS	(7,780)
INCOME TAXES	(13,956)
LOSS FROM DISCONTINUED OPERATIONS	(23,078)
<b>LOSS FOR THE YEAR</b>	<b>(69,557)</b>

#### Directors' fees

Fisia Italimpianti's directors' fees amount to €34 thousand, as resolved by the sole shareholder on 20 April 2022, and are paid to the ultimate parent as part of its services provided to the Group.

The fees of €117 thousand recognised in 2022 include €93 thousand paid to the chief executive officer (after termination of his employment contract), as per the board of directors' resolution of 20 April 2022.

#### Statutory auditors' fees

The parent's statutory auditors' gross annual fees amount to €14 thousand, plus out-of-pocket and related expenses as provided for by law.

#### Related party transactions

The following table summarises related party transactions carried out at market conditions during the year. The Group has a clear interest in these transactions.

Reference should be made to the specific balance sheet and profit and loss account captions for details of the main balances.



	RECEIVABLES		PAYABLES		
	Financial - due within one year	Trade - due within one year	Financial - due within one year	Trade - due within one year	Other payables
<b>Parents</b>					
Webuild S.p.A.	-	784	19,350	937	-
Salini Costruttori S.p.A.	313	-	-	-	-
<b>Total</b>	<b>313</b>	<b>784</b>	<b>19,350</b>	<b>937</b>	<b>-</b>
<b>Subsidiaries of parents</b>					
Fisia Ambiente	1	18	-	-	-
Impregilo Arabia Ltd	-	-	-	1	-
<b>Total</b>	<b>1</b>	<b>18</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>TOTAL</b>	<b>314</b>	<b>802</b>	<b>19,350</b>	<b>939</b>	<b>-</b>

	COSTS		REVENUES		
	Purchases of goods and services	Financial charges	Sales of goods and services	Other revenues	Financial income
<b>Parents</b>					
Webuild S.p.A.	684	454	179	31	31
Salini Costruttori S.p.A.	-	-	-	-	17
<b>Total</b>	<b>684</b>	<b>454</b>	<b>179</b>	<b>31</b>	<b>47</b>
<b>Subsidiaries of parents</b>					
Fisia Ambiente	-	-	30	-	-
Iglys S.A.	-	12	-	-	-
<b>Total</b>	<b>-</b>	<b>12</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>684</b>	<b>466</b>	<b>209</b>	<b>31</b>	<b>47</b>

## Post-balance sheet events

With respect to variations in the contract for the new Zuluf project in Saudi Arabia:

- on 20 January 2023, a second agreement, the limited notice to proceed II, worth USD2,735 thousand, was signed;
- on 23 January 2023, the EPC contract worth USD327,405 thousand was signed (it includes the agreements previously signed with the counterparties);
- on 15 February 2023, a third agreement, the limited notice to proceed III, worth USD3,813 thousand, was signed;

On 10 February 2023, Webuild waived its right to receivables of €8,000,000.00 (tax value €8,000,000.00) to be used to cover the parent's net losses.

On 18 April 2023, a second settlement agreement of USD1.7 million was signed to terminate the contracts by the parties (Shuaibah Two Water Development Project Company, Fisia Abeima LLC and UTE Abeima Fisia Shuaibah). It covers completing the works and settling the disputes. This implies that all the parties involved discontinue all claims and disputes to allow the regular issue of the certification, placement in service of the plant and related completion of the contract with return of the existing performance bonds. The parent paid the first instalment of the agreement on behalf of UTE Abeima Fisia Shuaibah, settling the invoice it had received from the customer on 23 April 2023. It will pay the other 50% by 15 June 2023.

On 4 May 2023, the parent signed a AED7 million settlement agreement to end the Jebel Ali contracts with Dubai Electricity and Water Authority P.J.S.C. It covers terminating the contracts, settling the disputes (the parties will discontinue all pending claims and disputes) and the return of the existing performance bonds. Fisia Italimpianti paid the amount on 12 May 2023.

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These consolidated financial statements, comprising a balance sheet, profit and loss account, cash flow statement and notes thereto, provide a true and fair view of the Group's financial position at 31 December 2021 and its financial performance and cash flows for the year then ended. They are consistent with the accounting records.

11 July 2023

**On behalf of the board of directors**

**Chairman**

**Gianfranco Catrini**

## ANNEXES



# Group Fisia Italimpianti

**Consolidated financial statements as at and for the year  
ended 31 December 2022**

(with independent auditors' reports thereon)

(Translation from the Italian original which remains the definitive version)

KPMG S.p.A.

12 July 2023



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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report**

*To the sole shareholder of  
Fisia Italmimpianti S.p.A.*

### **Opinion**

We have audited the accompanying consolidated financial statements of the Fisia Italmimpianti Group (the "group"), which comprise the balance sheet as at 31 December 2022, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Fisia Italmimpianti Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

### **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 "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Fisia Italmimpianti S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other matters**

This report is not issued pursuant to any legal requirements as the parent's directors have prepared the consolidated financial statements on a voluntary basis, in order to present an overall picture of the group and to meet the consolidated reporting requirements of its reference market's stakeholders. Accordingly, the consolidated financial statements do not need to be filed and published pursuant to Legislative decree no. 127/91. Therefore, we did not carry out the audit procedures required by Standard on Auditing (SA Italia) 720B to express an opinion pursuant to article 14.2.e) of Legislative decree no. 39/10.

### **Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") 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 the Italian regulations governing their preparation and, within the terms



**Fisia Italimpianti Group**  
*Independent auditors' report*  
31 December 2022

established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

The objectives of our audit 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 auditors' 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 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 ISA Italia, we exercise professional judgement and maintain professional scepticism 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' 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 and business activities within the group to express an opinion on the consolidated financial statements.



**Fisia Italimpianti Group**  
*Independent auditors' report*  
31 December 2022

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 the appropriate level 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.

Milan, 12 July 2023

KPMG S.p.A.

(signed on the original)

Luca Magnano San Lio  
Director of Audit