fisia italimpianti

webuild group

CONSOLIDATED ANNUAL REPORT

at 31 December 2021

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

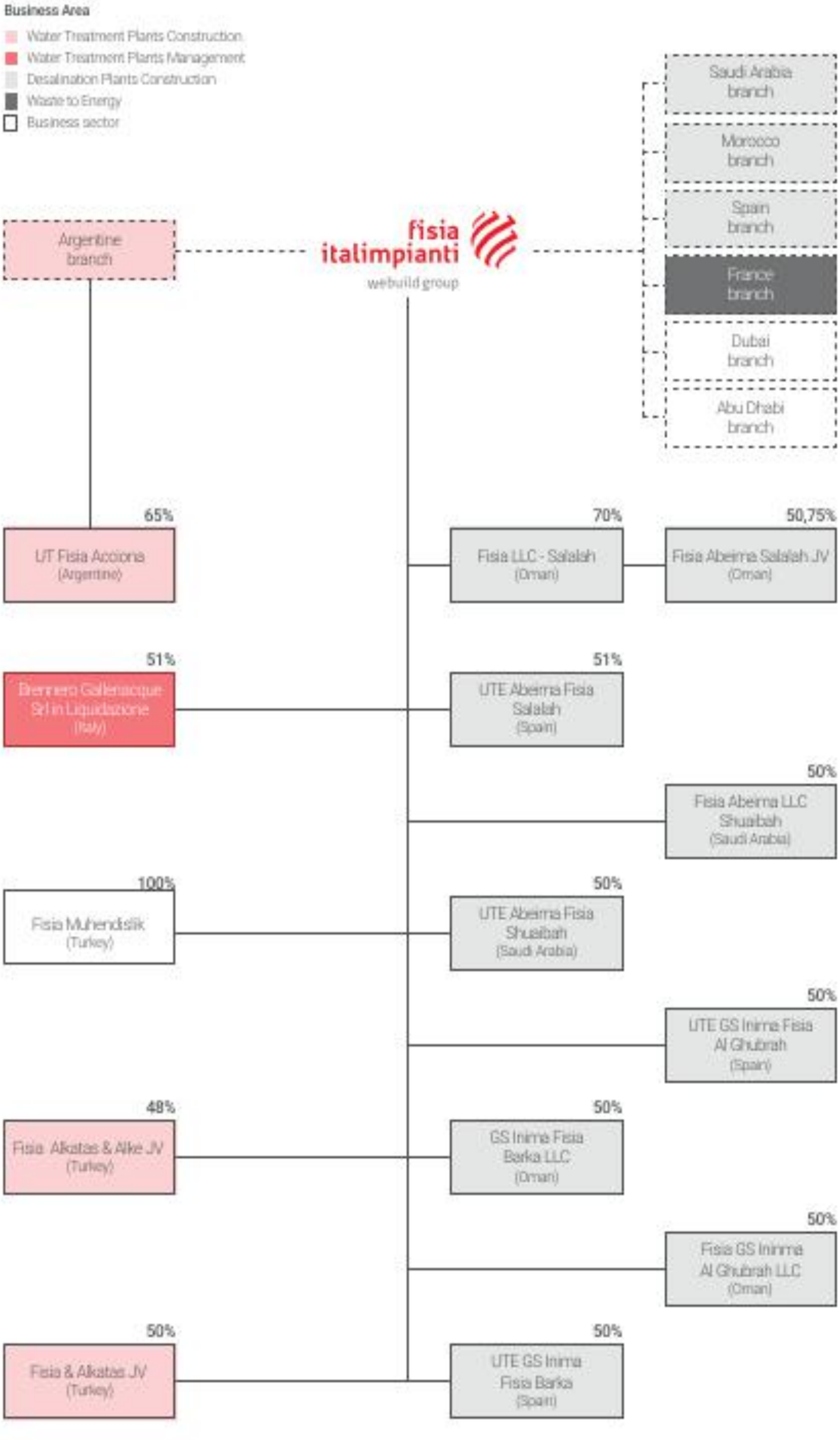
Registered office: Via De Marini, 1 - 16149 - Genoa

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

Global presence

fisia italimpianti
webuild group

Group structure



Company officers

Board of directors

Chairman	Flavio di Pietro
Chief executive officer	Silvio Oliva
Director	Paolo Romiti
Consigliere	Zeno Schio
Consigliere	Francesco Novielli

The board of directors was elected by the sole shareholder on 20 April 2022 for a one-year term, which expires with approval of the financial statements at 31 December 2022.

The director Flavio di Pietro was appointed as chairman by the sole shareholder on 20 April 2022.

The director Silvio Oliva was appointed as chief executive officer by the board of directors in its meeting of 20 April 2022. He has the powers given to him at that meeting in accordance with the law and by-laws.

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.

Contents

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.

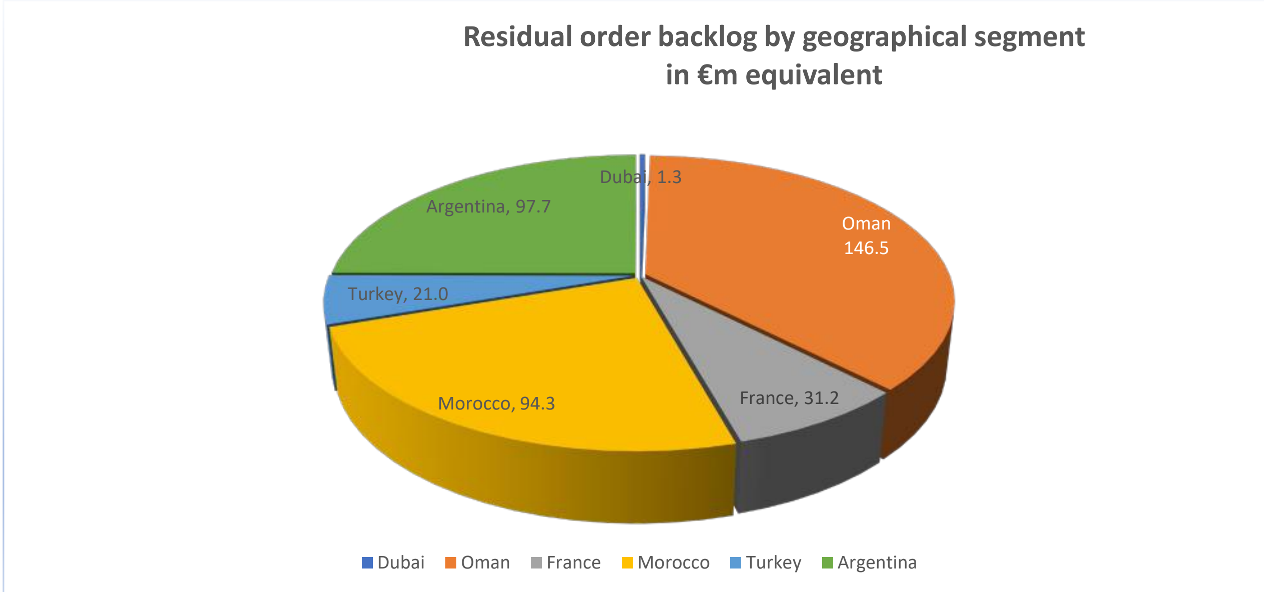
Order backlog

At 31 December 2021, the Group's order backlog is worth €392.1 million as follows:

Country	Contract	Residual order backlog in €m equivalent
Dubai	Jebel Ali M	0.5
Dubai	JEBEL ALI "M"+"M2"+"M3" – SPARE PARTS	0.4
Dubai	JEBEL ALI "L2"	0.4
Oman	Barka Ing	0.9
Oman	Ghubrah Ing	1.5
France	Metropole Rennes	31.2
Morocco	Dakhla	94.3
Turkey	Fisia Alkatas JV (Atakoy)	0.1
Turkey	Fisia Alkatas & Alke (Yenikapi)	20.9
Argentina	Fisia Acciona UTE (Riachuelo Lot 2)	97.7
Oman	Barka	44.0
Oman	Ghubrah	100.1
Total		**392.1**

New contracts acquired during the year

- "Tranche Optionelle" from Metropole Rennes: revamping of a waste-to-energy plant in France (€31.2 million);
- "Dakhla" in the West Saharan Desert from Dakhla Water & Energy Company S.A.: construction of a desalination plant in Morocco (€94.3 million).



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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 financial statements have been prepared in thousands of Euros.

The following tables show the reclassified profit and loss account for 2021 and the reclassified balance sheet at 31 December 2021, with comparative prior year figures.

Reclassified profit and loss account

€'000	2021	2020	Variation
Revenues	49,241	23,061	26,180
Other revenues and income	489	2,674	(2,185)
Total revenues	**49,730**	**25,735**	**23,995**
Operating costs	(55,943)	(40,082)	(15,860)
Gross operating loss	**(6,213)**	**(14,348)**	**8,135**
Amortisation, depreciation, provisions and write-downs	(436)	(253)	(183)
Operating loss	**(6,649)**	**(14,601)**	**7,951**
Financial income and charges and gains (losses) on equity investments			
Financial income	1,155	5,361	(4,206)
Financial charges	(1,282)	(5,809)	4,528
Net exchange rate gains (losses)	(1,425)	244	(1,669)
Net financial charges	**(1,552)**	**(204)**	**(1,347)**
Net gains (losses) on equity investments	**0**	**0**	**0**
Net financial charges and net gains (losses) on equity investments	**(1,552)**	**(204)**	**(1,347)**
Loss before tax	**(8,201)**	**(14,805)**	**6,604**
Income taxes	(1,109)	134	(1,243)
Net loss for the year	**(9,310)**	**(14,671)**	**5,361**
Net loss attributable to the Group	(8,995)	(15,759)	6,764
Net profit (loss) attributable to non-controlling interests	(315)	1,088	(1,403)

Reclassified balance sheet

€'000	31.12.2021	31.12.2020	Variation
Net fixed assets	1,428	985	443
Inventory	13,552	8,306	5,246
Net tax assets (liabilities)	(2,589)	1,603	(4,192)
Receivables	20,984	14,796	6,188
Payables	(47,863)	(31,662)	(16,201)
Net intragroup payables	(28)	(3,133)	3,105
Other assets	212	202	10
Other liabilities	(641)	(760)	119
Net invested capital	**(14,944)**	**(9,664)**	**(5,280)**
Net equity (deficit)	**11,014**	**(4,506)**	**15,520**
Net financial debt	**(25,958)**	**(5,158)**	**(20,800)**
Total financial resources	**(14,944)**	**(9,664)**	**(5,280)**

The reclassified balance sheet at 31 December 2021 shows negative net invested capital of €14,944 thousand, principally generated by payables to third parties mainly offset by receivables and inventory, sufficiently covered by the available financial resources.

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Performance

The intense commercial drive made in the year led to significant achievements in terms of new contracts and, specifically, the two contracts for a desalination plant in the Western Saharan Desert (Dakhla) in Morocco and the “Tranche Optionelle” for the revamping of a waste-to-energy plant in Rennes, France, for which the Group has already performed the “Tranche Ferme” for the project’s engineering. The Group also has additional development opportunities in the water treatment and plant engineering sectors. However, the benefits of these achievements were not seen in 2021, partly due to postponement of the start dates for the projects linked to the complicated international situation caused by the Covid-19 pandemic and related restrictions introduced to curb its spread.
Therefore, the net loss for the year reflects the above factors as well as the delays encountered in starting the Ghubrah III project in Oman and the additional costs which made it necessary to revisit the estimated costs to complete contracts, mostly incurred during the year and principally related to completion of the Shuaibah and Salalah plants in Saudi Arabia and Oman, respectively.
These adverse factors were only partly offset by progress on other contracts, such as the Riachuelo Lot 2 contract in Argentina. This contract’s contribution will increase significantly in 2022 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 €7 million.
The gross operating profit (improved from a loss in 2020), which was the result of the large increase in revenues in 2021, was not sufficient to entirely cover the overheads, as shown in the following table:

€'000	2021	2020	Variation
Revenues	49,241	23,061	26,180
Other revenues and income	489	2,674	(2,185)
Total revenues	**49,730**	**25,735**	**23,995**
Operating costs	(49,413)	(33,329)	(16,084)
Gross operating profit (loss)	**317**	**(7,595)**	**7,911**
Overheads	(6,966)	(7,006)	40
Operating loss	**(6,649)**	**(14,601)**	**7,951**

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 the group.

Equity investments in in-scope companies

In 2021, the parent set up newcos as 50:50 joint ventures with GS Inima (Spain) for the contracts acquired in 2020:

- **GS Inima Fisia UTE Ghubrah III IWP** and**GS Inima Fisia GHUBRAH LLC**, for the engineering, procurement and construction of a reverse osmosis desalination plant in Muscat (Oman) with capacity of 300,000 cubic metres/day worth approximately USD227 million (Fisia Italiampianti's share: USD113.5 million);
- **GS Inima Fisia UTE Barka V SWRO** and **GS Inima Fisia BARKA LLC**, 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).

With respect to the second project, due to the continued disagreements between the partners on its management, GS Inima communicated its interest in acquiring Fisia Italiampianti's share in the EPC contract towards the end of the year. With the authorisation of its board of directors, the parent commenced negotiations about this possible sale and to define the agreements for the acknowledgement and payment of the costs incurred for its services provided up until the actual sales date. These negotiations also include the issue of a specific liability disclaimer for all the parent's obligations with the customer, its partner, subcontractors and third parties in general.
At year end, the negotiations were at an advanced stage and were concluded in January 2022 as described in more detail in the section on post-balance sheet events in the notes to the consolidated financial statements.

The main activities carried out in 2021 by the parent's investees on their projects acquired in previous years are described below:

UTE Fisia Italimpianti Sucursal Argentina and Acciona Agua Sucursal Argentina (Riachuelo plant Lot 2)

In 2019, as part of a joint venture with Acciona Agua (Spain), Fisia Italimpianti 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 parent 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 with production output of approximately €41 million.

Fisia Ve Alkataş İş Ortakliği and Fisia – Alkataş – Alke İş Ortakliği JV (Atakoy and Yenikapi plants, Turkey)

The parent was awarded the contract in 2016 as part of a joint venture with Alkataş Construction J.S.C. to build phase 2 of the state-of-the-art waste water treatment plant in Ataköy for the customer Iski - 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.

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 Italiampianti and the Turkish companies Alkataş and Alke in April 2018.
Acquisition of this contract has consolidated the parent'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 Inşaat 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 Italimpianti 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.

Fisia Abeima LLC made a net loss of USD5.9 million for the year (Fisia Italimpiant's share: the equivalent of €2.5 million) as the grounds for the recognition of a claim for greater costs were no longer valid and a settlement agreement was formalised by the parties (Shuaibah Two Water Development Project Company, Fisia Abeima LLC and UTE Abeima Fisia Shuaibah) on 19 December 2021 for USD2.5 million 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 once and for all allowing the regular issue of the certification, placement in service of the plant and related closing of the contracts.

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

In December 2017, the company 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 Italimpianti's share: the equivalent of €1.9 million) for the lack of grounds to claim greater costs from the customer. The company has continued its actions to obtain compensation from the customer for the higher costs incurred that were not envisaged by 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 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.

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.

Brennero Galleriacque S.C. a r.l.

In 2021, this group company 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 sole liquidator had not completed the procedures to settle all the consortium company's receivables and payables and allocating any remaining amounts to the members.

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Production revenues

Production revenues for 2021 amount to €49.7 million and mostly relate to progress made on contracts, principally the Riachuelo Lot 2 project being carried out by UTE Fisia Italimpianti Succursal Argentina and Acciona Agua Succursal Argentina for approximately €41 million (more information is available in the previous section on "Equity investments in in-scope companies") as well as cost recoveries of €0.5 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:

- Jebel Ali M (Dubai - UAE) desalination plant: this contract was awarded in September 2007 and integrated with two riders for total capacity of approximately 140 million gallons/day. The updated contract is worth €760 million at December 2021 exchange rates. 2021 production, calculated using the cost-to-cost method, is €151 thousand and the stage of completion is 99.9%.
  The plant has obtained all the acceptance certificates and negotiations are in place with the customer to close the contract.

- Jebel Ali L2 (Dubai - UAE) desalination plant: the revised value of this contract is €198 million. 2021 production, calculated using the cost-to-cost method, is €32 thousand and the stage of completion of 99.7%.
  The plant has obtained all the acceptance certificates and negotiations are in place with the customer to close the contract.

- 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" has already been signed by the customer with the "Tranche Ferme"), of which Fisia Italimpianti's share is €35 million (increased by €0.6 million during the year for contractual price variations), started in April 2021. At the date of preparation of this report, the detailed engineering work is being carried out.
  2021 production amounts to €3,959 thousand.

The market

In recent years, the Group has built up its product portfolio, drawing on its enhanced capabilities and experience. It has also rolled out a project to increase its geographical footprint, transitioning to a more global approach from its traditional focus on the Arab states of the Persian Gulf. Therefore, the comments made in this section refer to the global market.
There is no longer a market for new thermal desalination plants according to the projections made by independent bodies and available information. It is clear that this technology is outdated and, therefore, the thermal desalination market has lost ground.
The reverse osmosis desalination technology is the most commonly used in all the areas where this is possible. It is the most interesting market in terms of volumes and potential opportunities.
Demand continues to be lively in the water treatment plant sector, both for civil use and industrial plants. This sector offers the greatest possibility for growth in the medium term from a technical and geographical viewpoint.
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 the 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.

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 it to re-enter this sector, which has interesting growth opportunities, including through joint ventures with other Webuild Group companies.

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 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 S.p.A. ("Webuild")/Fisia Italiampianti 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).

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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 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 payables to parents
Webuild S.p.A.	-	552	**552**	(2,284)	(523)	**(2,807)**	**(2,255)**
Salini costruttori S.p.A.	297	-	**297**	-	-	**-**	**297**
Total	**297**	**552**	**848**	**(2,284)**	**(523)**	**(2,807)**	**(1,958)**

They include trading and financial transactions. Trade payables to Webuild amount to €94 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 its board of directors in its meeting of 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 2021, 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.
The current Code was updated to reflect changes in the regulations made from time to time and approved by the board of directors on 21 July 2017.

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.
The parent's board of directors subsequently appointed the HR manager as the Data controller's delegate in its meeting of 20 April 2022. It assigned them the
Data controller's duties as per the Regulation as well as all the appropriate decision-making and expenditure powers and the greatest independence in carrying out such duties, which include the definition of organisational profiles, procedures necessary to ensure compliance with the principle of accountability and the applicable requirements and guidance of the Regulation in addition to monitoring compliance with the GDPR.

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;
92 white collars;
one manager seconded (full-time) by the ultimate parent;
for a total of 101 resources.

At year end, the parent's foreign branches have 12 employees and the fully consolidated companies have 31 employees.

The parent 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.

During the year, it 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 Webuild Group's rebranding directives.

Communication

The communication project, launched in 2018, has covered various marketing aspects to reinforce Fisia Group's reputation on the market and emphasise its membership of Webuild Group.
During the year, Fisia Italimpianti carried out many projects to consolidate its reputation on the water desalination and treatment market.
This firstly involved designing and creating a new logo, which was necessary after Webuild changed its name. As a result, the parent updated its website and all its communication tools.
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 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 2022-2026 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 2021, the assumptions underpinning the plan are now more solid.
The business plan includes financial projections for the five-year period and is based on assumptions, deemed reasonable by the parent's directors, about:

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

Specifically, the plan provides for acquisitions of approximately €1.1 billion, average annual production (including through the investees) of around €200 million and operating profits from its first year.

The parent's board of directors discussed the plan (as summarised above) during its meeting of 9 February 2022 and approved it on 3 March 2022.

Webuild has confirmed that, should it become necessary, it will provide the parent with financial support in 2022 as per the specific comfort letter issued on 24 February 2022.

* * *

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.

€'000	31.12.2021	31.12.2020	variation
Profit and loss account			
Production revenues	49,241	23,061	26,180
Operating loss	(6,649)	(14,601)	7,951
Loss before tax	(8,201)	(14,805)	6,604
Net loss for the year	**(9,310)**	**(14,671)**	**5,361**
Net loss attributable to the Group	(8,995)	(15,759)	6,764
Net profit (loss) attributable to non-controlling interests	(315)	1,088	(1,403)
Balance sheet			
Net fixed assets	1,428	985	443
Net equity (deficit)	11,014	(4,506)	15,520
Net financial (position) debt	**(11,296)**	**3,018**	**(14,314)**
Operating figures			
Order backlog	**392,064**	**270,809**	**121,255**
Employees (no.)	**101**	**92**	**9**

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 2021, 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.

21 July 2022

On behalf of the board of directors
Chairman
Flavio di Pietro

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CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended
at 31 December 2021

Balance sheet

	31 December 2021	31 December 2020
ASSETS		
B) Fixed assets		
I Intangible fixed assets		
3) Industrial patents and intellectual property rights	11,400	11,977
7) Other	291,330	470,710
Total intangible fixed assets	**302,730**	**482,687**
II Tangible fixed assets		
1) Land and buildings	610,030	71,485
2) Plant and machinery	22,210	32,335
3) Industrial and commercial equipment	423,042	279,325
4) Other assets	120,487	144,237
Total tangible fixed assets	**1,175,769**	**527,380**
Total fixed assets	**1,478,499**	**1,010,067**
C) Current assets		
I Inventory		
1) Raw materials, consumables and supplies	445,455	150,205
2) Work in progress and semi-finished products	792,868	359,574
3) Contract work in pgoress	18,853,998	9,149,536
5) Payments on account	4,761,860	612,257
Total inventory	**24,854,181**	**10,271,572**
II Receivables		
1) Trade receivables	17,235,808	12,391,215
- due within one year	*17,235,808*	*12,391,215*
4) From parents	551,691	300,430
- due within one year	*551,691*	*300,430*
5) From subsidiaries of parents	-	57,487
- due within one year	-	*57,487*
5 bis) Tax receivables	1,995,564	3,196,132
- due within one year	*1,995,564*	*3,196,132*
5 quater) a) From others	3,748,197	2,404,347
- due within one year	*3,748,197*	*2,404,347*
Total receivables	**23,531,260**	**18,349,611**
III. Current financial assets		
6) Other receivables	4,592,573	2,462,006
7) Financial assets relating to cash pooling arrangements	19,113,349	7,896,250
Total current assets	**23,705,922**	**10,358,256**
IV Liquid funds		
1) Bank and postal accounts	6,124,411	799,966
3) Cash-in-hand and cash equivalents	14,401	12,121
Total liquid funds	**6,138,812**	**812,087**
Total current assets	**78,230,175**	**39,791,525**
D) Prepayments and accrued income	**211,917**	**201,524**
Total assets	**79,920,591**	**41,003,116**

Balance sheet

	31 December 2021	31 December 2020
LIABILITIES		
A) Net equity		
I Share capital	3,400,000	3,400,000
IV Legal reserve	4,586	4,586
VI Other reserves	18,574,550	8,025,679
- translation reserve	3,668,918	463,154
- reserve to cover losses	14,905,632	7,562,525
VIII Retained earnings (losses carried forward)	(1,385,608)	92,500
IX Net loss for the year	(8,995,255)	(15,759,468)
Net equity (deficit) attributable to the Group	**11,598,273**	**(4,236,703)**
Share capital and reserves attributable to non-controlling interests	(269,726)	(1,358,196)
Net profit (loss) attributable to non-controlling interests	(314,517)	1,088,470
Total net equity attributable to non-controlling interests	(584,243)	**(269,726)**
Total net equity (deficit)	**11,014,030**	**(4,506,429)**
B) Provisions for risks and charges		
4) Other	50,000	25,000
Total provisions for risks and charges	**50,000**	**25,000**
C) Employees' leaving entitlement	**631,943**	**717,040**
D) Payables		
4) Bank loans and borrowings	530,199	3,933,660
due within one year	*530,199*	*3,933,660*
5) Loans and borrowings from other financial backers	4,943,138	3,439,343
due within one year	*4,943,138*	*3,439,343*
6) Payments on account	11,301,783	1,965,361
due within one year	*11,301,783*	*1,965,361*
7) Trade payables	40,406,449	24,402,692
due within one year	*40,406,449*	*24,340,138*
11) Payables to parents	2,806,802	3,810,635
due within one year	*2,806,802*	*3,810,635*
11 bis) Payables to subsidiaries of parents	1,129,105	1,759,001
due within one year	*1,129,105*	*1,759,001*
12) Tax payables	4,584,663	1,593,591
due within one year	*4,584,663*	*1,593,591*
13) Social security charges payable	770,725	718,612
due within one year	*770,725*	*718,612*
14) a) Other payables	1,742,563	3,101,258
due within one year	*1,742,563*	*3,101,258*
Total payables	**68,215,427**	**44,724,153**
E) Accrued expenses and deferred income		
2) Other accrued expenses	9,191	*43,352*
Total liabilities	**79,920,591**	**41,003,116**

Profit and loss account

	2021	2020
A) Production revenues		
1) Turnover from sales and services	9,578,181	10,185,428
3) Change in contract work in progress	39,663,022	12,875,746
5) Other revenues and income	488,570	2,673,517
b) Other revenues and income	*488,570*	*2,673,517*
Total production revenues	**49,729,773**	**25,734,691**
B) Production costs		
6) Raw materials, consumables, supplies and goods	(9,688,590)	(3,545,892)
7) Services	(30,250,453)	(21,455,399)
8) Use of third party assets	(646,073)	(784,887)
9) Personnel expenses	(14,462,952)	(11,661,513)
a) Wages and salaries	*(11,046,163)*	*(9,057,978)*
b) Social security contributions	*(2,651,080)*	*(1,861,202)*
c) Employees' leaving entitlement	*(449,032)*	*(376,909)*
e) Other costs	*(316,677)*	*(365,424)*
10) Amortisation, depreciation and write-downs	(405,065)	(253,015)
a) Amortisation of intangible fixed assets	*(41,288)*	*(47,586)*
b) Depreciation of tangible fixed assets	*(332,433)*	*(205,429)*
d) Write-down of current assets and liquid funds	(31,344)	0
11) *Change in raw materials, consumables, supplies and goods*	1,184,254	0
14) Other operating costs	(2,110,244)	(2,634,779)
Total production costs	**(56,379,123)**	**(40,335,485)**
Operating loss	**(6,649,350)**	**(14,600,794)**
C) Financial income and charges		
16) Other financial income	1,155,195	5,361,017
d) Other income	1,155,195	5,361,017
from subsidiaries	9,978	107,790
from parents	14,401	14,049
from others	1,130,816	5,239,178
17) Interest and other financial charges	(1,281,831)	(5,809,410)
to parents	(267,664)	(129,979)
other	(1,014,167)	(5,679,431)
17)bis Net exchange rate gains (losses)	(1,425,053)	244,043
Net financial charges	**(1,551,689)**	**(204,350)**
Loss before tax	**(8,201,039)**	**(14,805,144)**
20) Income taxes, current and deferred		
a) current income taxes	(1,639,987)	34,704
d) income from national tax consolidation scheme/tax transparency scheme	531,254	99,442
Total income taxes	**(1,108,733)**	**134,145**
21) Net loss for the year	**(9,309,772)**	**(14,670,999)**
Net loss attributable to the Group	**(8,995,255)**	**(15,759,469)**
Net profit (loss) attributable to non-controlling interests	**(314,517)**	**1,088,470**

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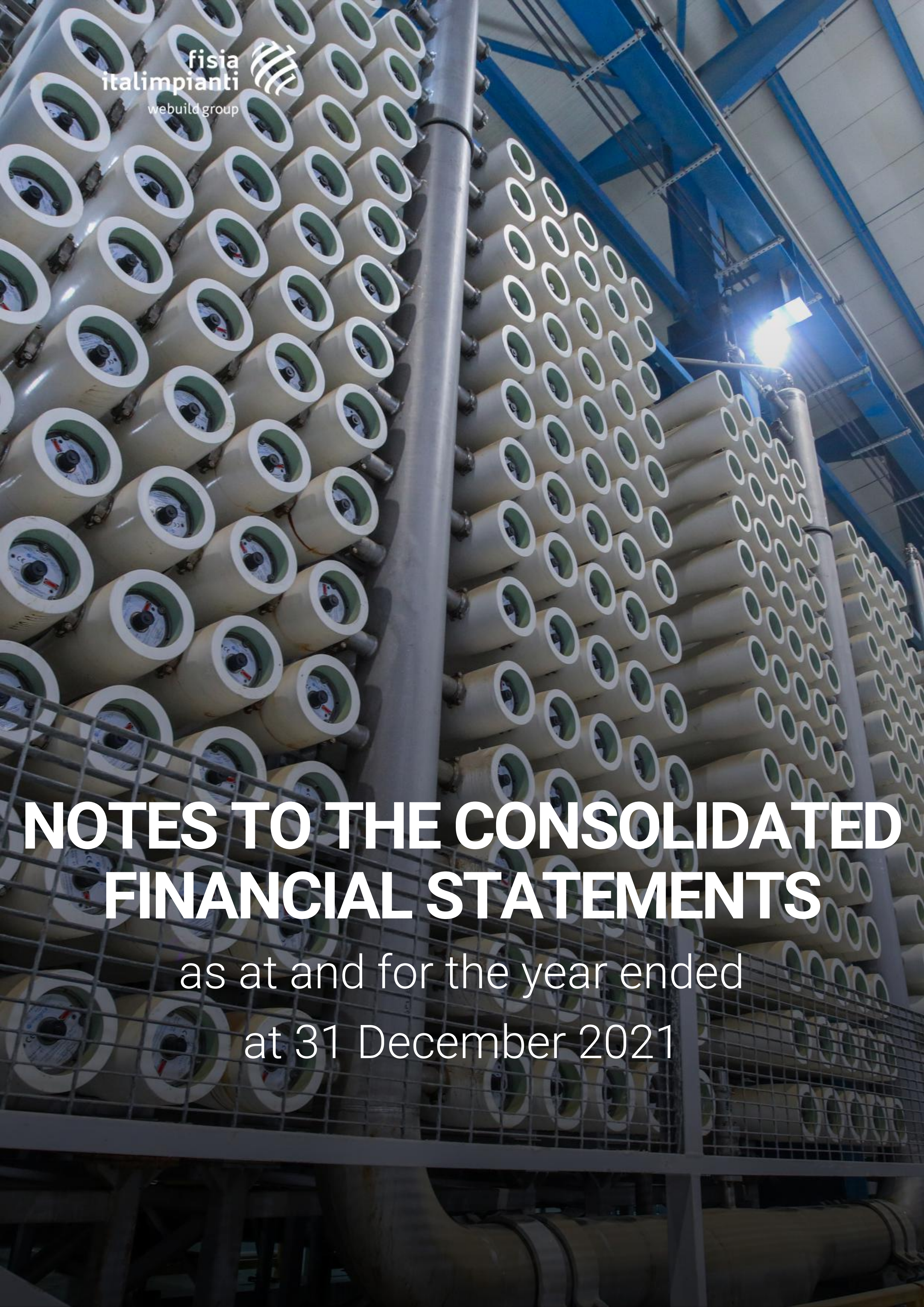
Cash flow statement

	2021	2020
A. Cash flows from operating activities (indirect method)	(9,309,772)	(14,670,999)
Income taxes	1,108,733	(134,145)
Interest expense	126,636	448,393
1.Loss before income taxes, interest	**(8,074,403)**	**(14,356,751)**
Non-monetary adjustments not affecting net working capital		
Amortisation and depreciation	373,721	253,015
Accruals to provisions	449,032	376,909
Write-downs	31,344	0
2.Cash flows before changes in net working capital	**(7,220,306)**	**(13,726,827)**
Changes in net working capital		
Increase in inventory	(10,433,006)	(4,822,986)
(Decrease)/increase in payments on account and advances	9,336,422	(850,890)
Decrease/(increase) in trade receivables	(4,844,593)	155,962
Increase in receivables from group companies	(3,421,551)	(4,351,117)
Increase in other current assets	(153,675)	(463,034)
Increase/(decrease) in trade payables	16,003,757	(2,067,736)
Increase in payables to group companies	2,103,081	1,448,734
Increase/(decrease) in other current liabilities	3,154,119	(8,659,236)
Other variations (advances to suppliers)	(4,149,603)	(314,880)
3. Cash flows after changes in net working capital	**374,645**	**(33,652,011)**
Other adjustments		
Interest paid	(126,633)	(448,393)
Income taxes paid	(1,108,733)	134,145
Utilisation of provisions	(540,473)	(542,313)
4. Other collections/payments		
Cash flows used in operating activities (A)	**(1,401,197)**	**(34,508,572)**
Intangible fixed assets		
(Investments)	138,669	13,768,055
Tangible fixed assets		
(Investments)	(980,822)	(150,816)
Current financial assets		
(Investments)	(2,130,567)	(2,462,006)
Cash flows generated by (used in) investing activities (B)	**(2,972,720)**	**11,155,233**
C. Cash flows from financing activities		
Third party funds		
Increase in financial assets related to cash pooling arrangements	(11,217,099)	(4,511,682)
Increase (decrease) in short-term bank borrowings	(3,403,461)	3,753,315
Increase in loans	(3,736,810)	(2,244,357)
Decrease in loans	3,227,777	4,838,486
Own funds		
Capital increase (waiver of financial receivables)	21,618,700	12,865,983
Increase in share capital of non-controlling interests	1,088,470	(4,074,390)
Variation in translation reserve and retained earnings (losses carried forward)	2,123,062	3,145,638
Cash flows generated by financing activities (C)	**9,700,639**	**13,772,992**
Increase (decrease) in liquid funds (A ± B ± C)	**5,326,722**	**(9,580,346)**
Opening liquid funds	**812,087**	**10,392,433**
of which:		
bank and postal accounts	799,966	10,371,081
Closing liquid funds	**6,138,809**	**812,087**
of which:		
bank and postal accounts	6,124,411	799,966



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended
at 31 December 2021

Introduction

The financial statements of 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 2021.
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 Fisia Italimpianti S.p.A. (the parent) 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 S.p.A., 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, 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 on a standard basis and in accordance with the provisions of article 2423 and following articles of 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 sections 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 2022-2026 business plan approved on 31 March 2022. The ultimate parent has confirmed that, should it become necessary, it will support the Group until the approval of the draft financial statements as at and for the year ended 31 December 2022 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 article 2423.5 of the Italian Civil Code, 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 2021 drawn up by the group companies and adjusted, if necessary, to comply with the presentation requirements of OIC 17.
Fisia Group includes the parent, Fisia Italimpianti S.p.A., and the following companies:

- BRENNERO GALLERIACQUE S.c.r.l.
  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-ALKTAS-ALKE JOINT VENTURE (FISIA ALKATAS ALKE)
  Registered office: Kavacik Mah. Ertük 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 INŞAAT ANONIM ŞIRKETI (FISIA MUHENDISLIK)
  Registered office: Vişnezade Mah. Süleyman Seba Cad. no: 82/4 – Beşiktas (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 SUCCURSAL ARGENTINA E ACCOINA AGUA SUCCURSAL 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 Energìa 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 Energia 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 BARKA V SWRO
  Registered office: MADRID, CALLE GOBELAS 41-45, 1ª,
  Share capital OMR250,000, of which 50% held by the parent;

- GS INIMA FISIA BARKA LLC
  Registered office: MUSCAT, SULTANATE OF OMAN, POST BOX NO. 1803, POSTAL CODE 114,
  Share capital OMR250,000, of which 50% held by the parent;

- 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;

Fisia Italimpianti S.p.A., tax code and VAT no. 02340830997, has its registered office in Via De Marini 1, Genoa.
In addition to the parent, Fisia Italimpianti S.p.A., the consolidation scope includes:

- BRENNERO GALLERIACQUE S.c.r.l in liquidation (subsidiary);
- FISIA VE ALKATAS IS ORTAKLIGI (subsidiary);
- FISIA-ALKTAS-ALKE JOINT VENTURE (subsidiary);
- FISIA MÜHENDISLIK VE INŞAAT ANONIM ŞIRKETI (subsidiary);
- UT FISIA ITALIMPIANTI SUCCURSALE ARGENTINA E ACCOINA AGUA SUCCURSALE 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 BARKA V SWRO (jointly-controlled company);
- GS INIMA FISIA BARKA LLC (jointly-controlled company);
- GS INIMA FISIA UTE GHUBRAH III IWP (jointly-controlled company);
- GS INIMA FISIA GHUBRAH LLC (jointly-controlled company).

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 GALLERIACQUE S.c.r.l in liquidation;
- FISIA VE ALKATAS IS ORTAKLIGI;
- FISIA-ALKTAS-ALKE JOINT VENTURE;
- FISIA MÜHENDISLIK VE INŞAAT ANONIM ŞIRKETI;
- 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 BARKA V SWRO;
- GS INIMA FISIA BARKA LLC;
- GS INIMA FISIA UTE GHUBRAH III IWP;
- GS INIMA FISIA GHUBRAH LLC.

GS INIMA FISIA UTE BARKA V SWRO, GS INIMA FISIA BARKA LLC, GS INIMA FISIA UTE GHUBRAH III IWP and GS INIMA FISIA GHUBRAH LLC entered the consolidation scope in 2021, which was their year of incorporation and, therefore, the first year of their operations.

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 captions and the average annual rates to the profit and loss account captions, 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 captions 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	1.1326	1.1827
- FISIA ABEIMA LLC	Saudi riyal	4.2473	4.4353
- UTE ABEIMA FISIA SALALAH	US dollar	1.1326	1.1827
- FISIA ABEIMA SALALAH JV	US dollar	1.1326	1.1827
- GS INIMA FISIA UTE BARKA V SWRO	US dollar	1.1326	1.1827
- GS INIMA FISIA BARKA LLC	US dollar	1.1326	1.1827
- GS INIMA FISIA UTE GHUBRAH III IWP	US dollar	1.1326	1.1827
- GS INIMA FISIA GHUBRAH LLC	US dollar	1.1326	1.1827
- UT FISIA ITALIMPIANTI SUCCURSALE ARGENTINA E ACCOINA AGUA SUCCURSALE ARGENTINA	US dollar	116.3622	116.3622
- FISIA LLC	Omani rial	0.4355	0.4548
- FISIA MÜHENDISLIK	Turkish lira	15.2335	10.5124
- FISIA-ALKTAS-ALKE	Turkish lira	15.2335	10.5124

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	10,00% - 6,66%
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, are 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.

Related party transactions

Transactions with related parties take place on an arm's length basis.

Workforce

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

	31.12.2021	31.12.2020	Variation
Managers	8	10	-2
Junior managers	39	33	6
White collars	53	49	4
Total	**100**	**92**	**8**

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:

	31.12.2021	31.12.2020	Variation
Managers (100%)	1	0	1
Total	**1**	**0**	**1**

The metalworking industry's national labour agreement was renewed in February 2021 effective from 1 June 2021, with a new declaration of levels, a transition from the concept of job to the concept of responsibility and a classification based on an automatic comparison table between the previous and the new classification. The base pay has also been increased starting from 1 June 2021.

At year end, the parent's foreign branches have 12 employees and the fully consolidated companies have 31 employees.

	2021	2020	Variation
Branches	12	11	1
Fully consolidated companies	31	62	-31
Total	**43**	**73**	**-30**

Other information

At 31 December 2021, 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 2021 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 2021, the caption's carrying amount of €303 thousand may be broken down as follows:

Intangible fixed assets

	Historical cost	Acc. amortisation at 31.12.2020	Acquisitions	Decreases	Amortisation	Decrease in acc. amortisation	31.12.2021
3) Industrial patents and intellectual property rights	80	(68)	16	0	(16)	0	11
7) Other	603	(132)	1	(155)	(25)	0	292
Total	**683**	**(200)**	**16**	**(155)**	**(41)**	**0**	**303**

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 an increase of €648 thousand as follows:

Changes in the historical cost of tangible fixed assets

	31.12.2020	Acquisitions	Decreases	Reclassific-ations	31.12.2021
1) Land and buildings	105	553	0	0	657
2) Plant and machinery	154	0	0	0	154
3) Industrial and commercial equipment	407	435	(1)	0	842
4) Other assets	966	100	(28)	0	1,039
Total	**1,632**	**1,088**	**(28)**	**0**	**2,692**

Changes in accumulated depreciation

	31.12.2020	Acquisitions	Decreases	Reclass./Other changes	31.12.2021
1) Land and buildings	(34)	(14)	0	0	(47)
2) Plant and machinery	(122)	(11)	0	0	(132)
3) Industrial and commercial equipment	(129)	(215)	0	(76)	(420)
4) Other assets	(820)	(94)	14	(18)	(918)
Total	**(1,104)**	**(333)**	**14**	**(94)**	**(1,518)**

Carrying amount of tangible fixed assets

	31.12.2020	Changes	31.12.2021
1) Land and buildings	71	539	610
2) Plant and machinery	32	(11)	22
3) Industrial and commercial equipment	279	144	423
4) Other assets	145	(25)	120
Total	**527**	**647**	**1,176**

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:

	31.12.2021	31.12.2020	Variation
Raw materials, consumables and supplies	445	150	295
Work in progress and semi-finished products	793	360	433
Contract work in progress	18,854	9,150	9,704
Payments on account	4,762	612	4,150
Total	**24,854**	**10,272**	**14,583**

The contract work in progress is shown below:

	Contract work in progress	Advances from customers	Progress billings	Total advances and progress billings
Jebel Ali M spare parts	0	0	210	210
Jebel Ali L2	0	0	304	304
Jebel Ali "M"	0	0	498	498
Barka	1,107	365	1,221	1,586
Gubrah	1,110	348	1,588	1,936
Metropole Rennes	0	323	3,927	4,250
Dakhla	66	0	0	0
Shuaibah	0	0	1,795	1,795
Salalah	0	0	723	723
Acciona	14,979	0	0	0
alke	1,215	0	0	0
alkatas jv	377	0	0	0
Total	**18,854**	**1,036**	**10,266**	**11,302**

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 Barka and Ghubrah engineering contracts.
Payments on account under liabilities (€11,302 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.
Progress billings increased by €4,150 thousand, mostly due to the larger advances paid for supplies for the Riachuelo Lot 2 project.
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 analysed as follows:

	31.12.2021	31.12.2020	Variation
Trade receivables	17,236	12,391	4,845
From subsidiares	0	0	0
From associates	0	0	0
From parents	552	300	252
From subsidiaries of parents	0	57	(57)
Tax receivables	1,996	3,196	(1,201)
From others	3,748	2,404	1,344
Total	**23,531**	**18,350**	**5,183**

1) Trade receivables

Trade receivables comprise:

	31.12.2021	31.12.2020	Variation
Customers	11,143	7,510	3,633
Clients	6,092	4,881	1,211
Total	**17,235**	**12,391**	**4,844**

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 approximately €4.8 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 assigned an additional €3,095 thousand, of which it collected €766 thousand on 7 January 2021 and is awaiting to be assigned additional receivables from third parties;
- 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 allocated).

In January 2021, the parent was assigned receivables due from various municipalities and the Calabria regional authorities of €1,892 thousand, which was objected against by the consortium. The parent's legal advisors deem that this appeal is inadmissible as it refers to issues already ruled upon in the parent's favour by the Appeal Court.
Trade receivables are recognised net of the provision for bad debts of €835 thousand.

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

	31.12.2020	Increases	Decreases	31.12.2021
Write-downs (trade receivables)	673	0	0	673
Write-downs (default interest)	162	0	0	162
Total	835	0	0	835

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	South America	Total
Trade receivables	2,161	4,919	6,112	4,044	17,236
From parents	552	0	0	0	552
Tax receivables	1,161	23	632	179	1,995
From others	1,841	0	1,521	387	3,749
Total	**5,715**	**4,919**	**6,112**	**4,044**	**23,531**

Foreign currency trade receivables amount to USD3,938 thousand, ARS3,707 thousand and AED3,077 thousand retranslated into Euros using the closing rates. 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 2021, 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 €552 thousand refer to commercial services.

	31.12.2021	31.12.2020	Variation
Trade receivables	552	300	252
Total	**552**	**300**	**252**

5) From subsidiaries of parents

None at the reporting date.

	31.12.2021	31.12.2020	Variation
Trade receivables	0	57	(57)
Total	**0**	**57**	**(57)**

5-bis) Tax receivables

	31.12.2021	31.12.2020	Variation
VAT	725	1,207	(482)
Foreign taxes	1,271	1,989	(718)
Total	**1,996**	**3,196**	**(1,200)**

Tax receivables of €1,996 thousand include foreign tax receivables of €1,271 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 (€98 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 €3,748 thousand mostly comprise cost recharges.

	31.12.2021	31.12.2020	Variation
Employees	14	16	(2)
Third parties	3,725	2,384	1,341
Guarantee deposits	9	4	5
Total	**3,748**	**2,404**	**1,344**

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.

	31.12.2021	31.12.2020	Variation
Other receivables	4,593	2,462	2,131
Financial assets relating to cash pooling arrangements	19,113	7,896	11,217
Total	**23,706**	**10,358**	**13,348**

A breakdown of the caption is provided below:

	31.12.2021	31.12.2020	Variation
Parents	**297**	**283**	**14**
Salini Costruttori S.p.A.	297	283	14
Non-controlling interests	**18,816**	**7,613**	**11,203**
Fisia Abeima LLC	2,219	1,544	675
Fisia Abeima Salalah JV	13,155	1,155	12,000
Fisia It. Succ.Argentina- Acciona	0	1,473	(1,473)
Fisia LLC	69	0	69
Ute Abeima Fisia Shuaibah	3,312	3,178	134
Abeima Fisia Salalah Ute	61	263	(202)
Total	**19,113**	**7,896**	**11,217**

At the reporting date, the Group has financial receivables of €297 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 €19,113 thousand.

The largest balances are the receivable from Fisia Abeima LLC of €2,219 thousand for the transfer of the funds necessary to allow it to complete its activities and that from Fisia Abeima Salalah J.V. of €7,442 thousand. This latter receivable increased significantly during the year 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).
The receivable from UTE Fisia-Acciona has been recognised as a capital injection.

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	31.12.2020	Variation
Bank and postal accounts	6,124	800	5,324
Cash-in-hand and cash equivalents	15	12	3
Total	**6,139**	**812**	**5,326**

Bank deposits and petty cash in foreign currency amount to USD2,743 thousand, AED14 thousand, KWD9 thousand, OMR17 thousand, TRY2 thousand, SAR126 thousand and ARS2,680 thousand. They are translated into Euros using the spot closing rate.

D) PREPAYMENTS AND ACCRUED INCOME

The caption may be analysed as follows:

	31.12.2021	31.12.2020	Variation
Prepayments:			
- Insurance	75	113	(39)
- Commissions on sureties	5	8	(3)
- Leases	18	18	(0)
- Other	114	62	52
Total	**212**	**202**	**10**

The prepayments mostly consist of commissions on sureties charged in advance by the issuer banks (for 2022), performance bonds given to customers, leases and other prepayments.

LIABILITIES

A) NET EQUITY

	31.12.2021	31.12.2020	Variation
- Share capital	3,400	3,400	0
- Legal reserve	5	5	0
- Other reserves	18,575	8,026	10,549
- Retained earnings (losses carried forward)	(1,386)	93	(1,478)
- Net loss for the year	(8,995)	(15,759)	6,764
Total net equity (deficit) att. to the Group	**11,598**	**(4,237)**	**15,835**
- Share capital and reserves att. to non-controlling interests	(270)	(1,358)	1,088
- Net profit (loss) att. to non-controlling interests	(315)	1,088	(1,403)
Total net equity att. to non-controlling interests	**(584)**	**(270)**	**(315)**
Total net equity (deficit)	**11,014**	**(4,506)**	**15,520**

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) att. to the Group	Share capital and reserves att. to NCI	Net profit (loss) att. to NCI	Total net equity att. to NCI	Total net equity (deficit)
31 December 20219	**3,400**	**5**	**93**	**214**	**6,000**	**(11,303)**	**(1,592)**	**2,716**	**(2,896)**	**(180)**	**(1,772)**
Translation reserve	-	-	-	249	-	-	**249**		-	-	**249**
Waiver of the receivable to cover losses	-	-	-	-	12,866	-	**12,866**		-	**0**	**12,866**
Covering of net loss for 2020	-	-	-	-	(11,303)	11,303	-	(2,896)	2,896	-	-
Net loss for 2020	-	-	-	-	-	(15,759)	**(15,759)**	-	18,575	**18,575**	**2,815**
31 December 2020	**3,400**	**5**	**93**	**463**	**7,563**	**(15,759)**	**(4,237)**	**(1,358)**	**1,088**	**(270)**	**(4,506)**
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 2021	-	-	(1,478)	-	(14,275)	15,759	6	1,088	(1,088)	-	6
Net loss for 2021	-	-	-	-	-	(8,995)	**(8,995)**	-	(315)	**(315)**	**(9,310)**
31 December 2021	**3,400**	**5**	**(1,386)**	**3,669**	**14,906**	**(8,995)**	**11,598**	**(270)**	**(315)**	**(584)**	**11,014**

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 €3,206 thousand.
The ultimate parent waived its right to receivables of €21,619 thousand (tax amount of €21,619 thousand) on 18 February 2021 (€6,719 thousand), 19 May 2021 (€2,000 thousand), 20 July 2021 (€3,200 thousand) and 20 December 2021 (€9,700 thousand).

It has confirmed that it will provide Fisia Italimpianti with financial support in 2022 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
As per the parent's financial statements	**11,593**	**(8,995)**
Elimination of consolidated equity investments and related results	(2,921)	919
Net equity and net profit or loss of consolidated companies	2,342	(1,233)
As per the consolidated financial statements	**11,014**	**(9,310)**
- of which attributable to the Group	11,598	(8,995)
- of which attributable to non-controlling interests	(584)	(315)

B) PROVISIONS FOR RISKS AND CHARGES

This caption of €50 thousand has been set up to cover labour law disputes.

	31.12.2020	Accruals	Releases	Utilisations	Other changes	31.12.2021
Disputes	25	31	0	(6)	0	50
Total	**25**	**31**	**0**	**(6)**	**0**	**50**

During the year, a dispute arose between Fisia Abeima Salalah JV, an investee of Fisia LLC (Oman) and one of its suppliers, whose contract was terminated for non-fulfilment. As described in the section on post-balance sheet events, at the date of preparation of these consolidated financial statements, this dispute has been settled on an amicable basis during the arbitration proceeding and no additional costs have been incurred compared to those budgeted for by the Group.

C) EMPLOYEES' LEAVING ENTITLEMENT

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

	31.12.2020	Accruals	Utilisations	Transfers and advances	31.12.2021
Employees' leaving entitlement	717	449	(534)	0	632
Total	**717**	**449**	**(534)**	**0**	**632**

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:

	31.12.2021	31.12.2020	Variation
Bank loans and borrowings	530	3,934	(3,403)
Loans and borrowings from other financial backers	4,943	3,439	1,504
Payments on account	11,302	1,965	9,336
Trade payables	40,406	24,403	16,004
Payables to parents	2,807	3,811	(1,004)
Payables to subsidiaries of parents	1,129	1,759	(630)
Tax payables	4,585	1,594	2,991
Social security charges payable	771	719	52
Other payables	1,743	3,101	(1,359)
Total	**68,215**	**44,724**	**23,491**

A breakdown of payables by geographical segment is as follows:

	Italy	Europe	Middle East	South America	Other countries	Total
Bank loans and borrowings	530	0	0	0	0	530
Loans and borrowings from other financial backers	0	1,814	3,129	0	0	4,943
Payments on account	0	4,251	7,051	0	0	11,302
Trade payables	6,387	4,834	14,294	14,750	141	40,406
Payables to subsidiaries	0	0	0	0	0	0
Payables to parents	2,713	0	64	30	0	2,807
Payables to subsidiaries of parents	0	0	1	1,128	0	1,129
Tax payables	614	1,785	950	1,236	0	4,585
Social security charges payable	568	0	11	192	0	771
Other payables	673	0	467	603	0	1,743
Total	**11,485**	**12,683**	**25,967**	**17,939**	**141**	**68,215**

4) Bank loans and borrowings

At the reporting date, bank loans and borrowings amount to €530 thousand and refer to Banca Intesa. During the year, the Group closed the credit line granted by Banco de Patagonia, agreed for the financial commitment with the joint venture that transferred the contract for Lot 2 of the Riachuelo project. This was the reason for most of the significant decrease of €3,403 thousand for the year, which also includes repayments made.

5) Loans and borrowings from other financial backers

Loans and borrowings from other financial backers of €4,943 thousand refer to the non-controlling investors of joint ventures and specifically €1,814 thousand to those of Fisia Abeima Salalah J.V., €2,228 thousand to those of Fisia Abeima LLC and €841 thousand to those of Fisia Alkatas Alke J.V..

6) Payments on account

	Advances from customers	Progress billings	Total advances and progress billings
Jebel Ali M spare parts	0	210	210
Jebel Ali L2	0	304	304
Jebel Ali "M"	0	498	498
Barka	365	1,221	1,586
Gubrah	348	1,588	1,936
Metropole Rennes	324	3,927	4,250
Shuaibah	0	1,795	1,795
Salalah	0	723	723
Total	**1,036**	**10,266**	**11,302**

As disclosed in the note to Inventory, payments on account under liabilities (€10,595 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 €2,649 thousand at the reporting date.

7) Trade payables

Trade payables of €40,406 thousand increased by €16,004 thousand compared to 31 December 2020 (€24,403 thousand), mostly as a result of the greater supplies for the Rennes project.

11) Payables to parents

	31.12.2021	31.12.2020	Variation
Trade payables	523	479	44
Financial payables	2,284	3,332	(1,048)
Total	**2,807**	**3,811**	**(1,004)**

Payables of €2,807 thousand to the ultimate parent, Webuild S.p.A., are of a financial and trading nature (€2,284 thousand and €523 thousand, respectively). The balance includes loans and borrowings due to the ultimate parent's foreign branches of €89 thousand.

11-bis) Payables to subsidiaries of parents

	31.12.2021	31.12.2020	Variation
Trade payables	57	203	(146)
Financial payables	1,073	1,556	(484)
Total	**1,129**	**1,759**	**(630)**

These payables are of a trading and financial nature. The largest balance relates to the amount due to IGLYS S.A. by the Argentine branch.

12) Tax payables

A breakdown of this caption is as follows:

	31.12.2021	31.12.2020	Variation
Withholdings	608	439	169
VAT	1,684	191	1,494
Foreign taxes	2,292	964	1,328
Total	**4,585**	**1,594**	**2,991**

Tax payables include VAT of €1,684 thousand, of which €190 thousand is deferred, and withholdings on employees' and consultants' remuneration of €223 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 comprises €568 thousand and €192 thousand due to Italian and Argentine social security institutions, respectively.

	31.12.2021	31.12.2020	Variation
Social security institutions	771	719	52
Total	**771**	**719**	**52**

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 group assets.

	31.12.2021	31.12.2020	Variation
Employees	1,343	1,160	183
Third parties	400	1,941	(1,542)
Total	**1,742**	**3,101**	**(1,359)**

E) ACCRUED EXPENSES AND DEFERRED INCOME

	31.12.2021	31.12.2020	Variation
Ohter accrued expenses	9	43	(34)
Total	**9**	**43**	**(34)**

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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Off-balance sheet commitments, guarantees and contingent liabilities

	31.12.2021	31.12.2020	Variation
Guarantees to third parties	29,601	52,442	(22,841)
Guarantees to third parties	**29,601**	**52,442**	**(22,841)**

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 €504 thousand;
- UTE Fisia Abeima Shuaibah of €2,294 thousand;
- Abeima Fisia Salalah UTE of €392 thousand;
- UTE Fisia Italimpianti Sucursal Argentina and Acciona Agua Sucursal Argentina of €1,904 thousand (letters of patronage).

On 14 July 2021, a surety issued by HSBC Middle East Dubai to the customer 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 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.
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.
The guarantee of USD6,500 thousand (the equivalent of €5,677 thousand) provided by Webuild S.p.A. to Banco de Patagonia on 11 February 2020 for the credit line granted by that bank to the parent's Argentine branch was released in 2021 after repayment of the credit line.
Webuild S.p.A. has also issued letters of patronage of €21,748 thousand, nearly entirely on behalf of UTE Fisia Acciona (€20,948 thousand).

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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

	2021	2020	Variation
Turnover from sales and services	9,578	10,185	(607)
Change in contract work in progress	39,663	12,876	26,787
Other revenues and income	489	2,674	(2,185)
Total	**49,730**	**25,735**	**23,995**

Turnover from sales and services mostly relates to amounts invoiced to customers (€7,933 thousand) and technical services provided to subsidiaries and associates (€1,645 thousand). The remainder relates to amounts recharged to the parent Webuild S.p.A..

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

5b) Other revenues and income

	2021	2020	Variation
Other cost recoveries	252	2,484	(2,231)
Compensation for damages	112	112	(0)
Gains on disposals of tangible fixed assets	2	1	1
Prior year income	122	77	45
Total	**489**	**2,674**	**(2,185)**

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	1,630	(1,910)	436	156
EU	4,062	120	49	4,231
Middle East	3,457	591	4	4,052
South America	429	40,862	0	41,291
Total	**9,578**	**39,663**	**489**	**49,730**

B) PRODUCTION COST

6) Raw materials, consumables, supplies and goods

	2021	2020	Variation
Materials and project components	(8,641)	(3,447)	(5,194)
Consumables and other	(1,048)	(99)	(949)
Total	**(9,689)**	**(3,546)**	**(6,143)**

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

7) Services

This caption of €30,250 thousand comprises:

	2021	2020	Variation
Administrative, legal, notary and other consultancies	(1,549)	(382)	(1,166)
Technical and engineering consultancies	(10,435)	(15,363)	4,928
Subcontracts	(13,299)	(3,087)	(10,212)
Commercial	(321)	(133)	(188)
Sundry services	(3,904)	(1,918)	(1,986)
Maintenance of own and third party assets	(202)	(117)	(85)
Transport and shipping, sea freight and waste	(541)	(454)	(87)
Total	**(30,250)**	**(21,455)**	**(8,795)**

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 higher subcontracting costs of €10,212 thousand are partly offset by smaller costsfor technical and engineering consultancies of €4,928 thousand.
The Group incurred greater costs for services of €8,795 thousand which are in proportion to the increase in production and the stage of completion of its projects.

8) Use of third party assets

This caption mostly consists the cost of leasing equipment and vehicles (€234 thousand), leasing the Genoa offices and other business premises (€276 thousand) and information systems (€121 thousand). It is substantially unchanged from the previous year.

	2021	2020	Variation
Lease of vehicles/machines and equipment	(234)	(363)	129
Lease of office equipment	(15)	(24)	9
Office leases	(276)	(293)	17
Information systems	(121)	(99)	(22)
Lease of accommodation	0	(6)	6
Total	**(646)**	**(785)**	**139**

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 €14,463 thousand.

	2021	2020	Variation
Wages and salaries	(11,046)	(9,058)	(1,988)
Social security contributions	(2,651)	(1,861)	(790)
Employees' leaving entitlement	(449)	(377)	(72)
Other costs	(317)	(365)	49
Total	**(14,463)**	**(11,662)**	**(2,801)**

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 2021	Actual no. at 31/12/2021	Average for 2020	Actual no. at 31/12/2020
Managers	9	8	9	10
Junior managers	37	39	33	33
White collars	52	53	52	49
Total	**98**	**100**	**94**	**92**

During the year, 24 people joined the Group and 16 left.
The personnel expenses of the branches in Dubai, Abu Dhabi, Saudi Arabia and Argentina amount to €787 thousand while those of the fully consolidated companies come to €306 thousand. In addition to the expenses for the head office's personnel (€7,567 thousand), most of this caption refers to the employees of the Argentine joint venture (€5,540 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 accounting policies. It amounts to €41 thousand for the year.
The caption may be analysed as follows:

	2021	2020	Variation
Industrial patents and intellectual property rights	(16)	(12)	(4)
Other	(25)	(36)	11
Total	**(41)**	**(48)**	**7**

Depreciation of tangible fixed assets

Depreciation of €333 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.

	2021	2020	Variation
Land and buildings	(14)	(7)	(6)
Plant and machinery	(11)	(12)	1
Industrial and commercial equipment	(215)	(122)	(93)
Other assets	(94)	(64)	(30)
Total	**(333)**	**(205)**	**(128)**

14) Other operating costs

This caption may be broken down as follows:

	2021	2020	Variation
Commissions on sureties	(11)	(718)	707
Bank charges	(22)	(20)	(2)
Prior year expense	(49)	(83)	34
Sundry costs	(2,028)	(1,814)	(215)
Total	**(2,110)**	**(2,635)**	**525**

The caption is substantially unchanged from the previous year.

C) FINANCIAL INCOME AND CHARGES

16) Other financial income

d) Other income

A breakdown of this caption is provided below:

Other financial income - Other income

	2021	2020	Variation
From parents	10	108	(98)
From subsidiaries	14	14	0
Other	1,131	5,239	(4,108)
Total	**1,155**	**5,361**	**(4,206)**

Other financial income of €14 thousand net from parents relates to the giro accounts with Webuild S.p.A. and Salini Costruttori S.p.A., which bear interest at market rates.

Other financial income from subsidiaries relates to UTE Fisia Italimpianti Sucursal Argentina e Acciona Agua Sucursal Argentina (€9 thousand). The decrease on the previous year is due to the conversion of an interest-bearing loan into a capital injection for Fisia Italimpianti Sucursal Argentina.

17) Interest and other financial charges

	2021	2020	Variation
Parents	**(268)**	**(130)**	**(138)**
Interest expense on loans and borrowings	(268)	(130)	(138)
Other	**(1,014)**	**(5,679)**	**4,665**
- Interest expense on loans and borrowings	(910)	(1,361)	451
- Bank interest expense	(24)	(1,102)	1,078
- Interest expense on instalment payments of taxes	(55)	(15)	(39)
- Bank charges	(10)	(65)	55
- Other	(16)	(3,136)	3,121
Total	**(1,282)**	**(5,809)**	**4,528**

Interest expense on loans and borrowings relate to the short-term loans from Webuild S.p.A. of €305 thousand, including €96 thousand provided through its Argentine branch, €55 thousand through its Qatari branch and €3 thousand through its Abi Dhabi branch. They bear interest at market rates.
Interest expense on other loans and borrowings mostly relates to amounts due to Banco de Patagonia repaid in instalments during the year.

17 Bis) Net exchange rate losses

	2021	2020	Variation
Exchange rate gains			
-realised	2,783	4,109	(1,325)
-unrealised	436	647	(211)
Total exchange rate gains	3,219	4,756	(1,537)
Exchange rate losses			
-realised	(2,314)	(2,856)	542
-unrealised	(2,330)	(1,655)	(674)
Total exchange rate losses	(4,644)	(4,512)	(132)
Net exchange rate gains (losses)	(1,425)	244	(1,669)

Unrealised net exchange rate losses amount to €1,425 thousand.

20) Income taxes, current and deferred

	2021	2020	Variation
Current income taxes	(1,640)	35	(1,675)
Income from national tax consolidation scheme	531	99	432
Total	**(1,109)**	**134**	**(1,243)**

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. The Group did not recognise the estimated benefit from participation in the national tax consolidation scheme for its tax loss for the year to be transferred to the tax consolidator. It recognised an adjustment for the benefit for the 2020 tax loss transferred to the scheme of €531 thousand. Foreign taxes amount to €1,593 thousand and nearly entirely relate to the Argentine branch's income taxes.

Other information

The consolidated financial statements at 31 December 2021 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.

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 2021) 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 6 - Palazzo L, Rozzano (MI), prepares consolidated financial statements which can be found on its website www.webuildgroup.com.

Financial statements as at and for the year ended 31 December 2021 Key figures (€'000)	
STATEMENT OF FINANCIAL POSITION	
NON-CURRENT ASSETS	2,872,188
CURRENT ASSETS	5,867,372
NON-CURRENT ASSETS HELD FOR SALE	16,962
TOTAL ASSETS	**8,756,522**
EQUITY	
- Share capital	600,000
- Share premium	367,763
- Other reserves	962,929
- Other comprehensive expense	(8,891)
- Retained earnings (losses) carried forward	-
- Loss for the year	(245,728)
TOTAL EQUITY	**1,676,074**
NON-CURRENT LIABILITIES	1,930,791
CURRENT LIABILITIES	5,131,276
LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE	18,382
TOTAL EQUITY AND LIABILITIES	**8,756,522**
STATEMENT OF PROFIT OR LOSS	
TOTAL REVENUE	1,884,191
TOTAL COSTS	(1,934,386)
NET FINANCING COSTS	(103,524)
INCOME TAXES	(96,709)
LOSS FROM CONTINUING OPERATIONS	**(250,428)**
LOSS FROM DISCONTINUED OPERATIONS	(17,742)
LOSS FOR THE YEAR	**(268,170)**

Directors’ fees

Fisia Italimpianti’s directors’ fees amount to €22 thousand (paid to the ultimate parent as part of its services provided to the Group).
The directors do not receive any fees as their duties are provided to the Group as a whole and they are remunerated for that.

Statutory auditors’ fees

The parent’s statutory auditors’ gross annual fees amounts to €14,000, plus out-of-pocket and related expenses as provided for by law.

Independent auditors’ fees

The annual gross fee for the audit of the parent’s annual financial statements and review of its half year financial statements is €47,500, plus costs, and €20,000 for the audit of the consolidated financial statements.

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**
Parents					
Webuild S.p.A.	-	552	2,284	523	-
Salini costruttori S.p.A.	297	-	-	-	-
Total	**297**	**552**	**2,284**	**523**	**-**
Subsidiaries of parents					
Iglys S.A.	-	-	1,073	55	-
Impregilo Arabia Ltd	-	-	-	1	-
Total	**-**	**-**	**1,073**	**57**	**-**
TOTAL	**297**	**552**	**3,357**	**580**	**-**

	COSTS		REVENUES		
	Purchases of goods and services	**Financial charges**	**Sales of goods and services**	**Other revenues**	**Financial income**
Parents					
Webuild S.p.A.	555	228	237	-	0
Salini costruttori S.p.A.	-	-	-	-	14
Total	**555**	**237**	**237**	**-**	**14**
Subsidiaries of parents					
Fisia Ambiente	-	-	30	-	-
Iglys S.A.	-	46	-	-	-
Impregilo Intern.Infrastruct.	-	3	-	-	-
Total	**-**	**49**	**30**	**-**	**-**
TOTAL	**555**	**286**	**267**	**-**	**14**

Post-balance sheet events

On 26 January 2022, 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 complete exit from the project, to be achieved by selling its investments in BARKA LLC and BARKA UTE to GS Inima Group companies.
The agreement provides 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.

As per the board of directors' resolution of 24 November 2021, the parent received ISO 37001-2016 certification for its anti-bribery management system on 4 March 2022.
The certification is valid for three years and expires on 3 March 2025. It requires annual audits, the first of which is scheduled for 20 January 2023.

On 19 May 2022, the dispute between Fisia Abeima Salalah JV (an investe of Fisia LLC (Oman)) and its supplier about the termination of the contract for non-fulfilment was settled on an amicable basis during the arbitration proceeding. Fisia Abeima Salalah JV will pay €1.5 million in three instalments (therefore at no extra cost compared to that budgeted by the group). At the date of preparation of these consolidated financial statements, the group company has paid the first instalment of €500 thousand.

On 6 June 2022, arbitration proceedings as per clause 47.3 of the contract were commenced, with subsequent notification to the company (Dhofar Deslination Company). The total estimated provisional amount requested by the joint venture is USD22.9 million for five different claims including the extension of the timeline, contract riders and reimbursement of the surety of USD12.7 million issued by HSBC Middle East Dubai to Dhofar Desalination Company SAOC and counter-guaranteed by Banca Intesa which had been unduly enforced on 14 July 2021.
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.
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 13 June 2022, as part of a project in Saudi Arabia, for which the parent is involved in an EPC contract of €290 million to build a water treatment plant and an O&M contract worth €102 million (25 years), the developer received a conditional award letter from the end customer.
Accordingly, on 27 June 2022, the developer asked Fisia Italiampianti to complete the negotiations for the above contracts so as to be able to definitely award the projects and sign the contracts.

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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.

21 July 2022

On behalf of the board of directors
Chairman
Flavio di Pietro

ANNEXES

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

Fisia Italimpianti Group

Consolidated financial statements as at and for the year ended 31 December 2021

(with independent auditors' report thereon)

KPMG S.p.A.

25 July 2022

KPMG S.p.A.
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Independent auditors' report

To the sole shareholder of
Fisia Italimpianti S.p.A.

Opinion

We have audited the accompanying consolidated financial statements of the Fisia Italimpianti Group (the "group"), which comprise the balance sheet as at 31 December 2021, 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 Italimpianti Group as at 31 December 2021 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 Italimpianti 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.

Comparative figures

The group's 2021 consolidated financial statements present the balance sheet figures as at 31 December 2020 and the profit and loss account and cash flow statement figures for the year then ended for comparative purposes. These comparative figures are unaudited.

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 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. 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, 25 July 2022

KPMG S.p.A.

(signed on the original)

Luca Magnano San Lio
Director of Audit


fisia
italimpianti
webuild group