

# CARRON FINANCIAL STATEMENTS 2022

CARRON

BUILDING WITH COMMITMENT AND DEDICATION





Dear Shareholders

*we had envisioned 2022 as the year of a more solid and structural restart that would finally help us forget the consequences of the terrible pandemic crisis. Our imagination was brutally let down, primarily by international politics, with the disruptive Russian-Ukrainian conflict, and secondarily by the combination of inflation, interest rates, and rising commodity costs. The pressure on the sector in which we operate has been strong and unexpected, generating significant and at times dangerous instability throughout our broad and extensive supply chain.*

*The experience and commitment of more than half a century in the business, the expertise of our new talents, and the deepening synergy with our partners enabled us to face this new storm head-on. Overcoming it and achieving excellent goals. Some figures: our Group's value of production exceeded EUR 300 million, an increase of 25% compared to 2021, while net profit stood at EUR 11.5 million (compared to EUR 9 million in 2021).*

*This is a result that can only make us satisfied and confirms that the path we have taken, characterised by diversification, transparency, reliability, and speed of action, is the right one. In the face of continuous market instability and volatility, we continue and will continue to be the reference point for all areas of the built environment and therefore for construction, for major infrastructure works as well as the most significant restoration projects.*

*We do this while also keeping another promise, which is to change that common perception that hardly associates a construction site, and construction, with sustainable thinking. Because designing and building while safeguarding the environment, people and territories is beautiful as well as feasible. This is not imagination but a real challenge that we, together with you, are ready to overcome.*

Il Presidente  
Diego Carron

A handwritten signature in black ink, appearing to be 'D. Carron', written over a faint circular stamp or watermark.

## THE GROUP

### Company's profile

Carron Group was established in 1963 and for over 59 years it has been engaged in civil and infrastructure construction projects in Italy.

With over 300 employees and an indirect potential of over 1000 units, in 2022 the Group's annual production was about EUR 308 million.

The Group has been growing over the years, including through external acquisitions, in terms of size, portfolio, orders and value of production, to become one of the top fifteen leading groups in Italy in the construction of large civil and infrastructure works, where it conducts its activities as Builder and as project promoter under concession arrangements and public - private partnerships in the field of construction and infrastructure, as well as real estate developer.

### Activities performed

In particular, Carron is active in the following sectors:

- civil construction (airports, hospitals, schools, offices and commercial buildings, as well as restoration and renovation);
- road infrastructure;
- tunnels and underground works;
- specialized works (earthworks, projects involving cultural heritage);
- historic and artistic works, special finishes, waterproofing, prefabricated industrial structures;
- special structural works and components;
- self-promoted real estate projects in the residential, commercial, office and production sectors.

The Group has carried out major infrastructure and civil construction works, which enabled the company and its personnel to gain valuable experience in managing large projects in specialised sectors.

### Sustainability

While performing its activities, the Carron Group has undertaken a policy of sustainable development that aims to improve the company's performance in compliance with the expectations of its stakeholders. These policies require significant financial and organisational effort and the adoption of certified and recognised safety, environmental and quality management systems and rigorous procedures that call upon all employees and partners to behave responsibly and fairly.

The Group is deeply committed to constantly improving the way in which it supports the interests of its major stakeholders: customers, employees, lenders and the communities it has the honour to work with.

The Group believes that its goals can only be achieved if it adopts business practices that are based on rigorous principles of sustainable and long-term development.

While carrying out their activities, all Group companies are inspired by the principles of health and safety of their personnel and the respect for the environment and the places where the Group operates.

We are proud of the many goals we have already achieved and confirm our firm and determined commitment to do our best to continue and possibly improve along this path.

### Vision

In our relentless commitment to reaching ambitious goals, our multidisciplinary expertise ensures that our customers, both in the private and public sector, obtain excellent results in terms of quality and timely delivery of the works. We are aware that through our works we can contribute to improving the daily lives of those for whom they are designed.

For more than a decade, the Group has played a leading economic role in Northern Italy, a role that we intend to strengthen to support both the development of the region in which we conduct business and our own growth.





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## COMPANY BODIES

### BOARD OF DIRECTORS

Diego Carron	President
Marta Carron	Vice-Chairman
Paola Carron	CEO
Arianna Carron	CEO
Barbara Carron	CEO

### BOARD OF STATUTORY AUDITORS

Marco Contessotto	President
Primo Ceppellini	Statutory Auditor
Alberto Da Dalto	Statutory Auditor
Alessandra Poloniato	Alternate statutory auditor
Paolo Giroto	Alternate statutory auditor

### SUPERVISORY BOARD *Leg. Decree no. 231/2001*

Francesco Schiavon	President
Marco Contessotto	Member
Andrea Dal Negro	Member

### AUDIT FIRM

DELOITTE & TOUCHE



**DIRECTORS' REPORT**  
CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2022



## Introduction

Dear Shareholders,

The financial statements submitted for your approval are the clearest demonstration of the situation in which your company and Carron Group find themselves. Based on the results contained therein, I am able to express a favourable opinion on the company's results for the year ended 31/12/2022, with a profit of EUR 5,736,256 and consolidated profit of EUR 11,543,783, of which the Group's share was EUR 9,649,706.

This report concerns the management analysis with regard to the principles of Article 2428 of the (Italian) Civil Code and is intended to provide an overview of the company's situation and operating performance for the financial year at 31/12/2022; it also provides a management analysis based on the results of the Consolidated Financial Statements at 31/12/2022.

Except as otherwise specified, the amounts are presented in thousands of Euro in order to facilitate understanding and clarity.

## MACRO-ECONOMIC FRAMEWORK

### THE GLOBAL AND ITALIAN SITUATION AT 31 DECEMBER 2022

The year just ended will be remembered for its complexity, a consequence of events that negatively affected the economic situation at global and national level. From the post-pandemic recovery phase, in which several economic indicators had returned to positive territory and pointed to strong growth, we were catapulted into the geopolitical crisis linked to the Russia-Ukraine conflict, which again complicated the international scenario.

However, the economic outlook now appears less favourable, due to a markedly slowing international environment. Signs of a possible reversal in the economic cycle are the uncontrolled rise in energy prices, the sudden rise in interest rates, and the protracted war in Ukraine. These are all critical issues that risk seriously jeopardising the growth path of the Italian economy embarked upon over the past two years. The persistent supply bottlenecks linked to the unavailability of certain raw materials and intermediate products at global level, as well as their soaring prices, threaten to bring entire production sectors to a standstill. The problem of inflation also exploded strongly, driven mainly by rising prices of energy goods. The reaction of the central banks, first the American and then the European one, is towards a sharp rise in interest rates. As far as the Italian economy is concerned, expected growth in 2023 is 0.8 % compared to 3.7 % in 2022, while the inflation rate next year is expected to fall from 8.2 % to 7.1 %. The estimated public deficit is projected to fall from 5 % to 4.1 %, and the unemployment rate should be just below 8 %.

During 2022, the Italian economy showed a positive performance, exceeding the expectations of most economic observers, which were revised downwards after the start of the conflict in Ukraine. According to the latest ISTAT (Italian National Institute of Statistics) estimates, GDP in 2022 recorded a solid +3.7% year-on-year increase, following the exceptional +7% in 2021. Growth was driven by domestic demand, especially in the investment part (+9.4% for 2022) and among the production sectors, the important contribution of construction stands out, which has been the main growth engine of the Italian economy in the last two years. According to ANCE (Italian Association of Private Construction Contractors) estimates, about one third of GDP growth in the periods considered is attributable to construction, thanks, above all, to the good performance of private investment in construction, linked to the tax incentives of ordinary bonuses and the Superbonus.

For the current year, the forecast for the Italian economy released by the European Commission in mid-February is an increase of +0.8%, up from the autumn estimate (+0.3%). The new estimate assumes a recovery in consumer spending in the second half of the year and the actual start of public investments included in the NRRP (National Recovery and Resilience Plan).

In 2022, investments in the construction sector continued the positive trend that began in 2021, following the setback experienced during the pandemic year. According to recent data from the national accounts provided by ISTAT, there is an estimated significant year-on-year increase of +12.4% in the sector's production levels (excluding property transfer costs) for 2022, in line with what ANCE formulated in last October's Economic Observatory (+12.1% compared to 2021). This growth is primarily driven by extraordinary housing maintenance (+22% compared to 2021), supported by incentives for the renovation and improvement of the housing stock. The estimate is also positive for the public works sector (+4% year-on-year), albeit lower than originally forecast, in view of the persistent tensions on raw material and energy prices and the delays in the start-up of NRRP works. For 2023, the overall level of investment is still expected to be very high, albeit down by -5.7% compared to the exceptional values reached in 2022. This result is the combined effect of the non-expansionary contribution of extraordinary maintenance (-24% compared to 2022) following the modifications made to the 110% Superbonus and the substantial freeze on tax credit transfers, which has not yet been adequately resolved. The forecast, on the other hand, considers a significant growth in investments in public works (+25%), mainly linked to the implementation of the NRRP

### INVESTMENTS AND PRODUCTION IN CONSTRUCTION

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### PUBLIC WORKS

According to the ANCE-Infoplus monitoring, around 23,000 public works tenders were published in 2022, with a corresponding amount of EUR 72.3 billion. Compared to 2021, the demand dynamics showed a significant acceleration in terms of tendered amounts, more than doubling (+123%) compared to the previous year (EUR 32 billion). The market was strongly driven by tenders related to the NRRP, the Supplementary Fund, and those commissioned under (Italian) Legislative Decree 32/2019 (the so-called 'Sblocca Cantieri'). In particular, there was an acceleration in tenders published between November and December following the allocation of funds from the 'Fondo per le opere indifferibili' ('Fund for non-deferrable works'). These funds, amounting to approximately EUR 8 billion and allocated by the Aid Decree (Decree Law 50/2022), were allocated to update the economic frameworks of priority projects due to the rise in raw material prices. These projects were required to be tendered by the end of the year. The significant growth in value recorded in 2022 (+123%) is almost universally distributed across almost all price ranges, but with varying intensity. The increase in bid values is indeed driven by larger tender amounts, starting from the 20-50 million range (+177%), up to more than tripled values for the price class exceeding 100 million. The latter account for approximately 60% of the value of works financed under the NRRP, mainly focusing on railway interventions on the HS/HC line, and the remaining 40% primarily consists of road works tendered by ANAS.



## GROUP PERFORMANCE IN THE YEAR 2022

The international scene was disrupted by the Russian-Ukrainian conflict, which began in February 2022.

The war, unexpected in the heart of Europe, generated a sudden change in economic balances and international trade relations, particularly between the European Union and Russia, with regard to the supply of raw materials, gas, and oil. The increased energy expenditure has burdened European economies and accelerated the ongoing rise in raw material costs.

This situation, coupled with a general difficulty in raw material procurement, has exacerbated the inflationary scenario triggered by the COVID-19 pandemic, which had deeply impacted the economy in previous years.

It should also be noted that legislative interventions aimed at revitalising the construction sector, such as the granting of tax credits for building bonuses, particularly the 110% bonus, have led to a sudden increase in demand for supplies and services in the sector, resulting in indiscriminate cost increases.

The combined effect of rising energy costs, increasing raw material costs, overall inflationary pressures, and the increased costs of supplies and services in the construction sector due to the building bonuses has inevitably led to a contraction of expected margins for Carron Group. For ongoing contracts, which typically have durations ranging from 18 to 24 months, it has not been possible to transfer the burden of the increased costs to customers, except to a minimal extent through challenging negotiations. Only in public contracts, where legislative intervention introduced measures to offset the increased costs, which were then passed on to the contract price, was it possible to mitigate the negative effect of rising procurement costs.

There is also a financial aspect to consider. To counter the inflation increase in the aforementioned scenario, central banks inevitably decided to use their principal tool at hand: increasing interest rates. After years of a relatively flat interest rate curve, a steady and progressive increase in rates has been recorded since the second half of 2022.

The real estate sector is the one most affected by all these increases.

Whereas in general contracting and construction for third parties, it is possible to adjust the bidding of new contracts to the increase in procurement costs, in real estate the possible increase in selling prices of structures does not have the same elasticity as the contract fees. Typically, the selling price of facilities is linked to the returns they generated once completed and put to income, and in the specific sector of residential care homes, there has not yet been an increase in the rents paid by operators, so the sale value of residential care homes has remained stagnant.

The increase in production costs has eroded the margin of each individual initiative, aggravated by higher financial expenses due to exposure generated by real estate initiatives until the asset is sold.

This aspect has become a determining factor for the companies within the group, which have reviewed their real estate planning for residential care homes, selecting only those that will allow for adequate return on investment.

It should be emphasised, however, that the Group managed the situation promptly, decisively and efficiently, reducing the negative impact of cost increases. Although the increases partially diminished the year's profitability expectations, the Group achieved margins that, while reduced, remained significantly positive.

Even the increase in interest rates did not have an immediately visible effect on the Group's income statement since it was offset by the overall reduction in exposure to the banking system.

On the whole, no problems were encountered during the year that resulted in a slowdown in production. On the contrary, despite the challenging scenario outlined above, the year just ended delivered excellent results in terms of turnover, increasing from EUR 245 million to EUR 308 million, an increase of approximately 25%.



**BACKGROUND DESCRIPTION AND RESULTS OF THE PARENT COMPANY CARRON HOLDING SRL**

The year covered by this report was a year in which the company continued its equity investment activity.

The reclassified financial statements are provided below.

**CARRON HOLDING FINANCIAL STATEMENTS AT 31 DECEMBER 2022**

(In thousands of Euro)

DESCRIPTION	2022	2021	Variazione
<b>Fixed assets</b>	<b>7,857</b>	<b>4,855</b>	<b>3,002</b>
Current assets over 12 months	750	0	750
<b>Total non-current assets</b>	<b>8,607</b>	<b>4,855</b>	<b>3,752</b>
<i>Current assets</i>	5,425	3,898	
<i>Current liabilities</i>	(4,690)	(3,466)	
<b>Net working capital</b>	<b>735</b>	<b>432</b>	<b>303</b>
Provisions for liabilities, staff severance indemnity, net long term debt	(7)	0	(7)
<b>Net invested capital</b>	<b>9,335</b>	<b>5,287</b>	<b>4,048</b>
Equity	9,406	5,425	3,981
Payables (credit lines) vis-à-vis the banking system	(71)	(138)	67
<b>Sources</b>	<b>9,335</b>	<b>5,287</b>	<b>4,048</b>

Non-current assets amounting to EUR 8,607,000 marked an increase of EUR 3,752,000 compared to 2021 due to the purchase of a 50% stake in CABI Srl, the disbursement of a non-interest-bearing loan to the same company, and the sale of a 10% stake in the subsidiary Carron Bau Srl. The remaining balance of EUR 750,000 will be collected after the 12-month period.

Current assets of EUR 5.4 million consist of EUR 4 million in VAT credits for which a refund request has been submitted, and EUR 630,000 in dividends yet to be collected at the closing date of the financial statements. Meanwhile, current liabilities of EUR 4.7 million consist of EUR 3.5 million in payables to subsidiaries for VAT credits transferred within the Group's VAT system and EUR 1 million in dividends approved during the year but only paid in 2023.

**DIRECTORS' REPORT - Consolidated Financial Statements****INCOME STATEMENT**

DESCRIPTION	2022	2021	Variazione
<b>Production Value</b>	<b>0</b>	<b>0</b>	<b>0</b>
Production cost	(55)	(24)	(31)
<b>Difference between value and costs of production</b>	<b>(55)</b>	<b>(24)</b>	<b>(31)</b>
Financial income	6,748	26	6,722
(Financial charges)	(860)	0	(860)
Revaluations (write-downs)	(222)	0	(222)
Profit before tax	5,611	2	5,609
Income taxes	125	0	125
<b>Net profit for the year</b>	<b>5,736</b>	<b>2</b>	<b>5,734</b>

**INFORMATION REQUESTED BY THE PROVISIONS OF (ITALIAN)  
LEG. DECREE 2428 OF THE ITALIAN CIVIL CODE**

INDICATOR	2022	2021
Equity to Asset Ratio Equity - Fixed Assets	1,549,842	570,218
<b>Ratio of current assets to current liabilities</b> <i>Current assets/current liabilities</i>	<b>1.17</b>	<b>1.16</b>
Equity to fixed assets ratio <i>Shareholders' equity/Fixed assets</i>	1.09	1.12
<b>Ratio of fixed assets to total assets</b> <i>Fixed assets/net assets</i>	<b>0.61</b>	<b>0.55</b>

**BACKGROUND DESCRIPTION AND RESULTS OF CARRON HOLDING GROUP**

The results of the consolidated financial statements are now examined.

The financial year just ended recorded a profit of Euro 11.5m euros and a group production value of 308m euros.

The value of production recorded a significant increase compared to 2021, by about 25%, going from EUR 250 million to EUR 308 million with a simultaneous improvement in profitability (EBITDA), reaching EUR 21.7 million, equivalent to 7.05% of the value of production, up from Euro 16.9 million, equivalent to 6.87% at 31/12/2021.

EBIT also increased from 13.9m euros, or 5.64%, to 19.0m euros, or 6.19% of the value of production.

**DIRECTORS' REPORT - Consolidated Financial Statements****ACQUISITIONS**

The Carron Group made important work acquisitions in 2022, both in the public works sector and from private customers.

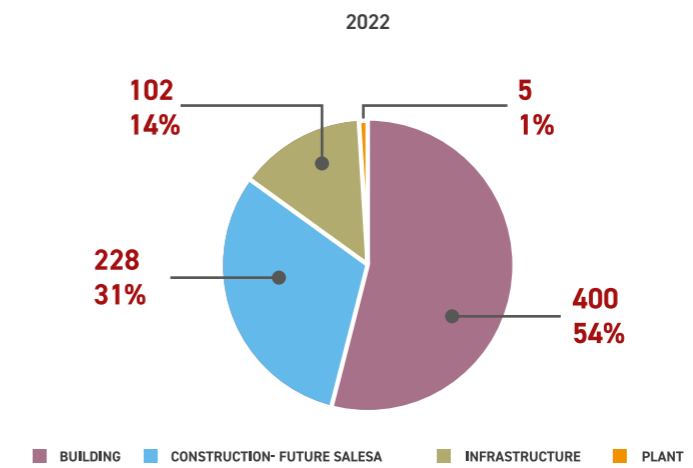
The most important include:

Client	Subject of contract	Amount
Bulgari Gioielli Spa	Bulgari Factory expansion in Valenza PO (AL)	€ 40,500,000
Alfiere Srl	Redevelopment of the "TORRI DELL'EUR" building complex - Phase 1 - Shell & Core	€ 103,000,000
Municipality of Bolzano	General renovation and energy requalification of the Ada Negri school in Bolzano	€ 9,800,000
Bressanone-Varna-Luson supra-municipal centre for the elderly	New S. Elisabetta centre for the elderly in Varna (BZ)	€ 32,200,000
<b>'Future sales' area</b>		€ 24,500,000
Euryale	Residential care home, 180 beds - Bereguardo (PV)	€ 15,700,000
Euryale	Residential care home, 240 beds - Lentate sul Seveso (MB)	€ 23,500,000
Euryale	Residential care home, 240 beds - Lodi Vecchio (PV)	€ 23,500,000
Euryale	Residential care home, 120 beds - San Genesio ed Uniti (PV)	€ 11,300,000

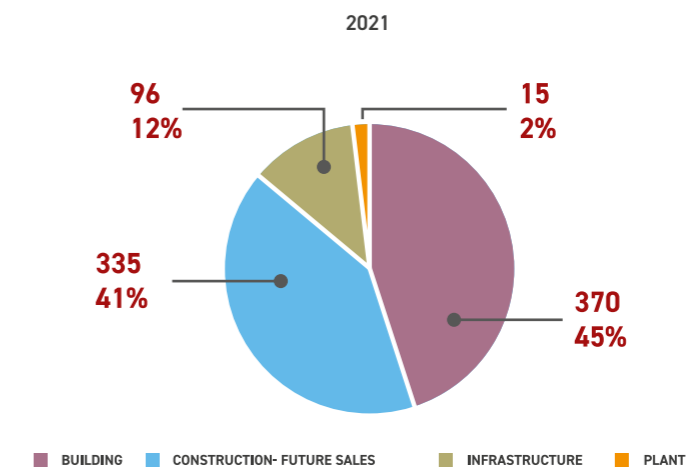
### ORDER BOOK

The Group's backlog of works at 31/12/2022 amounted to 735 million euros, of which 400 million euros was for tender contracts and the execution of civil construction works, 228 million euros related to contracts for the purchase and sale of future goods, of which EUR 130 million were in progress and 98 million euros awaiting start-up (nursing homes), 102 million euros for the execution of infrastructure works and 5 million euros related to plant.

ORDER BOOK AT 31.12.2022  
(million/euro)



ORDER BOOK AT 31.12.2021  
(million/euro)



**OVERVIEW OF MAIN PROJECTS  
UNDERWAY**



## CLIENT

**OSPEDAL GRANDO S.R.L. – LICENSEE PROJECT COMPANY**

CONSTRUCTION OF THE "CITTADELLA SANITARIA" AT THE HOSPITAL IN TREVISO



Activities carried out:

- Plasterboard walls
- Plasterboard, fibre and metal false ceilings
- Technical walls for operating theatres and intensive care units
- Resilient and stoneware floor and wall coverings
- Internal Doors
- Fire-resistant fixtures
- Completion of external fixtures
- Installation of electromedical equipment
- External paving
- Green works
- Completion of car parks

## CLIENT

**MARCHE REGION**

EXECUTIVE PLANNING AND EXECUTION OF THE WORKS NECESSARY FOR THE EFFECTIVE AND FUNCTIONAL CONSTRUCTION OF THE NEW HOSPITAL IN CAMPIGLIONE DI FERMO IN THE MUNICIPALITY OF FERMO, PROVINCE OF FERMO.



Activities carried out:

- Hospital: Continuation of works, metal carpentry for roofs, waterproofing, masonry infill, plasterboard works such as walls, partitions and ceilings, installation of elevator systems, mechanical and electrical systems (under the responsibility of temporary contractors), screeds and floors, finishing works such as resilient flooring, coverings and painting, and ordinary and fire-resistant internal doors.
- Exterior: Earthmoving and backfilling, underground utilities, paving and kerbs for car parks and roads, pavement structures and asphalt; green works. Road network (complementary contract): Suspension of site works and partial resumption of works; pavement structures and asphalt safety works;

## CLIENT

**PROVINCE OF TRENTO**

EXECUTIVE DESIGN AND EXECUTION OF CONSTRUCTION WORK FOR THE 1ST EXPANSION STAGE OF THE TRENTO 3 WATER TREATMENT PLANT AND REGRADING OF STATE ROAD 12 OF ABETONE AND BRENNERO



## Activities carried out:

- initial lifting has been completed, both in terms of civil and plant works, and detailed finishes (doors, chimneys, irrigation system, etc.);
- structural works of the purification plant have been completed, both in cast-in-situ and prefabricated concrete, and work on the plant engineering works is in full execution (plant contractors);
- Completion of tank waterproofing, sanitising treatments of interior walls and waterproofing of purification plant roof;
- The block masonry and related finishing treatments (plastering and painting) have been completed;
- Inside the purification plant building, light (railings and cage ladders) and heavy (walkways and balconies) metal carpentry work is nearing completion;
- The external works of the purification plant (reinforced earth, embankments, underground utilities) have been completed;
- The internal finishing works for resin floorings and the completion of the closure of floor openings with fibreglass gratings are nearing completion;
- All doors and gates have been installed;
- Finishing sheet metal works on the external chimneys are being completed in line with the progress of the plant works;

## CLIENT

**KRYALOS S.G.R. S.P.A.**

DEMOLITION AND CONSTRUCTION OF A BUILDING FOR OFFICE USE AND ANNEXED FUNCTIONS ON VIA GATTAMELATA, MILAN



## Activities carried out:

- Completion of facades;
- electrical and mechanical systems on laboratory and central floors;
- floors, coverings, and raised floors;
- testing and functional tests.

## CLIENT

**AUTOSTRADA BRESCIA VERONA VICENZA PADOVA Spa - A4**

COMPLETION OF THE NEW BUS TERMINAL IN MONTECCHIO MAGGIORE (VI) AND CONNECTIONS TO THE NON-MOTORWAY ROAD NETWORK



## Activities carried out:

- Construction of a new service building at the toll station (construction works), temporary deviation of the A4 in the direction of VE, launching of first steel bridge span over the A4, general excavation and earthmoving works, road embankments, reinforced concrete works, both in-situ and prefabricated, and installation of underground utilities;

CLIENT

**IMMOBILMARCA Srl**

CONSTRUCTION OF 2 RESIDENTIAL BUILDINGS IN SILEA (TV)



Activities carried out:

- Completion of finishing works, system testing, and delivery of units to customers.

CLIENT

**PATAVIUM Srl**

RESTORATION AND RENOVATION OF ROCCABONELLA PALACE (PD)



Activities carried out:

- Completion of ongoing modifications on some units, general completion of finishing works, final testing, and delivery of the units to the respective customers;

CLIENT

**EDIZIONE PROPERTY S.P.A.**

RENOVATION OF THE BUILDING COMPLEX IN PIAZZA AUGUSTO IMPERATORE, ROME



Activities carried out:

- The year 2022 was characterised by the completion and handover of the completed building to the end customer, complete with everything included in our contract. The activities carried out during the year included the completion of stonework and finishing works in general such as painting, flooring and wall coverings, completion of the furnishings in the rooms and common areas, completion of mechanical, electrical and lighting systems, installation and finishing of lifting systems, kitchen equipment set-up, completion of all service areas, completion of conservative restoration works, and completion of external spaces and road infrastructure. All plant works have been tested and have passed the final inspections.

CLIENT

**IMMOBILMARCA Srl**

CONSTRUCTION OF RESIDENTIAL UNITS IN RIESE PIO X (TV)



Activities carried out:

- Completion of finishing works, system testing, and delivery of units to customers.



CLIENT

**OPENZONE S.P.A.**

CONSTRUCTION OF LE TORRI BUILDINGS, BRESSO (MI)



Activities carried out:

- Completion of facades;
- Waterproofing;
- completion of wood and metal open-circle roofing;
- electrical and mechanical systems on laboratory and central floors;
- PVC floors, coverings and raised floors;
- testing and functional tests on some delivered floors.

CLIENT

**KRYALOS S.G.R S.P.A.**

RENOVATION OF BUILDING FOR OFFICE USE IN VIALE REGINA GIOVANNA, MILAN



Activities carried out:

- Demolition and excavation works; reinforced concrete works; consolidations; metal carpentry; masonry; plasterboard works; plastering; subfloors; industrial flooring; mechanical systems; electrical systems; doors and windows and ventilated facades; waterproofing; stoneware flooring; fire-resistance treatments.

CLIENT

**SAVILLS I.M. S.G.R. S.P.A.**

RESTORATION OF A BUILDING FOR OFFICE USE IN VIALE SARCA 336, MILAN



Activities carried out:

- Completion of reinforced concrete and prefabricated structures, installation of glass and GFRC facade, installation of electrical, mechanical and lift systems, waterproofing, finishing works in halls, service areas and common areas, installation of floating floors on the various levels.

CLIENT

**LARGO AUGUSTO CONDOMINIUM**

BUILDING FACADE RENOVATION IN LARGO AUGUSTO, ROME



Activities carried out:

- Works carried out Ultimazione del travertine and brick facades of the Augusto Imperatore 2 building, including conservative restoration of the decorations and high reliefs on with the related;

CLIENT

**CDP S.G.R. S.P.A.**

REDEVELOPMENT OF EX DEMANIO-CENTRO SERVIZI SCANDICCI BUILDING COMPLEX, SCANDICCI (FI)



Activities carried out:

- Buildings: Artificial glass fibre remediation, strip-outs, construction works, plasterboard works, screeds, system works, finishing works; External areas: Remediation of asbestos-containing materials, earthmoving works, construction of underground tanks and underground utilities, construction of roadside containers and external lighting systems.

CLIENT

**REAM S.G.R. S.P.A**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN RAPAGNANO (FM) - 175 BEDS + 20 DAY BEDS



Activities carried out:

- Construction site set-up; excavations and earthmoving works, backfilling. Reinforced concrete works, including deep pile foundations, slab foundations, elevations, slabs; ventilated crawl spaces and subsurface systems; commencement of waterproofing, insulation and perimeter walls. External works and urbanisation: excavation and earthmoving works, backfilling; road foundation structures;

CLIENT

**REAM S.G.R. S.P.A**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN VARESE (VA)



Activities carried out:

- Demolition of the existing building, including remediation works; partial construction of structural works (raft foundation and initial slabs; relocation of MV substation).

CLIENT

**REAM S.G.R. S.P.A.**RENOVATION FOR CONSTRUCTION OF NURSING HOME IN VIA LANCIA & VIA ISSIGLIO, TURIN  
(200+200 BEDS)

Activities carried out:

- Completion of the structure up to June 2022: Completion of reinforced concrete structures, masonry, plasterboard works, internal finishes, waterproofing, installation of internal and external fixtures, lift, electrical and mechanical systems, external works for surface arrangements and underground utilities);
- Execution of urban infrastructure works.

CLIENT

**CARRON S.P.A.**

COMMERCIAL COMPLEX IN VIA LANCIA, TURIN



Activities carried out:

- Commencement of demolition works, general earthmoving works, underground car park foundations, underground car park elevations in reinforced concrete, underground car park slab laying, external flooring, waterproofing works, electrical and mechanical systems, external works for surface arrangements and underground utilities, guttering works, facade restoration, and structural reinforcements.

CLIENT

**LIFENTO SAS on behalf of the Lifento Salute fund**

IMPLEMENTATION OF NURSING HOMES IN CECINA (LI) - 160 BEDS



Activities carried out:

- After-sales service activities

CLIENT

**PRIMONIAL LUXEMBOURG REAL ESTATE SA****on behalf of the PRIMONIAL Italian Healthcare fund**

IMPLEMENTATION OF NURSING HOMES LIMBIATE (MI) - 300 BEDS



Activities carried out:

- After-sales service activities

## CLIENT

**SANS SOUCI Srl**

RENOVATION OF BUILDINGS FOR HOTEL USE IN THE MUNICIPALITY OF SIENA



## Activities carried out:

- Completion of underground car park structure, strip-out of existing systems, installation of distribution systems including related masonry assistance, replacement of doors and windows, commencement of finishing works on rooms.

## CLIENT

**IMMOBILMARCA Srl**

COMPLETION OF NURSING HOMES PONSACCO



## Activities carried out:

- Excavation and earthmoving works; Structural works; Electricity substation; Urbanisation works outside the lot; Masonry; First-slab plasterboard partitions; Underground systems and ductwork.

## CLIENT

**SENECTUS Srl**

CONSTRUCTION OF NURSING HOME IN CASTELNUOVO GARFAGNANA (LU)



## Activities carried out:

- Excavation and earthmoving works; Structural works; Electricity substation; Internal/external urbanisation works within the lot; Masonry insulation; Plasterboard partitions and false ceilings; Mechanical and electrical systems; Flooring; Internal and external doors and windows; Lifts; Internal painting; PVC coverings and handrails.

CLIENT

**EURYALE**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN BEREGUARDO (PV) - 180 BEDS



Activities carried out:

- preparation and delivery of complete executive design, obtaining building permits, site preparation, earthmoving works and perimeter backfilling, completion of reinforced concrete works such as foundations, elevations, slabs, waterproofing, completion of masonry infill, supply and installation of part of screeds and insulation, supply and installation of prefabricated bathrooms, and construction of part of wastewater drainage lines.

CLIENT

**EURYALE**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN LENTATE (MB) - 240 BEDS



Activities carried out:

- reparation and delivery of complete executive design, obtaining building permits, demolition of existing buildings on the site and site remediation (works contracted to the seller of the site), site set-up, construction of soak pits, and excavation of underground area.

CLIENT

**EURYALE**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN SAN GENESIO (PV) - 120 BEDS



Activities carried out:

- obtaining building permits, delivery of structural executive design, completion of executive design for other disciplines (architecture, systems, fire safety, acoustics, external arrangements).

CLIENT

**EURYALE**

CONSTRUCTION OF RESIDENTIAL CARE HOME IN LODI VECCHIO (LO) - 240 BEDS



Activities carried out:

- archaeological campaign execution, obtaining building permits, delivery of structural executive design, completion of executive design for other disciplines (architecture, systems, fire safety, acoustics, external arrangements).

CLIENT

**COIMA SGR SPA**

PROPERTY REDEVELOPMENT IN VIA PIRELLI 35, MILAN



Activities carried out:

- Demolition and excavation works, reinforced concrete works, consolidations, metal carpentry, special foundations, masonry, plastering, mechanical systems, electrical systems, painting, industrial flooring, and reinforcement caps.

CLIENT

**ALFIERE Srl**

REDEVELOPMENT OF THE "TORRI DELL'EUR" BUILDING COMPLEX - PHASE 1 – SHELL &amp; CORE ROME



Activities carried out:

- Construction site set-up.

CLIENT

**BVLGARI GIOIELLI Spa**

BVLGARI FACTORY EXPANSION IN VALENZA (AL)



Activities carried out:

- Construction site set-up including installation of fences, construction site access and base camp set-up, execution of preliminary environmental tests and inspections.

## CLIENT

**ISTITUTO DI CULTURA E DI LINGUE PER L'EDUCAZIONE E L'ISTRUZIONE NELLE SCUOLE SUORE MARCELLINE**

REAL ESTATE/FUNCTIONAL REDEVELOPMENT OF AN EDUCATIONAL INSTITUTION RUN BY MARCELLINE NUNS - BOLZANO



## Activities carried out:

- During 2022, all building and plant engineering finishing work was completed, along with the various adjustments and commissioning. The building was handed over and is currently operational.

## CLIENT

**APSP MARTINSHEIM MALLES VENOSTA**

RENOVATION AND EXPANSION OF THE NURSING HOME IN MALLES



## Activities carried out:

- During 2022, all building and plant engineering finishing work was completed, along with the various adjustments and commissioning. The building was handed over and is currently operational.

## CLIENT

**ORDINE TEUTONICO DI LANA**

CONSTRUCTION OF ST. JOSEF NURSING HOME IN MERANO



## Activities carried out:

- During 2022, all building and plant engineering finishing work was completed, along with the various adjustments and commissioning. The building was handed over and is currently operational.

## CLIENT

**NOI S.P.A.**

RENOVATION AND EXPANSION OF THE FORMER SPEED LINE CANTEEN



## Activities carried out:

- During 2022, all contract works were completed, with the exception of the final system adjustments and start-ups. Specifically, the works in plasterboard, flooring, painting, external arrangements, and both electrical and mechanical systems were completed.

CLIENT

**PROVINCE OF BOLZANO**

CONSTRUCTION OF THE NEW MERANO BYPASS CONNECTING TUNNEL



Activities carried out:

- During 2022, the rock advance on the Tyrol side was completed up to the underground roundabout, from which access to the Garage Caverna, subject to another contract, will be created. On the Merano side, the necessary consolidation works for the connection with the existing tunnel section were completed. Excavation works were finished, and the carpentry works necessary for the creation of the junction towards the city were initiated. Regarding SS44, the reinforcement works for the existing road were carried out, and earthworks began to create the new SS44.

CLIENT

**NOI SPA**

CONSTRUCTION OF MECHANICAL SYSTEMS OF NEW BUILDING IN BRUNICO



Activities carried out:

- During 2022, most of the systems were completed, with the exception of assembly and finishing, scheduled for early 2023.

CLIENT

**NOI SPA**

IMPLEMENTATION OF MECHANICAL SYSTEMS, LOT D2/D3

Activities carried out:

- During 2022, this new contract was acquired, which involves the implementation of mechanical systems by an ATI (temporary consortium of contractors) for lot D2/D3 of the NOI (Nature of Innovation) in Bolzano. Few works were carried out in 2022 as it was first necessary to wait for the construction of the building, which was part of a separate contract.



CLIENT

**UNIONBAU GMBH**

CONSTRUCTION OF MECHANICAL SYSTEMS AT THE NURSING HOME IN CAMPO TURES



Activities carried out:

- During 2022, the systems for the west wing and the central section were completed, and those for the east wing began, which will be completed in early 2023.

CLIENT

**MUNICIPALITY OF FALZES**

CONSTRUCTION OF CASA DELLE ASSOCIAZIONI IN FALZES



Activities carried out:

- The contract is managed by a temporary association of companies and CARRON BAU's part is for construction of the electrical and mechanical installations. During 2022, most of the work on the mechanical system was completed, with the exception of start-ups and testing, while the electrical part was completed, except for assembly and finishing, as it was necessary to wait for the awarding of the contract for the furnishings and the corresponding executive project to supply and position various sockets, outlets, lamps, etc., which will take place in early 2023.

CLIENT

**PROVINCE OF BOLZANO**

RENOVATION AND EXPANSION OF CANTORE BARRACKS IN SAN CANDIDO



Activities carried out:

- During 2022, the structural works were completed, while restoration works progressed and advanced rough works continued. External doors and windows were installed, and in some buildings, system works, plasterboard, screeds, and flooring were initiated.

CLIENT

**MUNICIPALITY OF SAN LEONARDO IN PASSIRIA**

CONSTRUCTION AND EXPANSION OF NURSING HOME IN SAN LEONARDO IN PASSIRIA



Activities carried out:

- During 2022, all works specified in the contract were completed.

## CLIENT

**ACCADEMIA NICOLÒ CUSANUS**

RENOVATION OF THE ACCADEMIA CARDINALE NICOLÒ CUSANUS IN BRESSANONE



## Activities carried out:

- Maintenance works on the building were completed, and there was a request to extend the service for another year.

## CLIENT

**MUNICIPALITY OF BOLZANO**

RENOVATION AND MODERNISATION OF ADA NEGRI MIDDLE SCHOOL IN BOLZANO



## Activities carried out:

- During 2022, this ATI contract was acquired, which involves the construction of a temporary school for the relocation of students, the complete demolition and reconstruction of the new gymnasium, and the partial demolition of the existing school, with reinforcement and adaptation of structures and refurbishment of finishes.

## CLIENT

**MUNICIPALITY OF SARENTINO**

CONSTRUCTION OF A MIDDLE SCHOOL IN THE MUNICIPALITY OF SARENTINO



## Activities carried out:

- ATI contract awarded in 2022 for the implementation of finishes and systems. During 2022, no works were carried out while waiting for our ATI partners to create the building envelope.

## CLIENT

**BRESSANONE-VARNA-LUSON CENTRE FOR THE ELDERLY**

CONSTRUCTION OF THE NEW VILLAGGIO S. ELISABETTA CENTRE FOR THE ELDERLY IN VARNA



## Activities carried out:

- In 2022, this new contract was awarded for the construction of a new centre for the elderly serving the catchment area for the municipalities of Bressanone, Varna and Luson. During 2022, only the construction site set-up works were carried out.

CLIENT  
**MUNICIPALITY OF CALDARO**  
RENOVATION OF CALDARO MIDDLE SCHOOL



Activities carried out:

- During 2022, the renovation of the school was completed and delivered, and work continued on the triple basement gymnasium by completing the structures and installing plasterboard, screeds and insulation. Externally, all backfilling and arrangement works were carried out. In early 2023, the gymnasium will be delivered, allowing the demolition of the old gymnasium and the completion of the contract works.

CLIENT  
**MUNICIPALITY OF CALDARO**  
CONSTRUCTION OF MECHANICAL SYSTEM AT CALDARO MIDDLE SCHOOL

Activities carried out:

- During 2022, almost all of the works specified in the contract were carried out, except for some assembly and finishing parts.

CLIENT  
**MUNICIPALITY OF CALDARO**  
CONSTRUCTION OF ELECTRICAL SYSTEM AT CALDARO MIDDLE SCHOOL

Activities carried out:

- During 2022, almost all of the works specified in the contract were carried out, except for some assembly and finishing parts.

CLIENT  
**PROVINCE OF BOLZANO**  
CONSTRUCTION OF THE CHIENES TUNNEL

Activities carried out:

- In the course of 2022, the shares in the tunnel were sold and the first third of the amount was paid off, while the construction of the systems remains, which will begin in a few years when the tunnel is completed.

CLIENT  
**MERANO PARKING CENTRUM SPA**  
CONSTRUCTION OF UNDERGROUND CAR PARK IN THE TUNNEL

Activities carried out:

- During 2022, the executive project was completed, and the work amount was revised, including the price increase terms.

CLIENT  
**MUNICIPALITY OF BOLZANO**  
RENOVATION AND EXPANSION OF THE DANTE SCHOOL IN BOLZANO

Activities carried out:

- All excavation, soil reinforcement, structural reinforcement and structural works were executed during 2022. The advanced rough works, screeds, masonry, plastering, plasterboard, etc., were carried out. Finally, finishing works for a portion of the school were completed and delivered in December 2022. All systems were completed, and the entire project will be finalised and delivered in early 2023.

CLIENT  
**LAIVES SOCIAL SERVICES ASSOCIATION**  
RENOVATION AND EXTENSION OF THE LAIVES HOSPICE

Activities carried out:

- During 2022, works commenced on the main residential care home, including structural works, advanced rough works (screeds, masonry, plasterboard), and a large part of the finishes in the north wing were completed.

CLIENT  
**AZIENDA SERVIZI MUNICIPALIZZATI DI MERANO (ASM)**  
RENOVATION AND MODERNISATION OF THE OLD ASM PREMISES

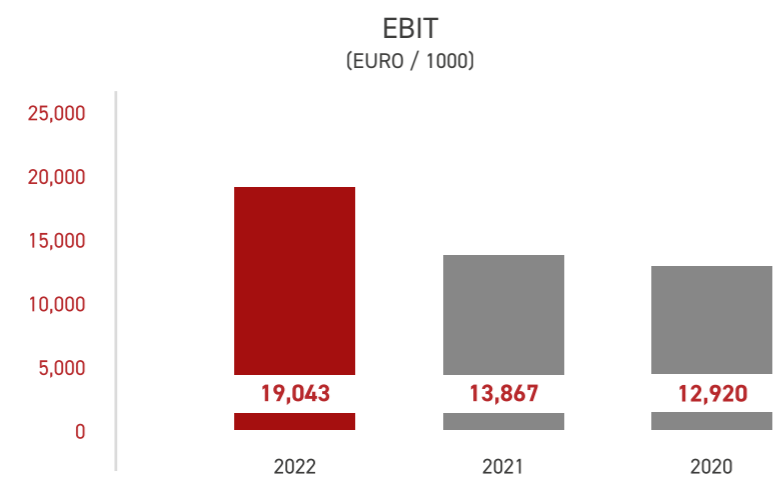
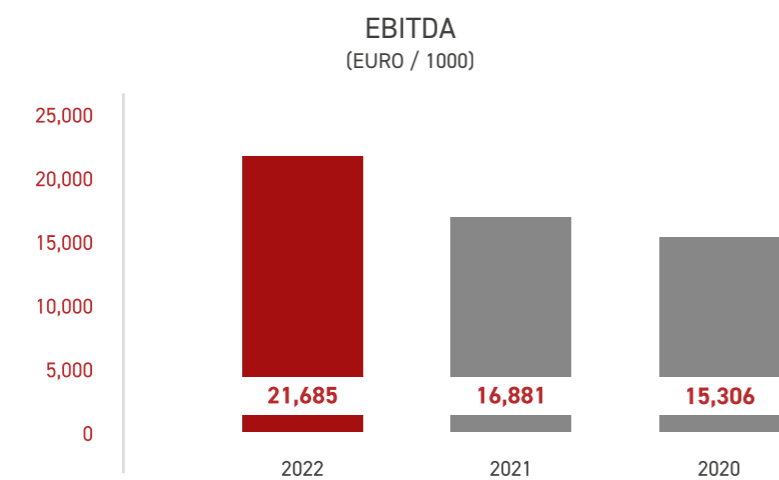
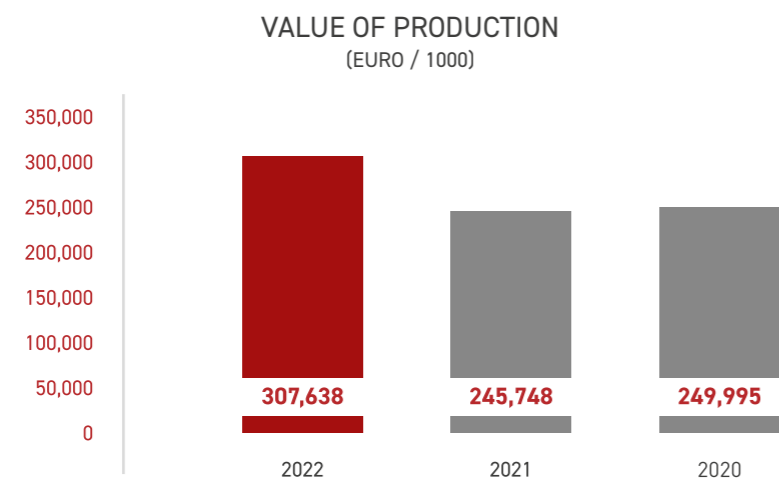
Activities carried out:

- During 2022, the works were completed, and the property was delivered. Only some subsequent works remain to be carried out.

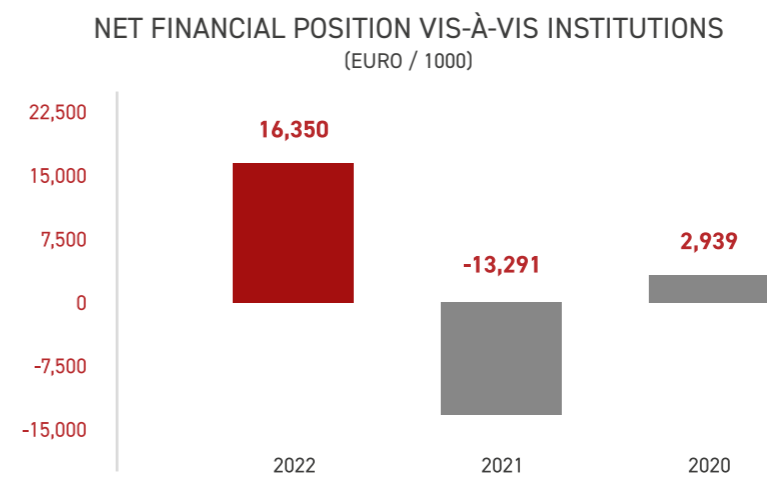
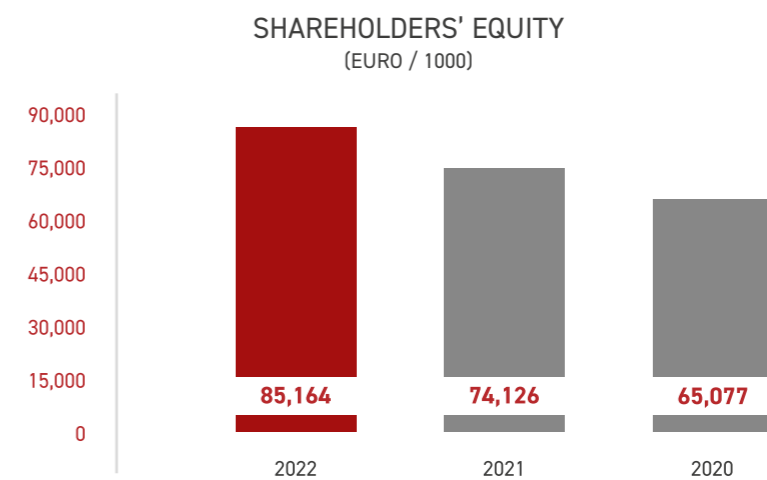
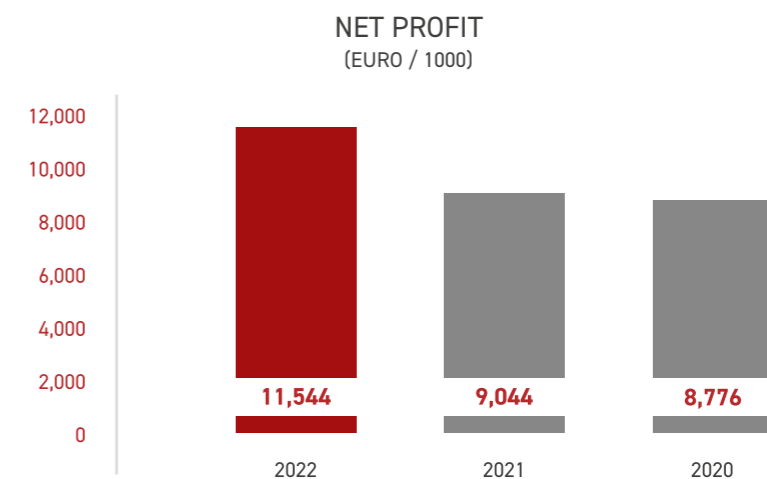


LAUSOLEO DI AUGUSTO

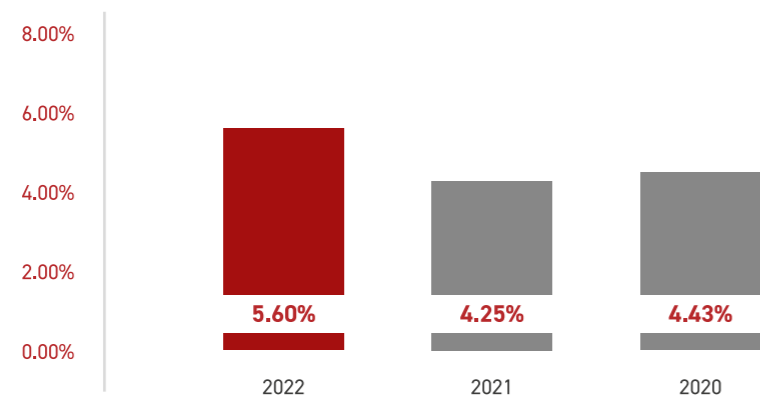
## GROUP FINANCIAL HIGHLIGHTS AT 31 DECEMBER 2022



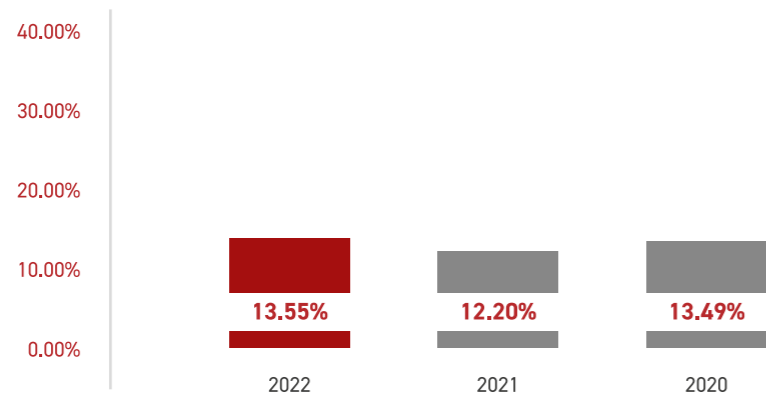
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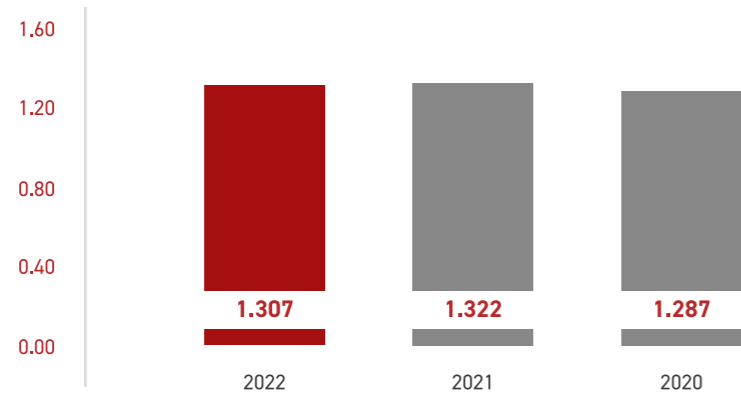
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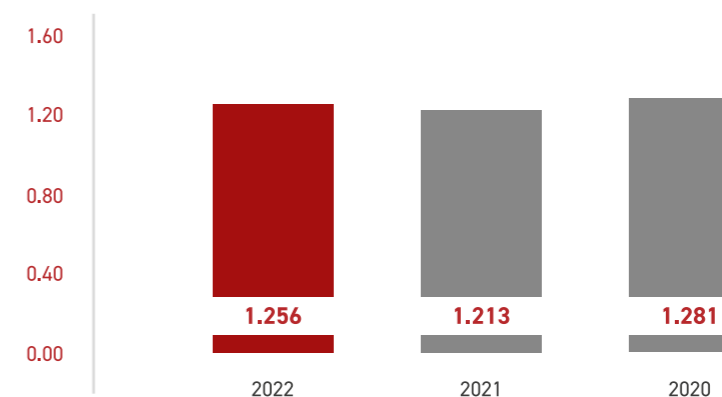
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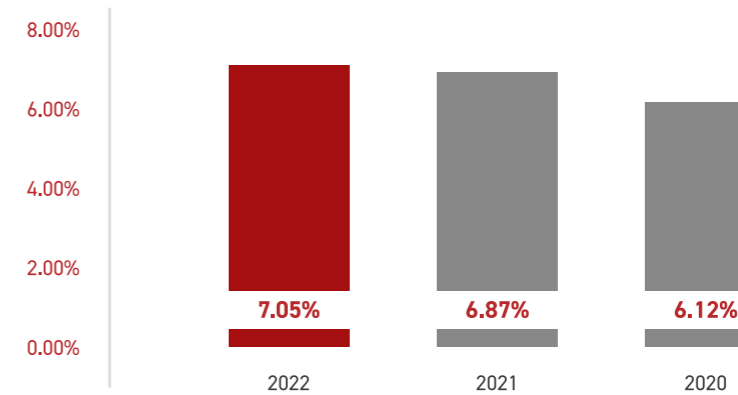
CURRENT RATIO  
CURRENT ASSETS/CURRENT LIABILITIES



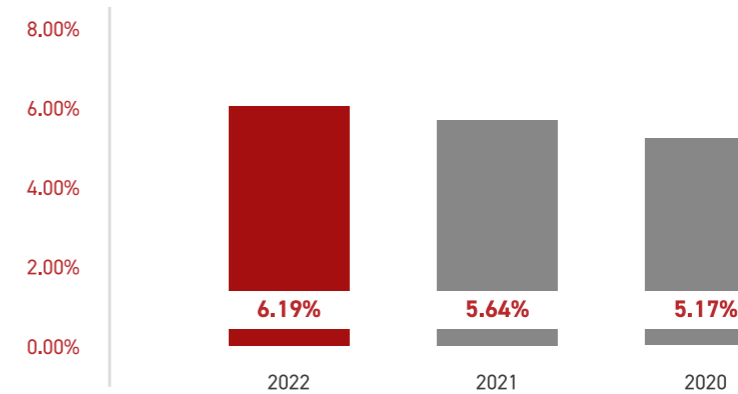
QUICK RATIO



EBITDA



EBIT



**GROUP'S FINANCIAL STATEMENTS AT 31 DECEMBER 2022***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Intangible fixed assets	1,419	1,773	(354)
Tangible fixed assets	28,864	22,109	6,755
Financial fixed assets and other securities	4,072	3,387	685
Financial receivables after twelve months	14,489	12,935	1,554
Trade receivables and other receivables due beyond twelve months	12,637	13,391	(754)
<b>Fixed assets</b>	<b>61,481</b>	<b>53,595</b>	<b>7,886</b>
Net working capital	23,013	43,415	(20,402)
Provisions for liabilities, staff severance indemnity, long term liabilities	(15,681)	(8,377)	(7,304)
<b>Net invested capital</b>	<b>68,813</b>	<b>88,633</b>	<b>(19,820)</b>
Equity	85,164	74,126	11,038
Net financial position vs banking system	(18,735)	13,290	(32,025)
Other financial payables vs leasing	2,384	1,217	1,167
<b>Sources</b>	<b>68,813</b>	<b>88,633</b>	<b>(19,820)</b>

**FIXES ASSETS**

For the purposes of reclassification of the financial statement values, non-current assets include intangible and tangible assets at their net value, as well as medium/long-term financial assets, typically represented by investments not included in the scope of consolidation, loan receivables and trade receivables due after 12 months.

At 31/12/2022 it amounted to EUR 61.5 million (EUR 53.6 million at 31/12/2021) of which EUR 1.4 million for intangible fixed assets (EUR 1.7 million at 31/12/2021), EUR 28.9 million for tangible fixed assets (EUR 22.1 million at 31/12/2021), EUR 4.1 million for financial assets and other securities (EUR 3.4 million at 31/12/2021), EUR 14.5 million for financial receivables over twelve months (EUR 13.0 million at 31/12/2021), EUR 12.6 million for trade and other receivables over twelve months (EUR 13.4 million at 31/12/2021), recording an overall increase, in relation to 31/12/2021, of EUR 7.9 million.

The detailed analysis of the changes occurred is contained in the specific illustrative section of the "Explanatory notes to the financial statements" to which reference is made.

**NET WORKING CAPITAL**

At 31.12.2021, the net working capital amounted to Euro 43.4 million, while at 31.12.2022 it amounted to Euro 23.0 million, recording a decrease of Euro 20.4 million.

The trend of net working capital is impacted by the way in which the activity is carried out, which varies according to the specific conditions that govern the contracts of companies carrying out the works, of the contractual relationships with suppliers and subcontractors and, in general, of third parties with whom the company deals in carrying out activities.

It should be noted that net working capital was impacted by the presence, in its composition, of works with a

**DIRECTORS' REPORT - Consolidated Financial Statements**

slow financial turnover due to the underlying nature of the contracts governing their execution, specifically referred to as 'sale of future assets', with the final payment occurring upon their coming into existence and transfer by notarial deed.

In the past financial year, several sales transactions were concluded with third parties, resulting in a significant reduction in NWC.

The rotation speed of turnovers is different and, in almost all cases, the business cycle has a faster turnover speed than the financial cycle.

*(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Inventories	10,792	22,315	(11,523)
Work in progress	99,397	123,253	(23,856)
Trade receivables	60,994	39,205	21,789
Receivables from consortium subsidiaries	556	254	302
Receivables from associated companies	7,814	8,224	(410)
Tax receivables	7,070	5,191	1,879
Receivables for prepaid taxes	75	257	(182)
Receivables due from others	28,403	26,180	2,223
Current financial assets	92	98	(6)
Accruals and deferrals	962	828	134
<b>Total current trade assets</b>	<b>216,155</b>	<b>225,805</b>	<b>(9,650)</b>
Advances received	77,282	94,864	(17,582)
Trade payables	94,626	73,810	20,816
Payables due to subsidiaries	150	23	127
Payables due to associated companies	11,921	7,068	4,853
Tax payables	2,826	1,785	1,041
Payables due to pension and social security institutions	1,219	1,145	74
Other payables	4,652	3,600	1,051
Accruals and deferrals	466	96	370
<b>Total current trade liabilities</b>	<b>193,142</b>	<b>182,391</b>	<b>10,750</b>
<b>Net working capital</b>	<b>23,013</b>	<b>43,414</b>	<b>(20,400)</b>

**INVESTED CAPITAL**

Net invested capital amounted to 68.8 million euros (88.6 million euros in 2021), a decrease of 19.8 million euros, mainly due to the decrease in net working capital described above.

**SHAREHOLDERS' EQUITY OF THE GROUP**

At 31/12/2022 the Group shareholders' equity, consisting of the share capital and the legal and optional reserves, amounts to Euro 85,1 million, recording an increase of Euro 11,0 million compared with the figure at 31/12/2021 (Euro 74.1 million). For further information, please refer to the Explanatory notes.

**NET FINANCIAL POSITION***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Cash and cash equivalents	95	77	18
Cash and cash equivalents held in banks	62,156	46,545	15,611
<b>Liquidity</b>	<b>62,251</b>	<b>46,622</b>	<b>15,629</b>
Short-term financial payables	(19,870)	(23,296)	3,426
Long-term financial payables	(26,030)	(36,616)	10,586
<b>Net financial position towards the lending system</b>	<b>16,351</b>	<b>(13,290)</b>	<b>29,641</b>
Receivables due from subsidiaries after 12 months	0	0	0
Receivables due from associated companies after 12 months	4,361	832	3,529
Receivables due from other companies after 12 months	10,128	12,103	(1,975)
<b>Financial position towards others</b>	<b>14,489</b>	<b>12,935</b>	<b>1,554</b>
<b>Total net financial position</b>	<b>30,840</b>	<b>(355)</b>	<b>31,195</b>

The Group's financial debt position towards the banking system (credit institutions and leasing) improved by EUR 29.6 million, changing from (-) EUR 13.3 million at 31/12/2021 to (+) EUR 16.4 million at 31/12/2022. The overall position, which includes financial receivables and payables from/to other companies and from/to associated companies, amounted to Euro (+) 14.5 million, an increase of Euro 1.6 million compared with 31/12/2021 (Euro 12.9 million).

**DIRECTORS' REPORT - Consolidated Financial Statements****NOTES TO THE INCOME STATEMENT****Reclassified income statement (value added approach)**

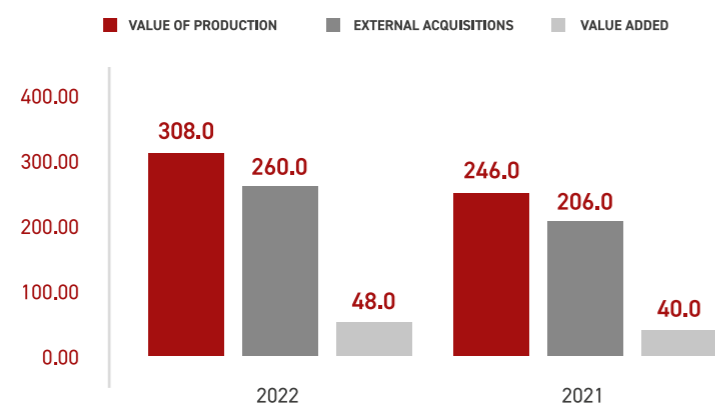
The following reclassification highlights the intermediate results of economic management by highlighting the "Value added", the "Gross operating margin or Ebitda", the "Operating margin or Ebidt" and the result for the year:

*(In thousands of Euro)*

DESCRIPTION	2022	%	2021	%
<b>VALUE OF PRODUCTION</b>	<b>307,638</b>	<b>100.00</b>	<b>245,748</b>	<b>100.00</b>
Costs for acquisitions	(259,298)	(84.29)	(205,690)	(83.70)
<b>ADDED VALUE</b>	<b>48,340</b>	<b>15.71</b>	<b>40,058</b>	<b>16.30</b>
Labour costs	(22,013)	(7.16)	(20,303)	(8.26)
Sundry operating expenses	(3,390)	(1.10)	(2,463)	(1.00)
Other provisions	(1,253)	(0.41)	(411)	(0.17)
<b>EBITDA</b>	<b>21,684</b>	<b>7.05</b>	<b>16,881</b>	<b>6.87</b>
Depreciation	(2,413)	(0.78)	(2,505)	(1.02)
Amortisation, depreciation and write-downs	(228)	(0.07)	(509)	(0.21)
<b>EBIT</b>	<b>19,043</b>	<b>6.19</b>	<b>13,867</b>	<b>5.64</b>
Financial income and (charges)	(2,485)	(0.81)	(2,156)	(0.88)
Revaluations (write-downs)	280	0.09	197	0.08
<b>Profit before tax</b>	<b>16,838</b>	<b>5.47</b>	<b>11,908</b>	<b>4.85</b>
Income taxes	(5,295)	(1.72)	(2,864)	(1.17)
<b>Net profit for the year</b>	<b>11,543</b>	<b>3.75</b>	<b>9,044</b>	<b>3.68</b>



## INCOME STATEMENT



The production volume at 31/12/2022, of EUR 308 million, represents a significant increase of 25% compared to the corresponding period of 2021.

The increase reflects the production trend, which was driven primarily by projects carried out as a General Contractor, while the contribution from RSA and future sales experienced a decline.

The scenario, characterised by rising procurement costs, resulted in less interest in developing such initiatives, as the market did not yet reflect an increase in selling prices.

Costs for external acquisitions of goods and services amounted to Euro 260,0 million, accounting for 84.29% of the value of production (Euro 206,0 million, accounting for 83.70% in 2021).

Value added amounted to Euro 48,0 million, which corresponds to 15.71% of the value of production, against Euro 40,0 million in 2021 (16.30% of the value of production).

Despite the inflationary climate, the financial year witnessed an increase in profitability dynamics. Overall, EBITDA rose from 6.87% in 2021, with a value of EUR 16.9 million, to 7.05% in 2022, with a value of EUR 21.7 million.

## THE ITEM "VALUE OF PRODUCTION" IS BROKEN DOWN AS FOLLOWS:

(In thousands of Euro)

DESCRIPTION	2022	2021	Variation
Sales and services revenues	334,341	205,154	129,187
Changes in work in progress	(28,260)	37,246	(65,506)
Changes in product inventories	(661)	325	(986)
In-house work	29	0	29
Other revenues and income	2,189	3,023	(834)
<b>Total value of production</b>	<b>307,639</b>	<b>245,749</b>	<b>61,890</b>



**COMPOSITION OF PRODUCTION COSTS***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Raw and ancillary materials	39,156	46,242	(7,086)
Provision of services	208,631	174,496	34,135
Use of third-party assets	5,052	4,595	457
Changes in inventories	6,459	(19,643)	26,102
<b>Total external purchases</b>	<b>259,298</b>	<b>205,690</b>	<b>53,608</b>
Labour costs	22,013	20,303	1,710
Amortisation and depreciation, risk provision and write-downs	2,641	3014	(373)
Other provisions	1,253	411	842
Sundry operating expenses	3,390	2,463	927
<b>Total production costs</b>	<b>288,595</b>	<b>231,881</b>	<b>56,714</b>

**COMPOSITION OF ADDED VALUE***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Value added	48,340	40,058	8,282
Compensation for work	(22,013)	(20,303)	(1,710)
Sundry operating expenses	(3,390)	(2,463)	(927)
Other provisions	(1,253)	(411)	(842)
<b>EBITDA</b>	<b>21,684</b>	<b>16,881</b>	<b>4,803</b>
Depreciation	(2,413)	(2,505)	92
Amortisation, depreciation and write-downs	(228)	(509)	281
<b>EBIT</b>	<b>19,043</b>	<b>13,867</b>	<b>5,176</b>
Financial income and (charges)	(2,485)	(2,156)	(329)
Write-downs	280	197	83
<b>Profit before tax</b>	<b>16,838</b>	<b>11,908</b>	<b>4,930</b>
Taxes	(5,295)	(2,864)	(2,431)
<b>Shareholder's net income</b>	<b>11,543</b>	<b>9,044</b>	<b>2,499</b>

EBITDA for the year showed an increase, from 6.87% at 31/12/2021 to 7.05% at 31/12/2022.

**DIRECTORS' REPORT - Consolidated Financial Statements****INFORMATION REQUESTED BY (ITALIAN) LEG. DECREE 2428 OF THE ITALIAN CIVIL CODE**

INDICATOR	2022	2021
<b>Ratio of current assets to current liabilities</b> Current assets/current liabilities	<b>1.307</b>	<b>1.322</b>
<b>Equity to fixed assets ratio</b> Shareholders' equity/Fixed assets	<b>1.380</b>	<b>1.380</b>
<b>Ratio of fixed assets to total assets</b> Fixed assets/net assets	<b>0.181</b>	<b>0.164</b>
<b>Flexibility of net assets</b> Current assets/net assets	<b>0.819</b>	<b>0.836</b>
<b>Overall debt ratio</b> Shareholders' equity/Total liabilities	<b>0.334</b>	<b>0.294</b>
<b>Debt to equity ratio</b> Shareholders' equity/Net financial position vis-à-vis lenders	<b>1.855</b>	<b>1.213</b>
<b>Acid test</b> Current assets-stocks/Current liabilities	<b>1.256</b>	<b>1.213</b>
<b>Financial debt/Ebitda</b>	<b>(2.117)</b>	<b>(3.621)</b>

**The following information is provided pursuant to Article 2428 of the (Italian) Civil Code:**

The company does not possess, directly or indirectly, shares or quotas in parent companies.

During the year, the company did not dispose of shares or quotas in parent companies, including through trust companies or intermediaries.

The company did not issue financial instruments and did not make use of derivative financial instruments.

**OTHER INFORMATION****Status of the dispute**

The civil litigation situation regarding the group's activities, supported by the assessments of the designated lawyers, does not give rise to particular concerns, given that the pending litigations and their very modest value are not deemed to prejudice the economic and financial situation of the companies belonging to the Group.

**Tax situation**

There were no pending tax disputes at 31/12/2022.

**Risk management policies**

The Carron Group's business is generally subject to various operational, counterparty and contract risks, as well as financial risks:

**Operational risks**

In this case, the risks that could affect the creation of value and due to an inefficient and/or ineffective management of business operations were taken into account, in particular those connected with the management of offers and the actual execution of orders. The various risk areas that fall into this category include the planning of offers, warehouse management and logistics, as well as risks related to the management of IT systems, planning and reporting, effective supply chain and personnel management, also with reference to health and safety, the environment, human rights and local communities. These risks may occur if, during the bidding and/or order implementation process, policies and procedures of the business entities are not sufficiently adequate to manage the risk factors arising from the degree of complexity of the project, or as a result of unforeseeable events. To this end, the activity carried out is aimed at controlling these risks from the analysis phase of the commercial initiative to be undertaken (bidding) with a view to assessing the risk-return of the project in case of award and its impact on the portfolio configuration, both in terms of concentration and overall risk profile. In this context, among other activities, a pre-bid assessment is carried out to identify potential risks and consequent impacts related to the project, as well as to identify the necessary mitigation and/or contingency measures to cover risks. The risk recognition activity is then performed again during the award phase and monitored and updated during execution of the order to swiftly detect evolution of the risk exposure and promptly adopt appropriate mitigation measures.

**Counterparty risk**

The size and/or technical capability of the counterparty indicates the potential problems connected with relations with customers, shareholders, subcontractors and suppliers of the Group companies, giving as complete a picture as possible of the characteristics of partners with whom to start or continue a collaboration. For each of these types of counterparties, the risk factors connected with financial and operational reliability take on more or less significance, in addition to the strategic role that may be assumed by a collaboration as opposed to a specific business initiative, as well as everything connected with legal, compliance and applicable standards (ethics, quality, health and safety, environment, human rights) to protect the regularity of the relationship.

**Order risk**

This aspect is crucial for an effective analysis of all the risks arising from the Group's core business, to define which instruments to use to identify and monitor the so-called order risks from the bidding phase, with a view to risk prevention as part of an in-depth risk assessment of opportunities linked to the pursuit of a specific initiative. It is also fundamental to constantly monitor risks once they have been understood by the management, by proactively and dynamically managing the resulting risk exposure and the continuous evolution that this may undergo over time.

**Financial risks**

These risks can be classified as follows:

- Market risk (price of raw materials and fluctuation of share prices)
- Credit risk
- Exchange rate risk
- Interest rate risk
- Liquidity risk

The management of the Group's financial risks is carried out within the framework of specific organisational directives that govern the management of the aforementioned risks and the control of all the operations that have strict relevance in the composition of financial and/or commercial assets and liabilities.

There are no specific financial, price, credit or liquidity risks other than those arising from operating activities.

The Group has a minimal exposure to interest rate risk related to financial concessions granted at variable rates. This risk is contained because each individual loan is directly or indirectly linked to a single transaction, thus limiting its exposure over time. There is no exposure to exchange rate risk as operations are carried out and revenues are produced exclusively in Italy, and the main costs incurred are in euros.

There are no particularly significant credit risk areas; the operating procedures allow to control the credit risk, selecting the execution of contracts and/or services on behalf of customers who have an adequate level of credit and guarantees. Therefore, the maximum exposure to credit risk is represented by the book value in the financial statements.

Given the changed economic conditions compared to the past, the Group is significantly exposed to fluctuations in the price of raw materials and services; this risk is managed by resorting to a large supplier base, allowing to obtain the best market conditions, and, where possible, by entering into procurement contracts with clauses to contain risks related to raw material cost trends.

The risk areas relating to the protection of the health and safety of workers are managed in strict compliance with the laws and regulations.

**Quality - Environment - Safety**

The tools that allow to increase the efficiency of the quality system have assumed an increasing importance within the Group and also in the year 2022 maximum attention was placed on strengthening this aspect by implementing all the measures dictated by the regulations in force.

To this end, the operating companies (Carron Cav. Angelo S.p.A. and Carron Bau S.r.l.) consistently update the Integrated Management System (IMS) for quality, environment and safety. The system therefore complies with the new international standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018. The three management systems are certified in accordance with the standards for the construction sector, for the following activities:

- Design, construction, renovation and maintenance of construction, infrastructural (road and railway) and hydraulic engineering works;
- Restoration of real estate under protection.

The relevant certificates were issued by independent certification bodies in accordance with international standards ISO/IEC 17021). Certifications are maintained annually and renewed every three years.

The Group, through its operating companies, operates using a certified Quality Management System, also for environmental and safety matters.

The system has been pre-established in order to achieve general objectives with the aim of:

- Rationalising and optimising both management and executive activities consistent with the new organisation of the Group, by implementing the use of computerised processes;
- Minimising errors;
- Guaranteeing customer satisfaction, namely by assuring customers that the work, in technical and economic terms, is accomplished and maintained with the required quality, and also allowing external verification on the Integrated Management System;
- Orienting corporate culture towards environmentally-friendly behaviour (control and rationalisation of the consumption of water and energy resources, correct management and separation of waste and waste produced) and operated in compliance with the binding legislation and the voluntary regulatory framework (UNI EN ISO 14001);
- Pursuing the best possible conditions in terms of health and safety in the workplace and hygiene of the environments in which the personnel operates, in compliance with the requirements of current legislation and the voluntary framework (BS OHSAS 18001);
- Managing activities also with the aim of preventing accidents, injuries and occupational diseases and safeguarding the health of workers, company assets, third parties and the community in which the companies belonging to the Group operate, thereby arranging the purchase, operation and maintenance of plant, machinery and equipment, the organisation of workplaces, and the definition of operating methods and organisational aspects, with a view to continuous improvement;
- Ensuring the widest possible dissemination of all information notices regarding health and safety risks in the workplace and the intervention procedures in emergency situations that may harm persons or the environment;
- Reducing the general negative environmental impacts during the performance of activities through an assessment of the same already in the planning phase and through an accurate selection, assessment and awareness-raising of suppliers and contractors;
- Seeking clear and direct forms of internal and external communication that give evidence of transparent behaviour and are founded on respect and collaboration;
- Seeking the satisfaction of all internal and external stakeholders;
- Maintaining the certification of the company's Integrated Management System.

**DIRECTORS' REPORT - Consolidated Financial Statements**

The Integrated Management System policy is based on compliance with several general concepts:

- Participation and involvement at all levels, based on the critical nature of the tasks and responsibilities of each operator;
- Continuous improvement, both in terms of satisfying customer requirements and the effectiveness of the Integrated Management System;
- Planning and review of company objectives..

In particular, the objectives and resources used to achieve them are defined yearly on a corporate basis following the review of the Integrated Management System and can be updated in relation to organisational and process changes, or strategic choices relating to the market policy of the company. The achievement of objectives is monitored on the basis of parametric values in order to objectively evaluate the achievement and take decisions based on factual information.

Particular attention is paid to the environmental and safety aspects in the workplace by applying the Management System, with constant actions by all personnel involved, assisted by the Internal Prevention and Protection Service composed of a supervisor and 3 employees.

The main actions are summarised as follows:

- Education, communication and training activities for all workers (office employees, labourers, technicians, supervisors, managers, emergency workers, workers with specific duties, prevention and protection service supervisor and staff, workers' representatives) in compliance with current legislation, including updates and supplementing with appropriate alternative training in order to improve knowledge and apply safety in the workplace;
- Supplier qualification, also and above all, in terms of legality and the absence of mafia infiltrations (through verification of registration to prefectural 'white lists' or through the Unindustria trade association by means of the legality protocol), and qualifying safety with a careful analysis of the documentation for verifying technical and professional suitability and the operational safety plan;
- Continuous maintenance and control of machines and equipment in compliance with current legislation, standards adopted and internal procedures in order to always have efficient machines and equipment and avoid accidents in the workplace;
- Management of chemical products through the acquisition of the relative safety data sheets, their updating, subsequent distribution and application of the requirements set out;
- Analysis of the planned work on site, drafting of the operational safety plans and subsequent updating according to the progress of the site;
- Systematic surveillance and monitoring in the workplace to comply with the provisions of the safety plans and the current legislation on safety in the workplace;
- Investigation of any accidents, injuries and dangerous behaviour or situations in order to establish the causes and implement appropriate preventive and corrective actions.

### Human resources

The Group's dedicated departments pay constant attention to staff development by dedicating time and customised measures to improving know-how and skills, with the aim of enhancing customer satisfaction and initiating new projects and business areas.

The purpose of HR management is to guarantee the effective and efficient use of resources, with reference to both the quantitative and qualitative aspects of the personnel, providing mutual benefit for the companies and their people. For this to be effective, it is necessary to ensure, at the various levels of the organisation, that the individual, professional and organisational skills of those persons holding positions of responsibility correspond to and are consistent with expected performance.

### Training and development

The objective of staff training is of significant importance, especially regarding aspects governed by regulations in relation to technical and professional skills and managerial behaviour.

In 2022, particularly concerning training and development, the year was still affected by COVID-19 restrictions, both from a regulatory standpoint (prohibition of in-person training by prime ministerial decrees, extension of the validity of certificates and qualifying documents) and the strict enforcement of anti-gathering protocols. However, where possible and allowed, remote online training courses were delivered on topics related to safety and technical/theoretical aspects.

These restrictions are still in place, although they are close to being relaxed. This has allowed for better planning for the immediate future and for calibrating developmental training needs and the associated budget. Safety training, both job-related and developmental, will be the subject of immediate development.

## DIRECTORS' REPORT - Consolidated Financial Statements

### White list registration

The operating companies belonging to the Group are registered in the list of suppliers, service providers and operators not subject to mafia infiltration attempts, operating in the sectors most exposed to risk (the so-called white list) as identified in Article 1, Paragraphs 53 and 54 of Law no. 190 of 6 November 2012 and concerning the following sectors:

- Section 1:** environmental services, including collection, national and cross-border transport (also on behalf of third parties), waste treatment and disposal, as well as remediation and reclamation activities and other services related to waste management
- Section 3:** extraction, supply and transport of soil and inert materials;
- Section 4:** packaging, supply and transport of concrete and bitumen;
- Section 5:** cold machinery rentals
- Section 6:** supply of wrought iron
- Section 7:** hot rentals
- Section 8:** road haulage on behalf of third parties

Registration on the white list, which is voluntary, fulfils the requirements of anti-mafia certification for carrying out the activities for which registration has been ordered and is therefore subject to the following conditions:

- Absence of one of the causes of forfeiture, suspension or prohibition pursuant to Art. 67 of Legislative Decree no. 159 of 6 September 2011 (Anti-mafia Code);
- Absence of any mafia infiltration attempts designed to influence the company's choices and intentions pursuant to Art. 84, Paragraph 3, of the Anti-mafia Code.

### Legality rating

The "Autorità Garante della Concorrenza e del Mercato" (the Italian Competition Authority) has attributed to the operating companies of the Carron Group a legality rating, which carries a maximum score of three stars.

The legality rating is a new tool introduced in 2012 for Italian companies, aimed at promoting and introducing principles of ethical behaviour by assigning a rating on compliance with the law to requesting companies and, more generally, on the level of attention paid to the proper management of business. A sufficient legality rating level can help companies obtain benefits in terms of the granting of public funding and easier access to bank lending.

**SIGNIFICANT EVENTS AFTER 31 DECEMBER 2022**

No significant events occurred after 31 December 2022.

**It is also hereby specified that:**

- The company does not own any treasury shares, neither directly nor through a trust company or third party;
- over the course of the year, the company did not buy or sell treasury shares, neither directly nor through a trust company or third party.

**BUSINESS OUTLOOK**

As already indicated in the initial part of this report, the recently passed and not yet fully defined economic scenario – referring to the trend of interest rates, persistent inflationary pressures, and significant increase in procurement costs – suggests a certain prudence in future strategic choices.

The Group enters the new financial year with an order backlog of EUR 735 million, allowing us to plan General Contractor activities selectively to secure new contracts. Strategic choices will always be oriented towards seeking significant projects in terms of size and quality, with particular attention to private clients, mainly of institutional significance. Special attention will be given to the public works sector to evaluate all the opportunities that may arise with the implementation of the NRRP.

The development and promotion of 'completed' real estate, particularly in the residential care home sector, where we have acquired significant expertise in recent years, is experiencing a slowdown. This is due to the difficulties in meeting the needs of all stakeholders, primarily potential buyers who are generally investment funds. Indeed, despite the urgent national need for the creation of new places, the higher costs of building the facilities and the consequent reduction in profitability have decreased investor interest.

However, expectations for 2023 still anticipate a 15% increase in the total value of production, which is expected to reach approximately EUR 350 million.

The expected profitability is slightly improved compared to 2022, considering that the increased cost of materials has already been factored into the respective budgets for acquired contracts. For new acquisitions, the higher costs will be recovered as part of the consideration definition.

Regarding the financial aspect, no significant issues are anticipated, as the Group companies enjoy adequate cash flows and have adequate credit lines from the financial system.

San Zenone degli Ezzelini, 31 May 2023

**The Sole Director of the consolidating company - Carron Holding S.r.l.**  
Marta Carron



**CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2022**  
BALANCE SHEET AND INCOME STATEMENT

## 2022 CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
<b>A</b>		
<b>RECEIVABLES DUE TO SHAREHOLDERS FOR UNPAID CAPITAL CONTRIBUTIONS</b>		
<b>B</b>		
<b>FIXED ASSETS</b>		
<b>I) Intangible fixed assets</b>		
<b>1</b> Start-up and expansion costs	1,925	3,494
<b>3</b> Industrial patents and intellectual property rights	213,144	278,195
<b>4</b> Concessions, licences, trademarks and similar rights	1,554	1,652
<b>5</b> Goodwill	748,679	996,456
<b>7</b> Others	453,659	493,555
<b>Total intangible fixed assets</b>	<b>1,418,961</b>	<b>1,773,352</b>
<b>II) Tangible fixed assets</b>		
<b>1</b> Land and buildings	14,731,246	17,782,632
<b>2</b> Plants and machinery	2,940,602	1,819,512
<b>3</b> Industrial and commercial equipment	2,497,063	1,230,572
<b>4</b> Other assets	1,178,111	1,123,350
<b>5</b> Fixed assets under development and advances	7,517,349	153,409
<b>Total tangible fixed assets</b>	<b>28,864,371</b>	<b>22,109,475</b>
<b>III) Financial</b>		
<b>1</b> Equity investments in:		
a) subsidiaries	5,200	5,200
b) associated companies	1,443,935	891,809
d) other companies	430,198	440,194
<b>Total equity investments</b>	<b>1,879,333</b>	<b>1,337,203</b>
<b>2</b> Receivables:		
b) associated companies		
after twelve months	4,360,843	831,643
d-bis) Other companies		
after twelve months	10,128,000	12,103,164
<b>Total receivables</b>	<b>14,488,843</b>	<b>12,934,807</b>
<b>3</b> Other securities	2,050,000	2,050,000
<b>4</b> Financial instrument assets	142,790	0
<b>Total Financial fixed assets</b>	<b>18,560,966</b>	<b>16,322,010</b>
<b>B) TOTAL FIXED ASSETS</b>	<b>48,844,298</b>	<b>40,204,837</b>
<b>C</b>		
<b>CURRENT ASSETS</b>		
<b>I) Rimanenze</b>		
<b>1</b> Raw, ancillary and consumable materials	10,460,911	21,323,750
<b>3</b> Contract work in progress	99,396,954	123,253,130
<b>4</b> Finished products and good	331,156	991,740
<b>Total inventories</b>	<b>110,189,021</b>	<b>145,568,620</b>

## CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
<b>II) Receivables</b>		
<b>1</b> Trade receivables		
within twelve months	60,994,149	39,204,850
after twelve months	8,787,000	10,760,000
<b>2</b> From subsidiaries		
within twelve months	555,935	254,440
<b>3</b> From associated companies		
within twelve months	7,813,803	8,224,185
after twelve months	2,145,067	2,145,067
<b>5-bis</b> For tax credits		
within twelve months	7,070,122	5,191,444
after twelve months	686,923	29,863
<b>5-ter</b> For prepaid taxes		
within twelve months	75,259	256,700
<b>5-quater</b> From others		
within twelve months	28,402,849	26,180,303
after twelve months	1,018,010	456,511
<b>Total receivables</b>	<b>117,549,117</b>	<b>92,703,363</b>
<b>III) Current financial assets</b>		
<b>1</b> Equity investments in subsidiaries	11,789	6,677
<b>2</b> Equity investments in associated companies	80,141	91,646
<b>4</b> Other equity investments	0	0
<b>Total financial fixed assets that do not constitute assets</b>	<b>91,930</b>	<b>98,323</b>
<b>IV) Cash and cash equivalents</b>		
<b>1</b> Bank and post office deposits	62,156,179	46,544,510
<b>3</b> Cash and cash equivalents on hand	94,937	76,514
<b>Total cash and cash equivalents</b>	<b>62,251,116</b>	<b>46,621,024</b>
<b>TOTAL CURRENT ASSETS</b>	<b>290,081,184</b>	<b>284,991,330</b>
<b>D</b>		
<b>ACCRUALS AND PREPAYMENTS</b>		
Miscellaneous	961,558	827,602
<b>Total accrued income and prepaid expenses</b>	<b>961,558</b>	<b>827,602</b>
<b>TOTAL ASSETS</b>	<b>339,887,040</b>	<b>326,023,769</b>



## CONSOLIDATED BALANCE SHEET

LIABILITIES	31/12/2022	31/12/2021
<b>A SHAREHOLDERS' EQUITY</b>		
<b>I</b> Share capital	1,000,000	1,000,000
<b>III</b> Revaluation reserves	1,682,105	1,682,105
<b>IV</b> Legal reserve	200,000	200,000
<b>VI</b> Other reserves		
- Extraordinary reserve	2,469,878	4,223,541
- Euro conversion reserve	(6)	4
<b>VIII</b> Profits (losses) carried forward	62,819,801	53,903,529
<b>IX</b> Profit (loss) for the year	9,649,706	8,918,014
<b>SHAREHOLDERS' EQUITY OF THE GROUP</b>	<b>77,821,484</b>	<b>69,927,193</b>
Third-party capital and reserves	5,449,092	4,073,195
Third-party profit (loss) for the year	1,894,077	125,896
<b>Total third-party's equity</b>	<b>7,343,169</b>	<b>4,199,091</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>85,164,653</b>	<b>74,126,284</b>
<b>B PROVISIONS FOR LIABILITIES AND CHARGES</b>		
<b>2</b> Tax provision	24,476	134,212
<b>3</b> Derivative financial liabilities	0	5,291
<b>4</b> Others	3,028,522	1,952,877
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>3,052,998</b>	<b>2,092,380</b>
<b>C STAFF SEVERANCE INDEMNITY</b>	<b>830,446</b>	<b>755,914</b>
<b>D PAYABLES</b>		
<b>1</b> Bonds		
after twelve months	3,000,000	0
<b>4</b> Payables due to banks		
within twelve months	19,137,228	23,295,789
after twelve months	21,379,000	36,616,143
<b>5</b> Payables due to other lenders		
within twelve months	732,739	440,221
after twelve months	1,651,282	777,110
<b>6</b> Advances		
within twelve months	77,281,992	94,864,041
after twelve months	11,765,576	5,496,595
<b>7</b> Trade payables		
within twelve months	94,626,215	73,809,519
<b>9</b> Payables due to subsidiaries		
within twelve months	149,894	23,209

## CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

LIABILITIES	31/12/2022	31/12/2021
<b>10</b> Payables due to associated companies		
within twelve months	11,920,636	7,068,447
<b>12</b> Tax payables		
within twelve months	2,826,305	1,784,795
<b>13</b> Payables due to pension and social security institutions		
within twelve months	1,218,757	1,145,227
<b>14</b> Other payables		
within twelve months	4,651,583	3,600,267
after twelve months	32,070	32,070
<b>TOTAL PAYABLES</b>	<b>250,373,277</b>	<b>248,953,433</b>
<b>E ACCRUALS AND DEFERRALS</b>		
Miscellaneous	465,666	95,758
<b>TOTAL ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>465,666</b>	<b>95,758</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>339,887,040</b>	<b>326,023,769</b>

## CONSOLIDATED INCOME STATEMENT

	31/12/2022	31/12/2021	
<b>A</b>	<b>VALUE OF PRODUCTION</b>		
1	Sales and services revenues	334,340,695	205,153,531
2	Changes in inventories of work in progress, semi-finished and finished goods	(660,584)	324,680
3	Changes in contract work in progress	(28,260,234)	37,246,377
4	Increases in fixed assets for in-house production	29,310	0
5	Other revenues and income		
	- miscellaneous	2,188,999	3,023,289
	<b>TOTAL VALUE OF PRODUCTION</b>	<b>307,638,186</b>	<b>245,747,877</b>
<b>B</b>	<b>PRODUCTION COSTS</b>		
6	For raw and ancillary materials, consumables and goods	39,156,230	46,242,234
7	For services	208,631,364	174,495,637
8	For use of third-party assets	5,051,529	4,594,990
9	For personnel:		
	a) salaries and wages	15,995,030	14,684,103
	b) social security contributions	4,841,260	4,530,097
	c) staff severance indemnity	991,965	890,297
	d) other costs	184,725	198,132
	<b>Total personnel costs</b>	<b>22,012,980</b>	<b>20,302,629</b>
10	Amortisation, depreciation and write-downs		
	a) amortisation of intangible fixed assets	435,976	354,518
	b) ammortamento delle immobilizzazioni materiali	1,976,737	1,640,982
	b) depreciation of tangible fixed assets	0	510,000
	d) write-downs of current receivables and of cash and cash equivalents	85,243	16,683
	<b>Total amortisation, depreciation and write-downs</b>	<b>2,497,956</b>	<b>2,522,183</b>
11	Changes in inventories of raw and ancillary materials, consumables and goods	6,458,781	(19,642,582)
12	<b>Risk provision</b>	<b>143,247</b>	<b>492,244</b>
13	Other provisions	1,252,582	410,682
14	Sundry operating expenses	3,390,139	2,462,909
	<b>TOTAL PRODUCTION COSTS (B)</b>	<b>288,594,808</b>	<b>231,880,926</b>
	<b>DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)</b>	<b>19,043,378</b>	<b>13,866,951</b>
<b>C</b>	<b>FINANCIAL INCOME AND CHARGES</b>		
15	Income from equity investments:		
	from others	0	0
	<b>Total income from equity investments</b>	<b>0</b>	<b>0</b>
16	Other financial income:		
	from other companies	750,987	508,906
	<b>Total other financial income</b>	<b>750,987</b>	<b>508,906</b>
	<b>Total financial income (15 + 16)</b>	<b>750,987</b>	<b>508,906</b>

## CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

	31/12/2022	31/12/2021	
17	Interest and other financial charges:		
	- associated companies	860,000	0
	- from other companies	2,375,980	2,665,641
	<b>Total interest and other financial charges</b>	<b>3,235,980</b>	<b>2,665,641</b>
	<b>TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17)</b>	<b>(2,484,993)</b>	<b>(2,156,735)</b>
<b>D</b>	<b>VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>		
18	Revaluations:		
	a) of shares	503,184	198,026
	<b>Total revaluations</b>	<b>503,184</b>	<b>198,026</b>
19	Write-downs:		
	a) Of shares	223,273	550
	<b>Total write-downs</b>	<b>223,273</b>	<b>550</b>
	<b>TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>	<b>279,911</b>	<b>197,476</b>
	<b>RESULT BEFORE TAXES (A - B +/- C +/- D)</b>	<b>16,838,296</b>	<b>11,907,692</b>
22	Income taxes for the year		
	a) current taxes	5,210,227	3,610,538
	b) prior year taxes	12,580	0
	c) deferred and prepaid taxes	71,706	(746,755)
	<b>Total income tax for the year</b>	<b>5,294,513</b>	<b>2,863,783</b>
22	<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>11,543,783</b>	<b>9,043,909</b>
	<b>GROUP'S PROFIT (LOSS) FOR THE YEAR</b>	<b>9,649,706</b>	<b>8,918,014</b>
	<b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THIRD PARTIES</b>	<b>1,894,077</b>	<b>125,896</b>

## CASH FLOW STATEMENT

INDIRECT METHOD	2022	2021
<b>A Cash flow from operating activities</b>		
Profit (loss) for the year	11,543,783	9,043,909
Income taxes	5,281,933	2,863,783
Interest payable (Interest receivable)	2,484,993	2,156,735
(Dividends)	0	0
(Gains)/Losses from the disposal of assets	0	213,897
<b>1 Profit (loss) for the year before income taxes, interest, dividends and dividends/losses from disposals</b>	<b>19,310,709</b>	<b>14,278,324</b>
<b>Adjustments for non-monetary items without an offsetting counterpart in net working capital</b>		
Allocations to provisions	2,387,794	1,013,681
Amortisation and depreciation of fixed assets	2,412,713	1,995,500
Write-downs due to value impairments	222,058	525,975
Other adjustments for non-monetary items	(602,154)	(41,293)
<b>Total adjustments for non-monetary items</b>	<b>4,420,411</b>	<b>3,493,863</b>
<b>2 Cash flow before changes to net working capital</b>	<b>23,731,120</b>	<b>17,772,187</b>
<b>Changes to net working capital</b>		
(Increase) or decrease in inventories	35,379,599	(57,213,640)
(Increase) or decrease in trade receivables	(19,680,412)	22,426,272
Increase or (decrease) in trade payables	25,795,570	(2,169,969)
(Increase) or decrease in accrued income and prepaid expenses	(133,956)	(343,263)
Increase or (decrease) in advances from customers	(11,313,068)	23,362,078
Increase or (decrease) in accrued liabilities and deferred income	369,908	9,587
Other decreases/(Other increases) in net working capital	(5,442,064)	(10,075,975)
<b>Total changes in net working capital</b>	<b>24,975,577</b>	<b>(24,004,910)</b>
<b>3 Cash flow after changes to net working capital</b>	<b>48,706,697</b>	<b>(6,232,723)</b>
<b>Other adjustments</b>		
Collected/(paid) interest	(1,702,493)	(1,914,017)
(Income taxes duly paid)	(3,995,197)	(4,315,579)
Collected dividends	0	0
(Use of provisions)	(1,237,617)	(1,172,981)
<b>Total other adjustments</b>	<b>(6,935,307)</b>	<b>(7,402,577)</b>
<b>OPERATING CASH FLOW (A)</b>	<b>41,771,390</b>	<b>(13,635,300)</b>
<b>B Cash flows from investment activity</b>		
<b>Tangible fixed assets</b>		
(Investments)	(8,733,294)	(1,837,870)
Divestments	1,661	19,058
<b>Intangible fixed assets</b>		
(Investments)	(81,585)	(169,851)
Divestments	0	0
<b>Financial fixed assets and other securities</b>		
(Investments)	(4,796,700)	(298,542)
Divestments	2,123,037	390,633

## CONSOLIDATED FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

INDIRECT METHOD	2022	2021
<b>Attività finanziarie non immobilizzate</b>		
(Investments)	0	0
Divestments	0	0
Total remuneration paid or received	0	(500,000)
Cash and cash equivalents acquired or disposed of through the acquisition/sale of controlled companies	0	1,820
<b>CASH FLOW FROM INVESTMENT ACTIVITY (B)</b>	<b>(11,486,881)</b>	<b>(2,394,752)</b>
<b>C Cash flows from financing activity</b>		
<b>Third-party financing</b>		
Increase/(decrease) in payables due to banks and other lenders	(2,599,298)	2,084,701
Raising finance	7,874,000	18,000,000
(Repayment of loans)	(20,503,716)	(15,646,558)
<b>Equity</b>		
Paid share capital increase	0	45,750
Change in minority shareholdings	1,469,602	0
Dividends (and advances on dividends) paid by the parent company or to minority shareholders	(895,005)	0
<b>CASH FLOW FROM INVESTMENT ACTIVITY (C)</b>	<b>(14,654,417)</b>	<b>4,483,893</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)</b>	<b>15,630,092</b>	<b>(11,546,159)</b>
<b>INITIAL CASH AND CASH EQUIVALENTS</b>	<b>46,621,024</b>	<b>58,167,183</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>62,251,116</b>	<b>46,621,024</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>15,630,092</b>	<b>(11,546,159)</b>



**EXPLANATORY NOTES**  
CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/2022



## Introduction

Carron Holding S.r.l. is the parent company carrying out the management and coordination activities of the subsidiaries operating in the construction industry, in line with the respective company purpose.

At the date of presenting these explanatory notes, the shareholders owning a stake in the share capital of Carron Holding S.r.l. are:

**Diego Carron**

Direct shareholding of 80%

**Arianna Carron**

Direct shareholding of 5%

**Paola Carron**

Direct shareholding of 5%

**Marta Carron**

Direct shareholding of 5%

**Barbara Carron**

Direct shareholding of 5%

## PREPARATION AND ACCOUNTING CRITERIA USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at 31 December 2022, made up of the Balance Sheet, Income Statement, Cash Flow Statement and these Explanatory Notes, have been drawn up in compliance with the provisions of (Italian) Legislative Decree no. 127/91, which implemented the VII Directive of the European Union in Italy, and are accompanied by the Directors' Report, which includes the tables with information on the reclassified balance sheet and income statement, in summary form, as well as the description of the nature of company activities, business outlook and all other information required by law.

To interpret and integrate legal provisions, reference was made to the national accounting standards issued by the "Organismo Italiano di Contabilità" (O.I.C. - the "Italian Accounting Board") and the relative documents issued.

Applying the principle of prudence has led to the individual assessment of elements making up the individual asset and liability items, in order to avoid any compensation among items that should be recognised and profits that should not be recognised as not yet realized.

For the purpose of accounting records and in compliance with the principle of accrual-basis accounting, the effect of transactions and other events is attributed to the year to which said transactions and events refer and not to the year in which the relative cash flows take place (collections and payments).

Continuing to use the same accounting criteria over time is necessary in order to allow for the Company's financial statements to be comparable over different years.

Pursuant to art. 2427, point 22-ter of the (Italian) Civil Code, it is hereby specified that the Group does not have any off-balance-sheet agreements in place that could lead to significant risks and/or benefits and which would otherwise need to be described in order to better understand the consolidated financial statements.

The consolidated financial statements are accompanied by the Directors' Report, prepared in accordance with article 2428 of the (Italian) Civil Code. Please refer to the Directors' Report for information about the nature of the company's activities, a description of events after the reporting date and the business outlook, as well as for all other information required by law.

Amounts are expressed in Euro, unless otherwise specified.

## EXPLANATORY NOTES - Consolidated Financial Statements

### Exceptions

Financial statement items were assessed without recourse to exceptions, pursuant to article 2423, paragraph 4, and article 2423-bis, paragraph 2, of the (Italian) Civil Code.

### Consolidation principles

The consolidation principles adopted to draw up the consolidated financial statements are as follows:

- As part of the first consolidation, in accordance with the "line-by-line" consolidation method, the book value of consolidated equity investments was eliminated against the shareholders' equity of the investee companies valued at current values. The difference between the purchase cost of the equity investments and the relative portion of shareholders' equity, as at the time of purchase, was recorded under the specific asset and liability items based on the relevant valuations. Any negative residual difference was recorded under a shareholders' equity item called the "Consolidation reserve"; if positive, and unable to be allocated to specific asset and liability items in the balance sheet, this difference was recorded under "Goodwill" or, in the absence of a future useful life, charged to the Income Statement;
- Assets, liabilities, costs, expenses, revenues and income of companies included in the scope of consolidation using the "line-by-line" consolidation method, were recorded in full in the consolidated financial statements, regardless of the parent company's percentage shareholding;
- Dividends, revaluations and write-downs of equity investments included in the scope of consolidation, as well as capital gains and losses on intra-group sales of said equity investments were removed;
- When calculating the Group's shareholders' equity and result for the year, the amounts relating to third-party shareholders were highlighted in specific balance sheet and income statement items;
- Receivables, payables, costs, expenses, revenues and income relating to companies included in the scope of consolidation were subject to elimination, as were the guarantees, commitments and risks relating to the companies in question;
- Profits and losses deriving from transactions between companies included in the scope of consolidation that were not yet realized as at the reporting date, were subject to elimination. Profits and losses were not eliminated if the relative amounts were insignificant;
- No changes were made to the consolidation principles compared with the previous year.

In order to draw up the consolidated financial statements, the financial statements of all Group companies at 31 December 2022 were used, all of which had already been approved by the respective Boards of Directors, with any necessary adjustments being made in order to ensure uniform accounting criteria for consolidation purposes. Finally, there are no companies that have a financial year-end date different from the reference date of the consolidated financial statements; therefore, there is no need to prepare special annual interim financial statements.

**SCOPE OF CONSOLIDATION****Subsidiaries**

The scope of consolidation includes the financial statements of the parent company and the companies over which it has direct or indirect control, pursuant to article 26 of (Italian) Legislative Decree no. 127/91.

At 31/12/2022, the Group comprises the following companies that are consolidated using the "full consolidation" method:

Company	Headquarters	% Shareholding
<b>Carron Holding S.r.l.</b> Activity: Holding and management of equity investments	San Zenone degli Ezzelini (TV)	Parent company
<b>Carron Cav. Angelo S.p.A.</b> Activity: construction of buildings and infrastructure on its own behalf and on behalf of third parties	San Zenone degli Ezzelini (TV)	100.00%
<b>Carron BAU Srl</b> Activity: construction of buildings and infrastructure on its own behalf and on behalf of third parties	Varna (BZ)	60.00%
<b>OLM NATURE ESCAPE Società Agricola a r.l.</b> Agricultural Activities	Varna (BZ)	60.00% indirect
<b>Senectus Srl</b> Own real estate management activities	San Zenone degli Ezzelini (TV)	42.00% indirect
<b>Sans Souci Srl</b> Own real estate management activities	San Zenone degli Ezzelini (TV)	90.00% indirect

During the year, the parent company Carron Holding S.r.l. sold 10% of the share capital of Carron Bau S.r.l. to third parties.

Please find below the list of equity investments in subsidiaries not included in the scope of consolidation with the related reason for exclusion:

Company name	Headquarters	Share capital	% Equity investment	reason for exclusion
Forte Joint Venture	Malta	10,000	52.00%	(4)

**Reason for exclusion**

- (1) Heterogeneity of the activity carried out
- (2) Limitation in exercising control
- (3) Irrelevance of the controlled company
- (4) Company in liquidation or subject to bankruptcy proceedings
- (5) Shares or quotas held exclusively for subsequent sale
- (6) Other

**EXPLANATORY NOTES - Consolidated Financial Statements**

The subsidiary Forte JV is excluded from the scope of consolidation due to the absence of operational events that occurred during the year, in addition to the fact that the liquidation and cessation of business is in progress. The subsidiaries and associated companies established as a consortium among competitors who come together pursuant to article 93 of (Italian) Presidential Decree no. 207/2010, in order to carry out all or part of a given work contract as a single unit, are also not included in the scope of consolidation, since they do not appear to have a significant effect on the values of the Group's consolidated financial statements. It is also noted that through the cost and revenue offsetting mechanism, the economic/financial performances of the consortium companies are already reflected pro-quota in the financial statements of the shareholders and that these entities do not have significant financial debt to third parties in their balance sheets. The relative equity investments are valued at cost and are included among financial assets under "Current asset" items ("Current financial assets").

Pursuant to art. 37 of (Italian) Legislative Decree no. 127/91, there are joint ventures that need to be included in the scope of consolidation using the "proportional method".

No changes have been made to the consolidation principles compared with the previous year.

**Associated companies**

Associated companies are companies over which the Group exerts significant influence, which is presumed to exist if a shareholding involves between 20% and 50% of the voting rights.

Equity investments in associated companies are valued using the "Shareholders' Equity" method and are initially recorded at cost. Subsequent changes are recorded in the following way:

- book values of these equity investments are in line with the Shareholders' Equity and include the greater values attributed to the assets and liabilities and any goodwill identified upon acquisition;
- the profits or losses relating to the Group are recognised at the date on which the significant interest or joint control began and until the date when the significant influence or joint control ceased. If, due to losses, the company valued using the method in question records negative equity, the carrying amount of the equity investment is written off and any excess relating to the Group, where the latter is committed to fulfilling the legal or implicit obligations of the related undertaking, or in any case to covering its losses, shall be recorded in a dedicated provision. Any balance sheet changes for companies valued using the equity method that are not represented by the result of the income statement are recorded directly as an adjustment to equity reserves.

Company	Headquarters	% Equity investments
<b>Consorzio Vie Del Mare</b>	Mestre (VE)	25.00%
<b>CABI Srl</b> Real estate development and promotion	San Zenone d.Ezzelini (TV)	50.00%
<b>Europont Srl</b> Activity: lease with installation of scaffolding for construction	Laives (BZ)	34.30%

**Other companies**

Equity investments in other companies other than subsidiaries and associated companies (generally with a shareholding of less than 20%) are valued at cost, reduced to reflect any value impairment.

Company name	Headquarters	Share capital	% Equity investments
Strada del Mare S.p.A.	Jesolo (VE)	720,000	4.55%
Parcheggio Piazza Vittoria S.r.l.	Milan	2,000,000	5.00%
Cons. Nogara Mare – in liquidation	Venice	600,000	5.98%
Ospedal Grando S.r.l.	Padua	11,000,000	2.50%
Banca delle Terre Venete	Vedelago (TV)	6,591,848	0.00%
Meran Central Parking Srl	Bolzano (BZ)	5,665,000	0.02%

**USE OF ESTIMATES**

When drawing up the consolidated financial statements, the Directors had to use accounting principles and methods which, in some circumstances, were based on difficult and subjective assessments and estimates based on past experience and assumptions that are considered reasonable and realistic on a case-by-case basis, depending on the relative circumstances. Using these estimates and assumptions affected the amounts reported in the Financial Statement tables, including the Balance Sheet, Financial Position and Income Statement, as well as the explanatory notes provided. The final results of the Financial Statement entries which used the aforementioned estimates and assumptions may differ from those reported in future financial statements, due to the uncertainty that characterises the assumptions and the conditions on which said estimates are based.

The accounting principles and Financial Statement items that require greater subjectivity than others when making estimates and for which a change in the conditions underlying the assumptions may have a significant impact on the Group's consolidated financial statements, are as follows:

- **Taxes:** (current and deferred) income taxes are calculated in accordance with a prudent interpretation of applicable tax legislation. In turn, this process leads to complex estimates on the calculation of taxable income and the deductible and taxable temporary differences between book values and values for tax purposes. In particular, the assessment as to whether assets will be recovered for prepaid taxes, recorded in relation to both tax losses to be used in future years and deductible temporary differences, takes into account the estimate of expected future taxable amounts.
- **Write-down of receivables:** the recoverability of receivables is assessed by taking into account the risk of said receivables not being paid, how long they have been in place for and the losses on similar types of receivables recorded in the past.
- **Work in progress risks:** the Group operates in industries with complex contractual frameworks; to better support estimates, the Group uses management systems to analyse contract risks aimed at identifying, monitoring and quantifying the risks related to carrying out said contracts.
- **Legal disputes:** provisions for disputes are the result of a process based on an assessment of the likelihood of losing a case;
- **Revenues:** revenues are recognised based on the fees agreed in proportion to the progress of the work. The estimate of the expected contract margin is a complex valuation process which involves identifying the various risks inherent to operating activities, market conditions and all other elements necessary to quantify future costs and expected time frames to complete the project.

**EXPLANATORY NOTES - Consolidated Financial Statements**

In particular, the following accounting criteria were used to prepare the financial statements:

**INTANGIBLE FIXED ASSETS**

Subject to the prior consent of the Board of Statutory Auditors where necessary, intangible fixed assets are recorded at their acquisition cost or production cost, net of amortisation. Ancillary costs are included in the purchase cost. The production cost includes all costs directly attributable to the product and other costs, for the reasonably attributable portion, up to the time the asset is ready for use.

They consist of non-monetary, clearly identifiable assets without physical substance, controllable and capable of generating future economic benefits.

These elements are recorded at cost, inclusive of directly attributable ancillary costs necessary to make the assets available for use. The useful life of each intangible asset is determined at the time of initial recognition. The estimated useful life of an asset is reviewed annually and any adjustments, where necessary, are made on a prospective basis.

Intangible assets are shown net of accumulated amortisation and of any value impairments, as determined according to the methods described below. Amortisation begins when the asset is ready for use and is systematically allocated according to the residual possibility of using the asset, i.e. based on its useful life.

If an asset is sold, or when no future economic benefits are expected from its use, it is derecognised and any profit or loss (calculated as the difference between the sale value and the relative net book value) is recognised in the Income Statement in the year of derecognition.

**TANGIBLE FIXED ASSETS**

Property, plants and machinery, equipment and other assets are recorded at cost including any directly attributable ancillary costs which are necessary to make the asset ready for its intended use. If there are current obligations in place, the cost is increased by the current value of the estimated cost for the decommissioning and removal of the asset.

Expenses incurred for ordinary and/or recurring maintenance and repairs are directly charged to the Income Statement in the year in which they are incurred. Costs incurred for the expansion, modernisation or improvement of owned or third-party structural elements are only capitalised to the extent that they meet the requirements for being classified separately as an asset or part of an asset.

Property, plants and machinery are shown net of accumulated depreciation and of any value impairments, as determined based on the methods described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed annually. Any adjustments, where necessary, are made on a prospective basis.

The estimated useful life of the main property, plants and machinery is indicated below:

	Useful life of the tangible asset
Buildings	33 years
General equipment	10 years
Operator machinery and specific equipment	7 years
Excavators and mechanical loaders	5 years
Light constructions	8 years
Metal formwork	4 years
Workshop equipment	10 years
Electrical and electronic instruments and levels	2,5 years
Miscellaneous minor equipment	2,5 years
Office furniture and ordinary office equipment	8 years



Electromechanical and electronic office equipment	5 years
Computers and electronic telephone systems	5 years
Transport vehicles	5 years
Cars	4 years

Land, whether free of constructions or annexed to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

If an asset is sold, or when no future economic benefits are expected from its use, it is derecognised and any profit or loss (calculated as the difference between the sale value and the relative net book value) is recognised in the Income Statement in the year of derecognition.

Some categories of assets reflect the revaluations made under (Italian) Law no. 342/2000. The real estate assets recognised in the financial statements of the consolidated companies at 31/12/2007 as tangible fixed assets, whose recognition was also confirmed in the 2008 financial statements, were subject to revaluation pursuant to (Italian) Legislative Decree no. 185 of 29/11/2008, Article. 15. Paragraphs 16 and 22. Finally, it should be noted that certain categories of assets also include the revaluations made under (Italian) Law no. 104/2020.

Tangible fixed assets purchased by exercising the purchase option at the end of a financial lease are recognised at the amount paid to exercise said right.

Gains or losses on the sale of assets, if referring to the sale or write-off of relatively insignificant capital goods used in the company's ordinary activities, are recognised in the income statement under "other revenues" or "sundry operating expenses", respectively.

The Group has also adopted the principles of Italian accounting standard OIC 17, whereby leasing contracts are accounted for using the financial method. The costs of assets used through operating leases, in which the lessor substantially maintains all the risks and benefits associated with ownership of the assets, are recorded on a straight-line basis in the income statement throughout the life of the leasing contract.

## INVENTORIES

Inventories of raw, ancillary and consumable materials are valued and recorded at either their cost, calculated using the LIFO method, or their value based on market prices, whichever is lower, in accordance with applicable statutory and tax laws.

Buildings to be sold (finished products) and work in progress are valued at either their cost, calculated as above, or their normal market value, whichever is lower; if a preliminary agreement has been signed, the building has been completed and delivered to the other party, and provided that a significant cash flow has been received from the promissory buyers, the buildings to be sold are valued at the amounts agreed in the preliminary agreement.

Advances and deposits received from the parties to a preliminary agreement are recorded as liabilities in the balance sheet and are recognised as revenues at the time the notarial deed is concluded.

## CONTRACT WORK IN PROGRESS

This item includes contracts that are valued based on fees accrued with reasonable certainty, according to the percentage of work completed, applying the cost-to-cost method. Any losses on contracts that are estimated with reasonable approximation are entirely deducted from the value of the work in progress in the year in which they become known. If this loss exceeds the value of the work in progress, the Company makes a special provision for liabilities and charges that is equal to the excess loss. Any probable losses are recognised in the financial year in which they become foreseeable, based on an objective and reasonable assessment of the existing circumstances. Losses are recognised regardless of the stage of completion

## EXPLANATORY NOTES - Consolidated Financial Statements

of the contract. No such losses have been offset with positive margins expected on other contracts. For the purpose of recognising losses, contracts are therefore considered individually. Additional fees are only included among contract revenues if the client has formally accepted the additional charges by the reporting date; or, if there is no formal acceptance, if it is highly probable as at the reporting date that the request for additional fees will be accepted on the basis of the most recent information available and past experience.

Sums received from customers while carrying out the work, which are a form of financial advance, are recorded as liabilities in the balance sheet, under the item Specific advances from customers, while those paid to subcontractors are recorded under Other advances.

Contract work in progress is recognised net of any write-down provisions and/or final losses, as well as of the advances on the contract in progress, paid by Clients on the basis of duly accepted Work Progress Reports, the amounts of which are recognised as Revenues.

If the provision for final losses for an individual contract exceeds the value of the work recognised as an asset in the balance sheet, then this excess shall be allocated to the provisions for liabilities and charges.

Future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

Contract revenues include the contractually agreed fees, any work variations, price alterations, incentives and any claims, to the extent to which they are reasonably certain to arise and can be determined in a reliable way.

In this regard, the relative assessments were carried out with reference to:

- specific legislation on public works;
- contractual clauses;
- the progress of negotiations with the customer and the probability of said negotiations having a positive outcome;
- technical-legal investigations, if necessary due to the complexity of specific cases; these may be carried out with the help of external consultants and are aimed at confirming the validity of the assessments made.

## CONTRACT COSTS

Contract costs include all costs directly relating to the contract, the costs that may be attributable to contract activities in general and that can be allocated to the contract itself, in addition to any other costs that may be specifically charged to the customer on the basis of contractual clauses. Costs also include:

- pre-operational costs, i.e. costs incurred in the initial phase of the contract before construction work begins (depending on the case in question, tendering costs, design costs, costs for organising and launching production, construction site installation costs);
- post-operating costs incurred after completing the contract (construction site removal, return of machinery/plants to the head office).
- costs for services to be performed after completion of the works, remunerated as part of the contract referring to the contract activities (such as periodic maintenance, assistance and supervision in the initial periods of operation of the individual works);
- Future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

**RECEIVABLES**

Receivables are recorded in the financial statements based on the amortised cost method, taking into account the time factor and the presumable realizable value. The amortised cost method is not applied when the effects are irrelevant, i.e. when the transaction costs, commission paid between the parties and any other difference between the initial value and the value upon expiry are not very significant or if the receivables are short-term (meaning that they are due within 12 months). This criteria is not applied to payables that already existed before (Italian) Legislative Decree no. 139/2015 (the so-called financial statements decree) came into force, which still had an effect as at 01/01/2016. These receivables are recorded at their nominal value.

Some trade receivables, upon initial recognition, without the payment of interest, or bearing interest that is significantly different to market rates, and the related revenues, are initially recorded at the value calculated by discounting future cash flows to the market interest rate. The difference between the initial value recorded for the receivable, calculated in the above way, and the value when due is reported through a dedicated shareholders' equity reserve.

The value of receivables, as calculated above, may be altered, if necessary, using a bad debt provision, to directly reduce the value of the receivables themselves, in order to adjust them to their presumable realizable value. The write-down amount at the reporting date is equal to the difference between the book value and the value of estimated future cash flows, reduced by the amounts that are not expected to be collected, discounted by the receivable's original effective interest rate (i.e. the effective interest rate calculated when the receivable was first recorded).

The write-down amount is recorded in the income statement.

**CURRENT FINANCIAL ASSETS**

Current financial assets are recorded at either their purchase cost, including ancillary costs, or their estimated realizable value, which is derived, where possible, from market performance or other market indicators. The item also includes:

- shareholdings in subsidiaries;
- shareholdings in associated companies.

These investments mainly refer to subsidiaries and associated companies established as a consortium. Information on their evaluation criteria has already been shown.

**ACCRUED INCOME AND PREPAID EXPENSES**

These are expressed on an accrual basis, in compliance with the principle of matching expenses and revenues.

**PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions for liabilities represent liabilities of a specific nature whose existence is probable, the values of which are estimated, while the provisions for charges represent liabilities of a specific nature whose existence is certain, the amount or date of which is estimated, related to obligations already undertaken at the reporting date, but which will be paid in subsequent financial years. Provisions for liabilities and charges are recorded in the income statement under the operating items to which the transaction refers, as the criterion of classifying costs by nature applies.

**EXPLANATORY NOTES - Consolidated Financial Statements**

The amount allocated to the provisions is measured with measuring the provisions, a range of variable values is obtained, then the provision shall be the best estimate between the upper and lower limits of the range of variable values. The subsequent use of a provision is directly booked to the provision and is only recognised for the expenses and liabilities for which the provision was originally created. Any negative differences with respect to the charges actually incurred are recognised in the income statement in line with the original provision, while if the surplus is the result of positive business developments, the elimination or reduction of the excess provision is accounted for as income in the category of the same nature. These Provisions for Liabilities and Charges include taxes, including deferred taxes, that reflect the expenses estimated to settle the ongoing tax dispute, and the deferred tax provision calculated in relation to income from short-term contracts, which, for statutory accounting purposes, is measured based on the percentage of completion of the work, but, for tax purposes, is subject to taxation upon completion of the contract.

The item "Other provisions" refers to:

- the costs estimated to complete contracts, which normally refer to:
  - costs for dismantling the construction site, i.e., costs for removing the installations;
  - costs for bringing machinery back to our headquarters;
  - costs for the transport of unused materials to another site or to our headquarters, including losses on abandoned materials;
- costs for testing the work carried out;
- charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;
- post-delivery maintenance costs relating to the work, if stated in the contract;
- charges for contractual guarantees.
- Furthermore:
  - costs for dealing with legal disputes;
  - costs for remedying any non-conformities and defects in relation to the works that arise within two years after provisional testing, which may be eliminated at the expense of the contractor (pursuant to articles 1667/1668 of the Italian Civil Code).

**STAFF SEVERANCE INDEMNITY PROVISION**

The item "staff severance indemnity" shows the amount that employees would be entitled to receive if they ceased to be employed at the reporting date. The indemnities for length-of-service represented by this item, namely the provision for the year and the annual revaluation of the existing provision, are determined in accordance with applicable laws and regulations. Staff severance indemnity is recorded in the relevant liability item (C) and the relative provision is recorded in the corresponding income statement item (B9). It should be noted that the changes made to the staff severance indemnity regulations by (Italian) Law no. 296 ("2007 Budget Law") and the subsequent implementing Decrees and Regulations, had an impact on the accounting criteria applied to the shares of severance indemnity accrued at 31 December 2006 and to those accrued from 1 January 2007 for the consolidated Carron Cav. Angelo S.p.A. which, following the reform, recorded an increase in the item in question only as a result of the revaluation amount of the provision, due to the fact that, after 2007, almost all the indemnities were paid either to supplementary pension funds or to the Treasury Fund held at INPS (Italian National Social Security Institution), depending on the choice made by each individual worker. For the other companies of the Group, the legislation in question has not had any impact since, as provided for by the same legislation, for companies who at the date of entry into force of the legislation with fewer than 50 employees, both the TFR (severance pay) provisions accrued at 31 December 2006 and those accrued from 1 January 2007 continue to remain within the company for employees who did not opt to pay into a complementary fund.

**PAYABLES**

Payables are recorded based on the amortised cost method, taking into consideration the time factor. This criteria is not applied to financial payables that already existed before (Italian) Legislative Decree no. 139/2015 (the so-called "financial statement decree") came into force, which still had an effect as at 1st January. These payables are recorded at their nominal value. The amortised cost method is not applied to payables if their effects are irrelevant. Effects are considered irrelevant for short-term payables (meaning that they are due within 12 months). For more details on the amortised cost method, please refer to the information provided in the section on receivables.

Payables for holidays accrued by employees and for deferred remuneration, inclusive of the amount due to social security institutions, are allocated on the basis of the amount that should be paid out in the event of employment being terminated at the reporting date.

**REVENUES**

Revenues generated by the sale of goods are recorded upon substantial and not formal transfer of ownership, taking the transfer of risks and benefits as reference criteria to define "substantial transfer".

Revenues generated by the sale of products and goods or service provision relating to the company's ordinary activities are recorded net of returns, discounts, rebates and bonuses, and net of taxes directly connected to the sale of products and provision of services.

Revenues for the provision of services, or related to services established in contracts, are recognised upon completion and/or accrual, or on the basis of duly approved and certified Work Progress Reports.

Transactions with related parties are carried out under normal market conditions.

**COSTS**

Costs are accounted for on an accrual basis, regardless of the date of collection and payment, net of returns, discounts, rebates and bonuses.

**INCOME TAXES**

Taxes for the year are calculated on the basis of a realistic estimate of taxes payable, in accordance with current tax regulations. Deferred and prepaid taxes are calculated on the temporary differences between the value attributed to an asset or liability according to statutory accounting criteria and the value attributed to said asset or liability for tax purposes.

Prepaid tax assets are only recorded if there is reasonable certainty that, in the years in which the deductible temporary differences will be reversed, the taxable income will not be less than the amount of the differences that they will use. Deferred taxes, on the other hand, are recorded even if it is not very likely that the relative payable shall arise.

Payables for deferred taxes and receivables for prepaid taxes, if recorded, are recorded, respectively, under the fund for liabilities and charges or under receivables due from others among current assets in the balance sheet.

**EXPLANATORY NOTES - Consolidated Financial Statements****COMMITMENTS, GUARANTEES AND RISKS**

Personal guarantees, distinguished between sureties and other personal guarantees, are reported in the explanatory notes for the amount of the actual commitment; in addition to commitments and risks, transactions relating to all the commitments and risks existing at the reporting date are also reported. The details are shown in a specific table at the end of the comments in the "Balance Sheet Liabilities" section.

**EMPLOYMENT FIGURES**

The average number of employees of the companies consolidated on a line-by-line basis is shown separately by category.

Headcount	31/12/2022	31/12/2021	Change
Executives	7	7	-
Middle managers	9	6	+3
White-collar workers	184	181	+3
Blue-collar workers	79	73	+6
Others	10	5	+5
<b>Total</b>	<b>289</b>	<b>272</b>	<b>+17</b>



**BALANCE SHEET - ASSETS****INTANGIBLE FIXED ASSETS**

At 31/12/2022 this item amounted to 1,418,961 euros, and its changes are listed below:

Description	Start-up and expansion costs	Industrial patent rights	Concessions, licences, trademarks and similar rights	Goodwill	Other intangible fixed assets	Total
Historical cost	7,491	681,954	1,750	1,327,716	828,388	2,847,299
Depreciation from previous years	(3,997)	(403,759)	(98)	(331,261)	(334,833)	(1,073,948)
<b>Value at the beginning of the year</b>	<b>3,494</b>	<b>278,195</b>	<b>1,652</b>	<b>996,455</b>	<b>493,555</b>	<b>1,773,351</b>
Increases for acquisitions	-	17,965	-	-	63,621	81,586
Decreases	-	-	-	-	-	-
Amortisation for the year	(1,569)	(83,016)	(98)	(247,776)	(103,517)	(435,976)
Changes from consolidation	-	-	-	-	-	-
<b>Value at the end of the year</b>	<b>1,925</b>	<b>213,144</b>	<b>1,554</b>	<b>748,679</b>	<b>453,659</b>	<b>1,418,961</b>

Intangible fixed assets specifically include costs for the acquisition and implementation of software, as well as costs related to the management and retention of SOA certification.

Regarding the item Goodwill, this reflects the value obtained during the initial consolidation of the subsidiaries OLM Nature Escape, which will be amortised over 10 years, and Sans Souci S.r.l., which will be amortised over 3 years.

The following table presents a breakdown of the amortisation periods:

Business goodwill	Amortisation period	Initial value	Remaining amortisation
OLM Nature Escape	10 years	834,838	584,386
Sans Souci Srl	3 years	492,879	164,293

**TANGIBLE FIXED ASSETS**

At 31/12/2022, they amount to Euro 28,864,371. The changes for each category of assets and the changes during the year as per the financial statements of the companies included in the scope of consolidation, are as follows:

Description	31/12/2022	31/12/2021	Change
Terreni e fabbricati	14,731,247	17,782,632	(3,051,385)
Impianti e macchinari	2,940,602	1,819,512	1,121,090
Attrezzature industriali e commerciali	2,497,063	1,230,572	1,266,491
Altri beni	1,178,110	1,123,350	54,760
Immobilizzazioni in corso e acconti	7,517,349	153,409	7,363,940
<b>Total</b>	<b>28,864,371</b>	<b>22,109,475</b>	<b>6,754,896</b>

## EXPLANATORY NOTES - Consolidated Financial Statements

**LAND AND BUILDINGS**

Historical cost	22,424,600
Depreciation from previous years	(4,641,968)
Consolidation entries	-
<b>Value at the beginning of the year</b>	<b>17,782,632</b>
Reclassifications	(2,549,212)
Increase for acquisitions	-
Decreases for divestments	(1,662)
Amortisation for the year	(500,511)
Revaluations	-
Write-downs	-
Changes from consolidation	-
<b>Value at the end of the year</b>	<b>14,731,247</b>

The balance of the item "land and buildings" also includes the value of plots of land which, in line with the tax provisions introduced by (Italian) Decree Law no. 232/2006, are no longer subject to depreciation.

**PLANTS AND MACHINERY**

Historical cost	3,374,702
Depreciation from previous years	(1,555,190)
Consolidation entries	-
<b>Value at the beginning of the year</b>	<b>1,819,512</b>
Riclassifiche	-
Increase for acquisitions	1,542,498
Decreases for divestments	-
Amortisation for the year	(421,408)
Revaluations	-
Write-downs	-
Changes from consolidation	-
<b>Value at the end of the year</b>	<b>2,940,602</b>

**INDUSTRIAL AND COMMERCIAL EQUIPMENT**

Description	Amount
Historical cost	3,098,002
Depreciation from previous years	(1,867,430)
Consolidation entries	-
<b>Value at the beginning of the year</b>	<b>1,230,572</b>

Reclassifications	68,001
Increase for acquisitions	1,905,491
Decreases for divestments	-
Amortisation for the year	(707,001)
Revaluations	-
Write-downs	-
Changes from consolidation	-
<b>Value at the end of the year</b>	<b>2,497,063</b>

**OTHER ASSETS**

Description	Amount
Historical cost	3,221,610
Depreciation from previous years	(2,098,260)
Consolidation entries	0
<b>Value at the beginning of the year</b>	<b>1,123,350</b>
Reclassifications	(68,001)
Increase for acquisitions	470,577
Decreases for divestments	(5,442)
Amortisation for the year	(342,374)
Revaluations	-
Write-downs	-
Changes from consolidation	-
<b>Value at the end of the year</b>	<b>1,178,110</b>

**Fixed assets under development and advances**

Description	Amount
Historical cost	153,409
Depreciation from previous years	-
Consolidation entries	-
<b>Value at the beginning of the year</b>	<b>153,409</b>
Reclassifications	2,549,212
Increase for acquisitions	4,814,728
Decreases for divestments	-
Amortisation for the year	-
Revaluations	-
Write-downs	-
Changes from consolidation	-
<b>Value at the end of the year</b>	<b>7,517,349</b>

**EXPLANATORY NOTES - Consolidated Financial Statements****Total revaluations on tangible fixed assets at the end of the year**

The corporate assets of the company Carron Cav. Angelo Spa include the amount of the revaluation carried out pursuant to (Italian) Law 342/2000, (Italian) Legislative Decree 185/2008 and (Italian) Decree Law 104/2020, while the assets of the company OLM Nature Escape GmbH include the amount of the revaluation carried out pursuant to (Italian) Decree Law 104/2020.

At 31/12/2022, therefore, the total value of revaluations made amounted to 4,423,740 euros; as summarised in the table below:

Description	Total revaluations
Land and buildings	3,832,442
Plants and machinery	334,219
Industrial and commercial equipment	167,345
Other assets	89,734
<b>Total</b>	<b>4,423,740</b>

**FINANCIAL FIXED ASSETS - EQUITY****INVESTMENTS**

The equity investments recorded under point III of the Balance Sheet are made up of the following:

Description	31/12/2022	31/12/2021	Change
Subsidiaries	5,200	5,200	0
Associated companies	1,443,935	891,809	552,126
Other companies	430,198	440,194	(9,996)
<b>Total</b>	<b>1,879,333</b>	<b>1,337,203</b>	<b>542,130</b>

In detail, the changes are as follows:

Description	31/12/2021	Increases	Decreases	31/12/2022
Forte JV	5,200	-	-	5,200
<b>Equity investments in subsidiaries</b>	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>5,200</b>
Consorzio Vie del Mare	18,228	-	-	18,228
Cabi Srl	-	97,942	-	97,942
Europont Srl	873,581	454,184	-	1,327,765
<b>Equity investments in associated companies</b>	<b>891,809</b>	<b>552,126</b>	<b>-</b>	<b>1,443,935</b>
Ospedal Grando Srl	275,000	-	-	275,000
New Jersey Srl in liquidation	9,873	-	(9,873)	9,873
Strada del Mare Spa	26,382	-	-	26,382
Parcheggio Vittoria Srl	97,423	-	-	97,423

Consorzio Nogma in liquidation	30,000	-	-	30,000
Banca delle Terre Venete Spa	516	-	-	516
Meran Centrum Parking Spa	1,000	-	(123)	877
<b>Others</b>	<b>440,194</b>	-	<b>(9,996)</b>	<b>430,198</b>
<b>Total</b>	<b>1,337,203</b>	<b>552,126</b>	<b>(9,996)</b>	<b>1,879,333</b>

**NON-CURRENT RECEIVABLES**

At 31/12/2022, receivables recognised as financial assets amounted to 12,934,807 euros, showing an overall decrease of 443,866 euros compared to 31/12/2021.

This item is made up of the following:

Description	31/12/2021	Increases	Decreases	31/12/2022
<b>From subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consorzio Vie del Mare	30,800	-	-	30,800
Trento Tre Scarl	701,843	-	-	701,843
Officine Trento Scarl	99,000	39,200	-	138,200
Cabi Srl	-	3,490,000	-	3,490,000
<b>From associated companies</b>	<b>831,643</b>	<b>3,529,200</b>	<b>0</b>	<b>4,360,843</b>
Immobilmarca Srl	9,925,000	50,500	-	9,975,500
New Jersey Srl	13,164	-	(13,164)	-
Manus Srl	2,100,000	-	(2,100,000)	-
Ospedal Grando Srl	65,000	87,500	-	152,500
<b>Others</b>	<b>12,103,164</b>	<b>138,000</b>	<b>(2,113,164)</b>	<b>10,128,000</b>

The change in the amount of receivables from associated companies reflects the disbursement of a loan to the investee Trento Tre Scarl and to the company CABI Srl.

The item Receivables from others instead mainly reflects the amount of loans granted to the former subsidiary and now associated company Immobilmarca S.r.l., disbursed during the period of construction works for the development of the commercial complex in the municipality of Silea (TV).

For further information on the recoverability of the receivable in question, please refer to what is described below with reference to trade receivables.

## EXPLANATORY NOTES - Consolidated Financial Statements

**OTHER SECURITIES**

The item Other securities includes the value of the investment share in the Salute 2 fund worth 2,050,000 euros, as well as the shareholding in the Geminus investment fund, the value of which was written off in the previous year; there are no changes from the previous year.

Other securities	31/12/2022	31/12/2021	Change
Geminus investment fund	-	-	-
Salute 2 investment fund	2,050,000	2,050,000	-
<b>Total</b>	<b>2,050,000</b>	<b>2,050,000</b>	-

**FINANCIAL INSTRUMENT ASSETS**

The item reflects the mark-to-market value of a cash flow hedging derivative financial instrument, entered into in 2020 by the subsidiary Carron Cav. Angelo S.p.A.

Type of contract	IRS (Interest Rate Swap O.T.C.)
Purpose	Interest rate risk hedging Issuing counterparty
Issuing counterparty	BNL BNP Paribas
Transaction date	30/06/2020
Start date	30/06/2020
Maturity date	30/06/2025
Notional Amount	Euros 5.000.000
Refund method	Quarterly instalments
Mark-to-market value	142,790

In the 2022 financial year, in order to adjust the accounting representation of the instrument, the Passive Financial Instruments Fund EUR 5,291 was reset to zero, while the MTM value was recorded under Financial fixed assets.

The income of EUR 148,081 has been recorded under the item 'financial income - Other'.

**CURRENT ASSETS**

At 31/12/2022, current assets were composed as follows:

Description	31/12/2022	31/12/2021	Change
Inventories	110,189,021	145,568,620	(35,379,599)
Receivables	117,549,117	92,703,364	24,845,753
Current financial assets	91,930	98,323	(6,393)
Cash and cash equivalents	62,251,116	46,621,024	15,630,092
<b>Total</b>	<b>290,081,184</b>	<b>284,991,331</b>	<b>5,089,853</b>

**INVENTORIES**

Description	31/12/2022	31/12/2021	Change
Raw and ancillary materials and consumables	10,460,911	21,323,750	(10,862,839)
Work in progress and semi-finished products	0	0	0
Work in progress to order	99,396,954	123,253,130	(23,856,176)
Finished products and goods	331,156	991,740	(660,584)
<b>Total</b>	<b>110,189,021</b>	<b>145,568,620</b>	<b>(35,379,599)</b>

The item Raw materials includes the costs for the purchase of building areas on which real estate with direct construction of buildings will be carried out; the change is due to the fact that areas have been acquired on which construction activities will begin in 2023. The increase in the item Contract work in progress is largely determined by the construction of works that are the subject of preliminary contracts for future sales, which, in accordance with the provisions of accounting standard OIC 23, point 5), are to be carried out on these areas, since the product realised on these areas can be configured as a normal contract of multi-year performance given the existence, at the start of the construction work, of preliminary sales contracts for these future properties. For the sake of completeness, please refer to the introductory part of these notes to the financial statements where the valuation criteria are explained. Contract work in progress is performed for an average of 18 months.

Finished goods and goods for resale include the stocks of materials at construction sites recognised at the end of the year, as well as several properties intended for sale.

**EXPLANATORY NOTES - Consolidated Financial Statements****RECEIVABLES**

After the elimination of intercompany balances, receivables recorded as current assets show the following changes:

Description	31/12/2022	31/12/2021	Change
Trade receivables	69,781,149	49,964,850	19,816,299
From subsidiaries	555,935	254,440	301,495
From associated companies	9,958,870	10,369,252	(410,382)
To parent companies	-	-	0
From companies subject to the control of parent companies	0	1	(1)
For tax credits	7,757,045	5,221,307	2,535,738
For prepaid taxes	75,259	256,700	(181,441)
From others	29,420,859	26,636,814	2,784,045
<b>Total</b>	<b>117,549,117</b>	<b>92,703,364</b>	<b>24,845,753</b>

The breakdown of receivables by due date is as follows:

Description	Due within the year	Due after the year	More than 5 financial years	Total
Trade receivables	60,994,149	8,787,000	-	69,781,149
From subsidiaries not included in the scope of consolidation	555,935	-	-	555,935
From associated companies	7,813,803	2,145,067	-	9,958,870
For tax credits	7,070,122	686,923	-	7,757,045
For prepaid taxes	75,259	-	-	75,259
From others	28,402,849	1,018,010	-	29,420,859
<b>Total</b>	<b>104,912,117</b>	<b>12,637,000</b>	<b>-</b>	<b>117,549,117</b>

**TRADE RECEIVABLES**

Trade receivables due after twelve months, amounting to 8,787,000 euros and which decreased by 1,973,000 euros, refer to the residual fee for the contract work carried out by Carron Cav. Angelo S.p.A. vis-à-vis the associated company Immobiliarca S.r.l., which no longer belongs to the Group following the demerger completed by Carron Cav. Angelo S.p.A. in 2017.

The settlement of this receivable is related to the realisation of receivables, also from the company Immobiliarca Srl, recorded as financial assets. The realisation of these items is subject to the completion of the debtor's real estate disposal programme, i.e., the results of the activities that the debtor is conducting for the residential real estate development in Riese Pio X (TV), which is now being marketed, as well as real estate developments in the residential care home field that currently present good business prospects that will allow the debtor company to find the liquidity needed to start the process of repaying this position.

Trade receivables do not present significant concentrations of credit risk. There are no receivables due after five years. Trade receivables are reported net of credit notes and include the amounts for invoices yet to be issued, which are properly accounted for on an accrual basis. Trade receivables are mainly represented by receivables from contracting parties for work progress reports that have been invoiced or are yet to be invoiced, in accordance with contractual clauses. These are recorded net of the bad debt provision, the balance of which is broken down below:

Bad debt provision	Write-down provision pursuant to Article 2426 of the (Italian) Civil Code	Write-down provision pursuant to Article 106 Presidential Decree no. 917/1986	Total
Balance at 31/12/2021	20,939	1,057,755	1,078,694
Allocations during the year	-	85,243	85,243
Use during the year	-	(248,150)	(248,150)
<b>Balance at 31/12/2021</b>	<b>20,939</b>	<b>894,848</b>	<b>915,787</b>

#### RECEIVABLES FROM SUBSIDIARIES AND ASSOCIATED COMPANIES

Receivables due from subsidiaries and associated companies are made up of receivables from consortium companies that are excluded from the scope of consolidation. They mainly concern the business transactions for services rendered to the consortium companies themselves, i.e. credit entries from the collections made by the consortium companies against contractual payments made by the contracting entities by way of invoicing, however, by the consolidated companies (Carron Cav. Angelo SpA and Carron Bau Srl), in application of the so-called delegation of payment system in favour of the consortium companies to provide the required funding to carry out the works entrusted to them.

#### TAX CREDITS

Tax credits due within 12 months are made up of a total of EUR 7.1 million, of which EUR 6.7 million are VAT receivables, including EUR 4 million requested for reimbursement by the parent company, while the remaining EUR 2.7 million pertain to the companies Senectus S.r.l. and Sans Souci S.r.l. Among other residual credits, there are tax credits for energy and gas, tax credits for building bonuses, as well as tax credits accrued in accordance with regulations related to investment incentives.

Tax credits due beyond 12 months consist of EUR 0.4 million for credits on building bonuses and EUR 0.25 million for tax credits on investments in capital goods.

In particular, the amount of credits with a duration exceeding 5 years amounts to EUR 0.2 million.

#### RECEIVABLES DUE FROM OTHERS

Among other credits, the most significant items refer to advances paid to suppliers amounting to EUR 8.1 million, in addition to EUR 19.2 million paid as advances and/or deposits for the acquisition of building areas where future real estate is to be constructed and for which preliminary sales agreements with private investment funds are already in place.

#### EXPLANATORY NOTES - Consolidated Financial Statements

#### FINANCIAL ASSETS THAT ARE NOT CONSIDERED FIXED ASSETS

This item includes the values of equity investments in consortium companies which represent instruments through which the subsidiaries, in their capacity as principals or associates of ATIs (temporary associations of companies), perform the services under the contracts in place with the respective contracting entities.

The purpose of the consortium companies is to carry out contract work together with the other associates, thus primarily meeting organisational and operational requirements.

By their nature, consortium companies are non-profit organisations as they act in the exclusive interest of the companies grouped together in the temporary consortium ("A.T.I.") to which they "charge back" the entire cost of their operations without any remuneration for their work. The financial and earnings effects of operations are therefore entirely attributed to the participating companies in proportion to their shareholding. For the above reasons, these equity investments are excluded from the scope of consolidation.

Company name	Shareholders' equity in Euro	Shareholding in Euro	% Shareholding	Book value or corresponding receivable
<b>Equity investments in subsidiaries:</b>				
Beato Pellegrino Scarl	10,000	6,677	66,77	6,677
Ada Negri Scarl	10,000	5,112	51,12	5,112
<b>Sub-total subsidiaries</b>				<b>11,789</b>
<b>Equity investments in associated companies:</b>				
Trento Tre Scarl	20,000	9,200	46,00	9,200
Farro Srl - in liquidation	144,058	36,015	25,00	54,658
Valdastico 14 Scarl - in liquidation	10,063	3,019	30,00	3,000
Montecchio Scarl	10,000	4,000	40,00	4,000
Officina Trentino Scarl	10,000	4,900	49,00	4,900
San Benedetto Merano Scarl	10,000	4,383	43,83	4,383
<b>Sub-total associated companies</b>				<b>80,141</b>
Equity investments in other companies				-
<b>Financial fixed asset that do not constitute assets</b>				<b>91,930</b>



**CASH AND CASH EQUIVALENTS**

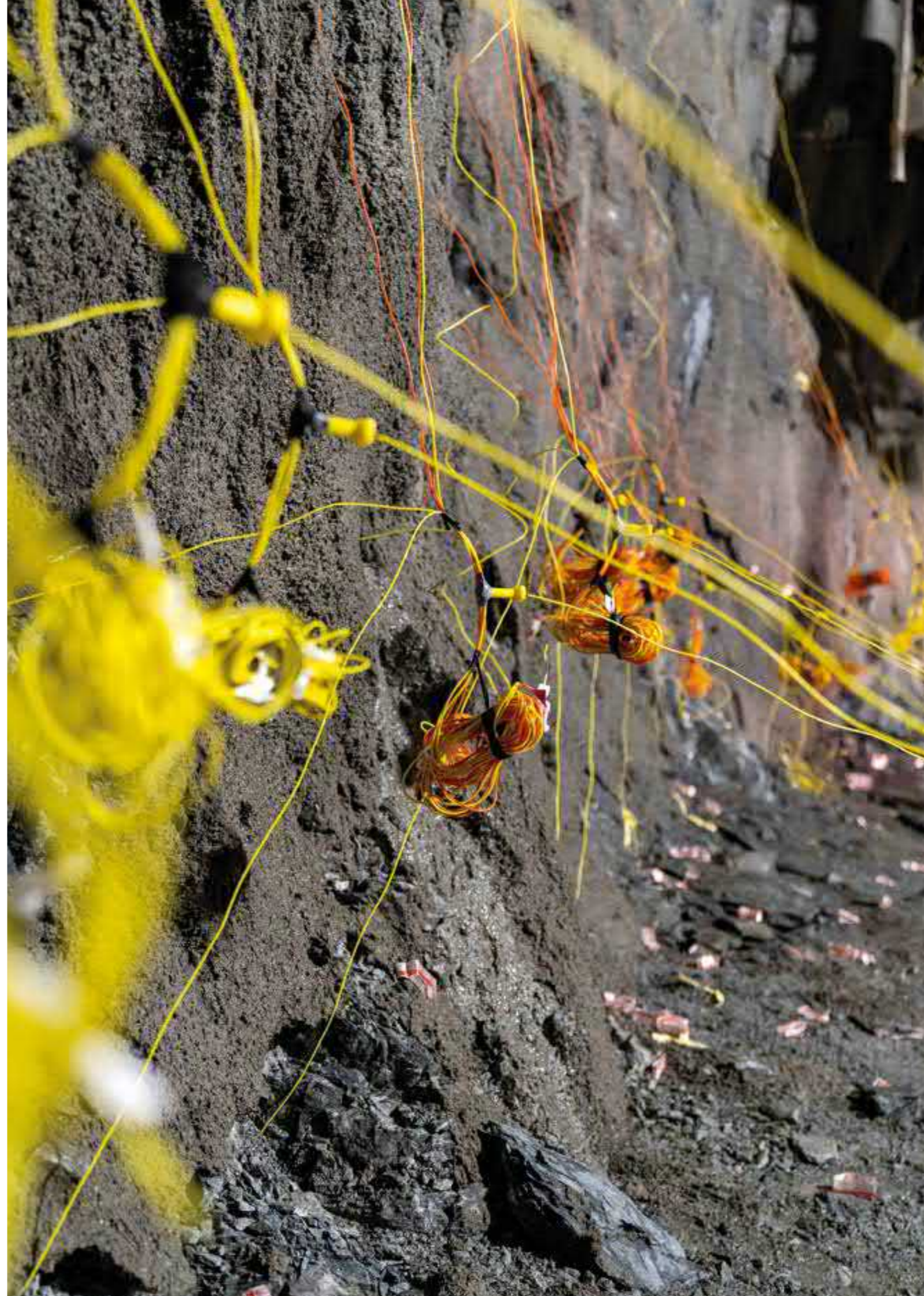
Cash and cash equivalents refer to the balances of the current accounts held with credit institutions as well as cash and equivalents on hand. The change in cash and cash equivalents compared to the previous year is as follows:

Description (euro/1000)	31/12/2022	31/12/2021	Variazione
Depositi bancari e postali	62.156.179	46.544.510	15.611.669
Assegni			0
Denaro e valori in cassa	94.937	76.514	18.423
<b>Total</b>	<b>62.251.116</b>	<b>46.621.024</b>	<b>15.630.092</b>

Please refer to the cash flow statement for further explanations on the origin of the change in cash and cash equivalents.

**ACCRUED INCOME AND PREPAID EXPENSES**

These represent the portions of cost suspended in application of the accrual basis. They mainly relate to disbursements for insurance premiums paid in advance, or commissions for bank guarantees. No deferrals or accruals were recorded with a duration of over five years.



## BALANCE SHEET - LIABILITIES

### SHAREHOLDERS' EQUITY

#### Reconciliation statement between the net result and shareholders' equity of the parent company and the corresponding values in the consolidated financial statements

The Group's consolidated equity and consolidated net result at 31/12/2022 are reconciled with those of the parent company as follows:

	Shareholders' equity at 31/12/2022	2022 result for the year
<b>Shareholders' equity and result for the year of the parent company Carron Holding S.r.l.</b>	<b>9,406,133</b>	<b>5,736,256</b>
Removal of the book value of the equity investments held in investee companies:		
Book value of the equity investments	(10,563,747)	
Pro-rata value of the group shareholders' equity eliminated	77,161,073	9,319,143
Consolidation difference allocated to assets	748,679	(247,777)
<b>Difference between the book value of the equity investments and the pro-rata value of shareholders' equity</b>	<b>67,346,005</b>	<b>9,071,366</b>
<b>Other adjustments</b>		
- Intra-group profits on work and the sale of assets	764,354	829,474
- intra-group dividends	-	(5,849,000)
- equity investments valued using the "shareholders' equity" method	427,765	498,921
- valuation of leasing contracts using the "financial lease" method	(122,771)	10,374
- other adjustments	(3)	(647,685)
<b>Total other adjustments</b>	<b>1,069,346</b>	<b>(5,157,916)</b>
<b>Shareholders' equity and result for the year for the group</b>	<b>77,821,484</b>	<b>9,649,706</b>
Third-party capital and result	7,343,169	1,894,077
<b>Consolidated shareholders' equity</b>	<b>85,164,653</b>	<b>11,543,783</b>

#### EXPLANATORY NOTES - Consolidated Financial Statements

#### Statement of changes in Group equity

Description	Share capital	Legal reserve	Revaluation reserve	Other reserves	Profit (loss) carried forward	Profit for the year	Equity attributable to minority interests	TOTAL
at 01/01/2022	1,000,000	200,000	1,682,105	4,223,545	53,903,529	8,918,014	4,199,091	74,126,284
allocation of profit	-	-	-	1,743	8,916,271	(8,918,014)	-	-
Inclusion in the scope of consolidation	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	1,469,601	1,469,591
Roundings				(11)				
Distribution of dividends	-	-	-	(1,755,405)	-	-	(219,600)	(1,975,005)
Result for the year	-	-	-	-	-	9,649,706	1,894,077	11,453,783
at 31/12/2022	1,000,000	200,000	1,682,105	2,469,872	62,819,801	9,649,706	7,343,169	85,164,653



**PROVISIONS FOR LIABILITIES AND CHARGES**

These provisions are made to cover taxes, including deferred taxes and possible costs for tax disputes regarding pending proceedings vis-à-vis the tax authorities, as well as estimated costs and charges to be incurred after completing contracts.

This item is made up of the following:

Description	31/12/2021	Increases	Decreases	31/12/2022
for taxes, also deferred	134,212	7,560	(117,296)	24,476
Derivative financial liabilities	5,291	0	(5,291)	0
others:				
- future contract charges	852,877	1,252,582	(216,937)	1,888,522
- post-testing contract risks	1,040,000	143,247	(103,247)	1,080,000
- legal disputes	60,000	0	0	60,000
Total other provisions	1,952,877	1,395,829	(320,184)	3,028,522
<b>Total</b>	<b>2,092,380</b>	<b>1,403,389</b>	<b>(442,771)</b>	<b>3,052,998</b>

The **tax for provision** includes the provision for deferred taxes.

The following costs and charges were allocated to the item **"Other provisions"**:

- Future contract costs estimated after contract completion, which normally relate to:
  - Site abandonment costs for removal of installations, return of machinery and disposal of unused materials;
  - costs for testing the work carried out;
  - charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;
  - post-delivery maintenance costs relating to the work, if stated in the contract;
- Post-testing contract risks: estimated costs to be incurred after testing work, for remedying any non-conformities and defects in relation to the works that arise within two years after provisional testing, which may be eliminated at the expense of the contractor (pursuant to articles 1667/1668 of the Italian Civil Code).

**STAFF SEVERANCE INDEMNITY**

The amount of the provision is sufficient to fulfil contractual and legal obligations and is shown net of any advances paid to employees. Details of the changes are provided below:

Description	31/12/2021	Increases	Decreases	31/12/2022
Staff severance fund, changes during the period	755,914	868,163	793,631	830,446

**EXPLANATORY NOTES - Consolidated Financial Statements****PAYABLES**

I debiti consolidati, dopo l'eliminazione dei valori infragruppo, sono valutati al loro valore nominale e la scadenza degli stessi è così suddivisa:

Description	31/12/2022	31/12/2021	Change
Bonds	3,000,000	-	3,000,000
Payables due to banks	40,516,228	59,911,932	4,683,406
Payables due to other lenders	2,384,021	1,217,331	(245,263)
Advances	89,047,568	100,360,636	23,362,078
Trade payables	94,626,215	73,809,522	(4,624,089)
Payables due to subsidiaries	0	0	0
Payables from subsidiaries not included in the scope of consolidation	149,894	23,209	23,209
Payables due to associated companies	11,920,636	7,068,447	2,434,136
Tax payables	2,826,305	1,784,795	401,585
Payables due to pension and social security institutions	1,218,757	1,145,227	70,668
Other payables	4,683,653	3,632,337	53,242
<b>Total</b>	<b>250,373,277</b>	<b>248,953,436</b>	<b>26,158,972</b>

The breakdown of payables by due date is as follows:

Description	Within 12 months	After 12 months	After 5 years	Total
Bonds		3,000,000		3,000,000
Payables due to banks	19,137,228	21,379,000		40,516,228
Payables due to other lenders	732,739	1,651,282		2,384,021
Advances	77,281,992	11,765,576		89,047,568
Trade payables	94,626,215			94,626,215
Payables from subsidiaries not included in the scope of consolidation	149,894			149,894
Payables due to associated companies	11,920,636			11,920,636
Tax payables	2,826,305			2,826,305
Payables due to pension and social security institutions	1,218,757			1,218,757
Other payables	4,651,583	32,070		4,683,653
<b>Total</b>	<b>212,545,349</b>	<b>37,827,928</b>	<b>0</b>	<b>250,373,277</b>

**Bonds**

This is a loan represented by debt securities according to Article 2483 of the (Italian) Civil Code issued by the subsidiary OLM Nature Escape S.a.r.l. for a total amount of EUR 5,000,000. The loan has a variable interest rate equal to the 3-month Euribor plus a spread of 2.65. The contract includes the issuance of the loan in two tranches, with one tranche of EUR 3,000,000 already issued and underwritten by UniCredit S.p.A. The remaining tranche of EUR 2,000,000 was issued and underwritten during the year 2023. The loan follows an amortisation schedule and requires repayment to commence in January 2025 and conclude in 2027.

**Payables due to banks**

Payables to banks represent overall exposure to the banking system at year end.

The balance includes both payables referring to short-term loans, taken out to meet temporary operating requirements, and medium- to long-term payables in the form of both mortgage loans and unsecured loans. The changes are detailed below:

Description	31/12/2022	31/12/2021	Change
- For current account overdrafts	1,014,884	3,030,872	(2,015,988)
- Unsecured loans due within 12 months	14,998,344	7,079,917	7,918,427
- Mortgage loans within 12 months	3,124,000	13,185,000	(10,061,000)
<b>payables due to banks within 12 months</b>	<b>19,137,228</b>	<b>23,295,789</b>	<b>(4,158,561)</b>
- Unsecured loans exceeding 12 months but within 5 years	21,379,000	37,945,200	(16,566,200)
- Unsecured loans exceeding 5 years	0	935,861	(935,861)
<b>Payables due to banks after 12 months</b>	<b>21,379,000</b>	<b>38,881,061</b>	<b>(15,237,143)</b>
<b>Total</b>	<b>40,516,228</b>	<b>55,228,526</b>	<b>(19,395,704)</b>

All granted credit lines are at a variable interest rate and are linked to the Euribor, with an applied spread ranging between 42 and 138 basis points.

During the year, only one mortgage loan was taken out for EUR 5,000,000, but only EUR 3,124,000 was disbursed.

All unsecured loans totalling EUR 36,377,344 refer to credit lines granted to subsidiaries and are secured by SACE or MCC guarantees.

The covenants on the loans at year-end have been complied with.

There are no payables due beyond five years.

**Advances**

Advances represent the amounts paid by customers by way of contractual advances, i.e. down payments and confirmation deposits in relation to contract work in progress and real estate purchases, respectively. This item is broken down as follows:

Description	31/12/2022	31/12/2021	Change
Advances for work in progress to order	39,741,672	37,268,258	2,473,414
Advances from customers on property sales	31,158,320	41,840,018	(10,681,698)
Deposits from customers on property sales	6,330,000	15,754,765	(9,424,765)
Other deposits	52,000	-	52,000
<b>Subtotal within 12 months</b>	<b>77,281,992</b>	<b>94,864,041</b>	<b>(17,581,049)</b>
Customer advances on contracts	11,765,576	5,496,595	6,268,981
Advances from customers on property sales	-	-	-
<b>Subtotal beyond 12 months</b>	<b>11,765,576</b>	<b>5,496,595</b>	<b>6,268,981</b>

**EXPLANATORY NOTES - Consolidated Financial Statements****Trade payables**

These are mainly invoices received for subcontracted services and supplies of goods. The balance includes both the payable documented by invoices already recorded at the end of the reporting period, as well as the payable, for the year, resulting from invoices to be received and recorded the following year. The total amount is recorded net of trade discounts and rebates.

**Payables to subsidiaries (consortium companies)**

"Payables to subsidiaries" refer to commercial transactions, carried out under normal market conditions, with consortiums and consortium companies set up to carry out the contract work acquired as temporary consortia ("ATI") together. They mainly arise from the charge-back of costs incurred by the investee consortium companies. They are not included in the scope of consolidation as their impact on the Group's consolidated financial statements is not relevant.

**Payables due to associated companies**

Payables due to associated companies show the values of commercial relationships held during the year with non-controlled consortium companies that are not included in the scope of consolidation, for the same reasons explained in the previous point.

**Tax payables**

These amounted to EUR 2,826,305 at 31/12/2022, and mainly consisted of the amount due to the tax authorities arising from the withholding tax activity carried out by the subsidiaries on behalf of employees and third-party collaborators exercising arts and professions, and the amount due for IRES (corporate income tax) and IRAP (regional income tax).

**Other payables**

The item "Other payables" mainly includes:

- the payable for employees' holidays accrued but not yet taken;
- the amounts not yet paid to supplementary pension funds to which employees; staff severance indemnity is transferred;
- the payable for insurance premiums not yet paid to the respective insurance companies.

**ACCRUED LIABILITIES AND DEFERRED INCOME**

These represent the portions of cost suspended in application of the accrual basis. Accrued liabilities with a duration exceeding five years are recognised in the financial statements, amounting to EUR 14,572.

**COMMITMENTS, GUARANTEES, RISKS AND CONTINGENT LIABILITIES**

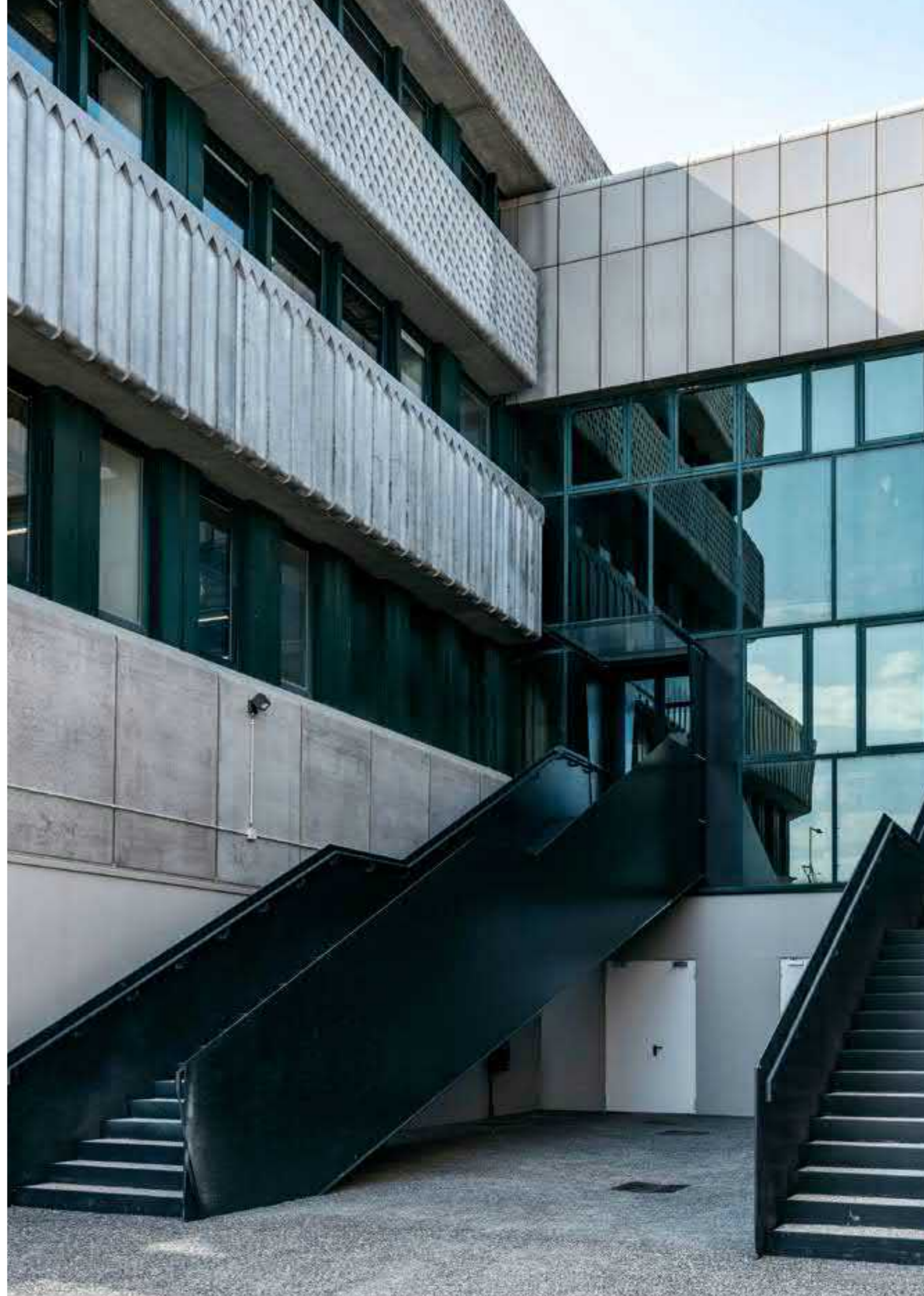
Pursuant to article 38, paragraph 1, of (Italian) Legislative Decree no. 127/91, the following table summarises any off-balance-sheet commitments, guarantees and contingent liabilities, specifying the nature of the collateral provided.

Description (euro/1000)	31/12/2022	31/12/2021	Variazione
Garanzie assicurative per anticipazioni contrattuali	19.204	24.939	(5.735)
Garanzie assicurative per la buona esecuzione dei lavori	20.484	22.460	(1.976)
Garanzie assicurative ad altro titolo	17.088	17.245	(157)
Garanzie bancarie per la buona esecuzione dei lavori	39.583	26.286	13.297
Garanzie bancarie per anticipazioni contrattuali	6.459	-	6.459
Garanzie bancarie per partecipazione gare (bid-bond)	-	500	(500)
Garanzie bancarie a garanzia di impegni "real estate chiuso"	-	-	-
Garanzie bancarie ad altri titoli	7.609	8.944	(1.335)
<b>Totale Garanzie</b>	<b>110.427</b>	<b>100.374</b>	<b>10.053</b>
Fidejussioni bancarie nell'interesse di terzi	-	-	-
Fidejussioni rilasciate nell'interesse di parti correlate	16.895	12.825	4.070
Fidejussioni nell'interesse di controllate dalla controllante	-	-	-
Fidejussioni nell'interesse di partecipate e società consortili	-	-	-
Pegno di quote societarie	619	619	-
<b>Total</b>	<b>127.941</b>	<b>113.818</b>	<b>14.123</b>

To further explain the content of the items, it is hereby specified that:

- **"bank guarantees on work being carried out properly"**: The item is expressed net of bank guarantees amounting to EUR 10.8 million issued in our favour by other entities participating in the ATIs.
- Regarding **'Guarantees in the interest of related parties'**, it is specified that out of the amount of EUR 16,895,000, EUR 14,558,000 refers to guarantees provided to related companies that were subject to a spin-off as of 28/10/2017, and EUR 3,124,000 refers to a guarantee provided to a group company that overlaps with the first-grade mortgage guarantees issued by the subsidiaries themselves on their own assets in favour of financial institutions. These guarantees constitute duplications of accessory-type guarantees.

Lastly, it should be noted that bank and insurance guarantees totalling 33.8 million euros were issued against the liabilities included in the balance sheet under the item Advance payments and concern advances paid in fulfilment of preliminary contracts for future sales.



## INFORMATION AND CLARIFICATIONS ABOUT THE INCOME STATEMENT

Before analysing the individual items, please note that comments on overall performance are provided in the Directors' Report, pursuant to article 2428 of the (Italian) Civil Code.

Given the analytical presentation of revenues and costs in the Income Statement and the previous comments on balance sheet items, only the main items are commented on below.

### VALUE OF PRODUCTION

This item is made up of the following:

Description	31/12/2022	31/12/2021	Change
Sales and services revenues	334,340,695	205,153,531	129,187,164
Changes in inventories of work in progress, semi-finished and finished goods	(660,584)	324,680	(985,264)
Changes in contract work in progress	(28,260,234)	37,246,377	(65,506,611)
Increases in fixed assets for in-house production	29,310	0	29,310
Other revenues and income	2,188,999	3,023,289	(834,290)
<b>Total</b>	<b>307,638,186</b>	<b>245,747,877</b>	<b>61,890,309</b>

Sales and service revenues are broken down as follows:

Description	31/12/2022	31/12/2021	Change
Sale of real estate	94,717,859	39,122,500	55,595,359
Contract revenues (public contracts)	101,031,615	72,054,506	28,977,109
Contract revenues (private contracts)	131,679,884	88,236,851	43,443,033
Ancillary revenues from contracts	1,422,458	2,099,207	(676,749)
Revenues from chargeback of costs	2,658,957	2,944,564	(285,607)
Others	2,829,922	695,903	2,134,019
<b>Total</b>	<b>334,340,695</b>	<b>205,153,531</b>	<b>129,187,164</b>

### EXPLANATORY NOTES - Consolidated Financial Statements

### PRODUCTION COSTS

Production costs are strictly linked to the specific section in the Directors' Report and to the performance of point A (Value of production) of the Income Statement.

Details of production costs are shown in the following tables.

Description	31/12/2022	31/12/2021	Change
Raw and ancillary materials and goods	39,156,230	46,242,234	(7,086,004)
Services	208,631,364	174,495,637	34,135,727
Use of third-party assets	5,051,529	4,594,990	456,539
Salaries and wages	15,995,030	14,684,103	1,310,927
Pension and social security contributions	4,841,260	4,530,097	311,163
Staff severance indemnity	991,965	890,297	101,668
Other personnel costs	184,725	198,132	(13,407)
Amortisation of intangible fixed assets	435,976	354,518	81,458
Amortisation of tangible fixed assets	1,976,737	1,640,982	335,755
Other write-downs of fixed assets	0	510,000	(510,000)
Write-downs of receivables recorded under current assets	85,243	16,683	68,560
Changes in inventories of raw materials	6,458,781	(19,642,582)	26,101,363
Risk provision	143,247	492,244	(348,997)
Other provisions	1,252,582	410,682	841,900
Sundry operating expenses	3,390,139	2,462,909	927,230
<b>Total</b>	<b>288,594,808</b>	<b>231,880,926</b>	<b>56,713,882</b>

### Raw and ancillary materials, consumables and goods

Purchases for raw materials, in addition to the costs incurred for the procurement of materials for the execution of site works, also include the costs incurred for the acquisition of building areas on which real estate developments already intended for sale are being constructed as part of preliminary contracts for future sales. The cost incurred for the purchase of these areas is allocated as inventories of raw materials in cases where construction work has not yet commenced at the reporting date, or as contract work in progress in cases where, with work already commenced, it can be classified to all intents and purposes as a contract.

**Services**

Description	31/12/2022	31/12/2021	Change
Utilities	1,849,458	2,297,112	(447,654)
Outsourced services and work	186,342,519	154,710,759	31,631,760
Professional and technical services	7,125,091	8,972,025	(1,846,934)
Other services	6,462,911	2,487,001	3,975,910
Travel, board and lodging	1,761,430	1,552,071	209,359
Insurance and banking services	1,294,792	1,653,393	(358,601)
Remuneration for corporate bodies	2,282,643	1,972,187	310,456
Legal, tax and notarial consulting services	1,512,520	851,089	661,431
<b>Total</b>	<b>208,631,364</b>	<b>174,495,637</b>	<b>34,135,727</b>

**Use of third-party assets**

This includes costs incurred for the hire of equipment and machinery for work activities at construction sites, as well as short- and long-term rental fees incurred for company cars and vehicles. The item relating to lease payments, included here for the purposes of preparing the statutory financial statements, has been reversed in application of accounting standard OIC 17.

**Personnel costs**

Description	31/12/2022	31/12/2021	Change
Salaries and wages	15,995,030	14,684,103	1,310,927
Pension and social security contributions	4,841,260	4,530,097	311,163
Staff severance indemnity	991,965	890,297	101,668
Other personnel costs	184,725	198,132	(13,407)
<b>Totale</b>	<b>22,012,980</b>	<b>20,302,629</b>	<b>1,710,351--</b>

**Amortisation, depreciation and write-downs**

Description	31/12/2022	31/12/2021	Change
Amortisation of intangible fixed assets	435,976	354,518	81,458
Depreciation of tangible fixed assets	1,976,737	1,640,982	335,755
Other write-downs of fixed assets	0	510,000	(510,000)
Credit risk provision	85,243	16,683	68,560
<b>Total</b>	<b>2,497,956</b>	<b>2,522,183</b>	<b>(24,227)</b>

## EXPLANATORY NOTES - Consolidated Financial Statements

**Changes in inventories of raw and ancillary materials, consumables and goods**

The decrease in this item compared to the previous year is justified by the reallocation to Inventories of work in progress of the value of building areas that had been allocated here in the previous year pending the actual start of work.

**Other provisions**

The item includes the provisions allocated for the adjustment of the provision for risks relating to potential costs and charges arising after testing the work carried out.

**Sundry operating expenses**

This item includes the costs incurred for taxes and duties other than income taxes, non-recurring losses and the costs incurred on behalf of third parties.

**FINANCIAL INCOME AND CHARGES**

At 31/12/2022, the financial management recorded an overall net burden of Euro 2,156,736 and is made up as follows:

Description	31/12/2022	31/12/2021	Change
Income from equity investments	0	0	0
Other income	750,987	508,906	242,081
Interest and other financial charges	(3,235,980)	(2,665,642)	(570,338)
<b>Total</b>	<b>(2,484,993)</b>	<b>(2,156,736)</b>	<b>(328,257)</b>

Other financial income includes accrued interest income from credit institutions or other kinds of financial income.

With regard to the item Interest and other financial charges, it is noted that the total amount of 3,235,980 euros includes

- interest payable to banks for ordinary credit, 21,977 euros
- interest payable on mortgage loans and unsecured loans, 843,287 euros
- interest payable on advances from customers, amounting to EUR 602,829
- commissions on guarantees issued to guarantee transactions of a financial nature, 761,073 euros
- financial charges for the discounting of the loan granted to the subsidiary Ca.Bi. S.r.l., amounting to EUR 860,000.

**VALUE ADJUSTMENTS TO FINANCIAL ASSETS**

The overall change is as follows:

Description	31/12/2022	31/12/2021	Change
Revaluations	503,184	198,026	305,158
Write-downs	(223,273)	(550)	(222,723)
<b>Total</b>	<b>279,911</b>	<b>197,476</b>	<b>82,435</b>

**Revaluation of equity investments**

This item shows a balance of 503,184 euros and refers to the revaluation resulting from the consolidation of investments in associated companies under the equity method.

**Write-downs of equity investments**

This item shows a balance of EUR 223,273 and refers to the write-down of equity investments accounted for using the equity method.

**INCOME TAXES FOR THE YEAR**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>5.294.513</b>	<b>2,863,783</b>	<b>2,430,730</b>

Current income taxes for the year are calculated on the basis of estimated taxable income and in compliance with applicable legislation.

Deferred tax assets and liabilities are calculated on the temporary differences between the assets and liabilities recorded in the consolidated financial statements and the corresponding values recognised for tax purposes, based on the tax rates and tax legislation in force or substantially in force at the reporting date.

Prepaid taxes are recorded as assets when it is likely that they will be recovered, i.e. when it is expected that taxable amounts will become available in the future that are sufficient to recover the asset.

The recoverability of prepaid tax assets is reviewed at the close of each financial year.

Current and deferred taxes are recorded in the Income Statement, with the exception of those relating to items that are directly debited from or credited to Shareholders' Equity through the overall Income Statement, in which case the tax effect is directly recognised under Shareholders' Equity. Current and deferred taxes are compensated if income taxes are applied by the same tax authority, there is a legal right to compensation and the Net Balance is expected to be paid out.

Other taxes not referring to income, such as property taxes, are included among "Sundry operating expenses".

**EXPLANATORY NOTES - Consolidated Financial Statements**

Please find below a dedicated table containing the description of the temporary differences that led to deferred and prepaid taxes being recorded.

Taxes	31/12/2022	31/12/2021	Change
<b>CURRENT TAXES:</b>			
Current IRES (corporate income tax)	4,298,850	3,039,731	1,259,119
Current IRAP (regional income tax)	911,377	570,808	340,569
<b>Total current taxes</b>	<b>5,210,227</b>	<b>3,610,539</b>	<b>1,599,688</b>
<b>TAXES FROM PREVIOUS YEARS</b>	<b>12,580</b>	<b>-</b>	<b>12,580</b>
<b>DEFERRED AND PREPAID TAXES</b>			
Prepaid IRES	(195,205)	(9,169)	(186,036)
Deferred IRES	(97,849)	(605,197)	507,348
Prepaid IRAP	(2,230)	(5,596)	3,366
Deferred IRES	0	0	0
Prepaid/deferred taxes from consolidation adjustments	366,990	(126,794)	493,784
<b>Total deferred and prepaid taxes</b>	<b>71,706</b>	<b>(746,756)</b>	<b>818,462</b>
<b>TOTAL TAXES</b>	<b>5,294,513</b>	<b>2,863,783</b>	<b>2,430,730</b>



**OTHER INFORMATION****Information relating to the fair value of derivative financial instruments**

Pursuant to Article 38, paragraph 1, point o-ter of (Italian) Legislative Decree 127/1991, it should be noted that the subsidiary Carron Cav. Angelo Spa took out a cash flow hedge, in place at the reporting date. The relevant information is reported below:

Type of contract	OTC IRS (Interest Rate Swap)
Purpose	Interest rate risk hedge on loan
Issuing counterparty	BNL BNP Paribas
Transaction date	30/06/2020
Start date	30/06/2020
Maturity date	30/06/2025
Notional amount	5.000.000 euros
Refund method	Quarterly instalments
Mark-to-market value (*)	142,790

(\*) values at 31/12/2022

The mark-to-market value for the amount shown in the table above was recognised in the income statement and recorded under financial assets.

**Information on transactions with related parties**

Transactions carried out between "related parties", as identified by Accounting Standard no. 12 issued by the OIC (Italian Accounting Board), referred to by article 2427, no. 22-bis of the (Italian) Civil Code, were completed under normal market conditions.

**Information on agreements not disclosed in the balance sheet**

There were no agreements in place that have not been disclosed in the balance sheet..

**EXPLANATORY NOTES - Consolidated Financial Statements****Information pursuant to Article 1, paragraph 125 of (Italian) law 124 dated 4 August 2017**

Pursuant to art. In compliance with the obligation of transparency pursuant to Article 1, Paragraph 125-bis of (Italian) Law no. 124 of 4 August 2017, it is noted that grants, subsidies, paid positions and in any case any kind of economic benefits, were received from the public administration.

Legislation	Granting authority	Project title	Nominal amount of aid
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE S.P.A.	COVID-19: Sace Garanzia Italia	10,000,000.00
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE S.P.A.	COVID-19: Sace Garanzia Italia	15,000,000.00
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE S.P.A.	COVID-19: Sace Garanzia Italia	8,000,000.00
Mandate 106386	Province of Bolzano	Qualified personnel search	22,805
Mandate 106386	Province of Bolzano	Qualified personnel search	20,650
Training 120/2021	Province of Bolzano	Personnel training	4,900,00

It should also be noted that the group companies have made use of the tax credits resulting from (Italian) Law 178/2020 on incentives for the purchase of capital goods, the Training 4.0 tax credit, as well as tax credits as a partial offset of the additional costs incurred for the purchase of electricity and gas for non-energy-intensive companies.

**Information on the remuneration of the Sole Director and the Statutory Auditor**

In accordance with the law, details are provided below of the total remuneration due to the Sole Director and the independent audit firm appointed to carry out the statutory audit of the parent company and the companies included in the scope of consolidation using the full consolidation method.

Corporate body	Remuneration
Directors	282,347
Independent audit firm	86,456
<b>Total</b>	<b>368,803</b>

**SIGNIFICANT EVENTS OCCURED AFTER THE CLOSING OF THE FINANCIAL YEAR**

For an analysis of the nature of the business and any significant events after 31/12/2022, business outlook and all other information concerning the financial statements, please refer to the Directors' Report.

These consolidated financial statements, which consist of the balance sheet, income statement and explanatory notes, provide a true and correct representation of the balance sheet and financial position as well as the result for the year and correspond to the results of accounting entries of the parent company and the information sent by the companies included in the scope of consolidation.

San Zenone degli Ezzelini, 31 May 2023

**The Sole Director**

Marta Carron





**AUDITOR'S REPORT**  
ON THE CONSOLIDATED  
FINANCIAL STATEMENTS

EXTERNAL AUDITOR'S REPORT PURSUANT TO  
ART. 14 OF (ITALIAN) LEGISLATIVE DECREE NO. 39 DATED 27TH JANUARY 2010

To the Shareholders of  
Carron Holding S.r.l.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Professional opinion

We have audited the consolidated financial statements of Carron Holding Group (the "Group"), made up of the balance sheet at 31 December 2022, the income statement and cash flow statement for the financial year ending on the same date, and the explanatory notes.

In our opinion, the consolidated financial statements provide a true and correct representation of the Company's balance sheet and financial position at 31 December 2022, and of the net result and cash flows for the financial year closed on the same date, in compliance with the Italian regulations disciplining their preparation criteria.

### Basis of opinion

We conducted our audit in accordance with international auditing standards (ISA Italy). Our responsibilities pursuant to said standards are described further in the section Responsibility of the independent audit firm for the audit of the consolidated financial statements of this report. We are independent from Carron Holding S.r.l., in compliance with the ethical and independence regulations and standards which, under Italian law, are applicable to the external audit of the financial statements. We believe that we have collected sufficient and appropriate evidence on which to base our professional opinion.

### Responsibility of the Sole Director for the consolidated financial statements

The Sole Director is responsible for preparing consolidated financial statements that provide a true and fair view in accordance with Italian regulations governing their preparation criteria and, under the terms provided for by law, for that part of the internal control he deems necessary in order to prepare financial statements that do not contain any significant errors due to fraud or unintentional conduct or events.

The Sole Director is responsible for assessing the company's ability to continue operating as a going concern and, when drawing up the consolidated financial statements, for the appropriate use of the assumption that the company is a going concern, as well as for providing adequate information in this regard.

The Sole Director uses the going concern assumption in preparing the consolidated financial statements, unless he has judged that the conditions are in place to liquidate the parent company Carron Holding S.r.l. or to stop operations or he has no realistic alternative to these options.

#### Responsibility of the audit company for the audit of the consolidated financial statements

Our aim is to obtain a reasonable degree of certainty that the consolidated financial statements, as a whole, do not contain any significant errors caused by fraud or unintentional conduct or events, and to issue a report on our audit, which includes our opinion. By reasonable assurance we mean a high level of certainty which, however, does not provide a guarantee that an audit carried out in compliance with international auditing standards (ISA Italy) shall always identify a significant error, if there any. Errors may be caused by fraud or unintentional conduct or events and WITH considered significant if there is the reasonable expectation that they may individually or collectively influence the economic decisions made by the readers based on the consolidated financial statements.

With reference to the audit carried out, in compliance with international auditing standards (ISA Italy), we expressed our professional opinion and maintained our professional scepticism throughout our audit. Furthermore:

- we identified and assessed the risks of significant errors in the consolidated financial statements, due to fraud or unintentional conduct or events; we defined and carried out audit procedures in response to these risks; we collected sufficient and appropriate audit evidence on which to base our professional opinion. The risk of not identifying a significant error caused by fraud is greater compared with the risk of not identifying a significant error caused by unintentional conduct or events. This is because fraud implies collusion, falsifications, intentional omissions, misleading representations or forcing internal control mechanisms;
- we acquired an understanding of the internal control procedures in place that are relevant to the audit, in order to define appropriate audit procedures for the circumstances and not to express an opinion on the effectiveness of the Group's internal control procedures;
- we assessed whether the accounting standards used were appropriate and whether the accounting estimates made by the directors were reasonable, including the relative information;
- we reached a conclusion on whether it was appropriate for directors to assume that normal company operations would continue and, based on the evidence collected, on the presence of any significant uncertainty regarding events or circumstances that may cast significant doubts on the Group's ability to continue operating as a going concern. If there is significant uncertainty, we are obliged to draw attention in the audit report to the relative information in the financial statements or, if this information is inadequate, to reflect this circumstance in the formulation of our opinion. Our conclusions are based on the evidence collected up until the date of this report. However, future events or circumstances may mean that the Group ceases to operate as a going concern;
- we have assessed the presentation, structure and content of the consolidated financial statements, as a whole, including the explanatory notes, and whether the consolidated financial statements correctly represent the underlying transactions and events in order to provide a correct representation;

- we have collected sufficient and appropriate evidence regarding the financial information of the companies or different economic activities carried out within the Group in order to express a professional opinion on the consolidated financial statements. We are responsible for managing, supervising and carrying out the external audit for the Group. We are the only party responsible for providing a professional auditor's opinion on the consolidated financial statements.

We notified the individuals in charge of governance, named at an appropriate level as required by ISA Italy standards, of the scope and time frames planned for the audit, among other aspects, and of the significant results that emerged, including any significant shortcomings found during the audit with regard to the Company's own internal control.

#### REPORT ON OTHER LEGAL PROVISIONS AND REGULATIONS

##### Opinion pursuant to Article 14, Paragraph 2, Letter e) of (Italian) Legislative Decree no. 39/10

The Sole Director of Carron Holding S.r.l. is responsible for preparing the directors' report for the Group at 31 December 2022, as well as its consistency with the relative consolidated financial statements and compliance with legal provisions.

We performed the procedures indicated by audit principle no. 720B (SA Italy) in order to express an opinion on the coherency between the directors' report and the consolidated financial statements of the Group at 31st December 2022, and whether said report complies with legal provisions, as well as to issue a declaration regarding any significant errors.

In our opinion, the directors' report is consistent with the consolidated financial statements at 31 December 2022 and has been prepared in compliance with legal provisions.

With reference to the declaration referred to by art. 14, paragraph 2, letter e), of (Italian) Legislative Decree no. 39/10, issued on the basis of our knowledge and understanding of the company and its context of reference which we developed over the course of our audit, we do not have anything to report.

DELOITTE & TOUCHE S.p.A.



Cristiano Nacchi  
Shareholder

Padua, 08 June 2023



## **DIRECTORS' REPORT**

CARRON S.P.A. FINANCIAL STATEMENTS AT 31/12/2022

## Introduction

This report was prepared by the company's Board of Directors and approved with special resolution on 27 March 2023 and shows the operating performance for the year ended 31 December 2022. Except as otherwise specified, the amounts are presented in thousands of Euro in order to facilitate understanding and clarity.



## THE GLOBAL AND ITALIAN SITUATION AT 31 DECEMBER 2022

The year just ended will be remembered for its complexity, a consequence of events that negatively affected the economic situation at global and national level. From the post-pandemic recovery phase, in which several economic indicators had returned to positive territory and pointed to strong growth, we were catapulted into the geopolitical crisis linked to the Russia-Ukraine conflict, which again complicated the international scenario.

However, the economic outlook now appears less favourable, due to a markedly slowing international environment. Signs of a possible reversal in the economic cycle are the uncontrolled rise in energy prices, the sudden rise in interest rates, and the protracted war in Ukraine. These are all critical issues that risk seriously jeopardising the growth path of the Italian economy embarked upon over the past two years. The persistent supply bottlenecks linked to the unavailability of certain raw materials and intermediate products at global level, as well as their soaring prices, threaten to bring entire production sectors to a standstill. The problem of inflation also exploded strongly, driven mainly by rising prices of energy goods. The reaction of the central banks, first the American and then the European one, is towards a sharp rise in interest rates. As far as the Italian economy is concerned, expected growth in 2023 is 0.8 % compared to 3.7 % in 2022, while the inflation rate next year is expected to fall from 8.2 % to 7.1 %. The estimated public deficit is projected to fall from 5 % to 4.1 %, and the unemployment rate should be just below 8 %.

During 2022, the Italian economy showed a positive performance, exceeding the expectations of most economic observers, which were revised downwards after the start of the conflict in Ukraine. According to the latest ISTAT (Italian National Institute of Statistics) estimates, GDP in 2022 recorded a solid +3.7% year-on-year increase, following the exceptional +7% in 2021. Growth was driven by domestic demand, especially in the investment part (+9.4% for 2022) and among the production sectors, the important contribution of construction stands out, which has been the main growth engine of the Italian economy in the last two years. According to ANCE (Italian Association of Private Construction Contractors) estimates, about one third of GDP growth in the periods considered is attributable to construction, thanks, above all, to the good performance of private investment in construction, linked to the tax incentives of ordinary bonuses and the Superbonus.

For the current year, the forecast for the Italian economy released by the European Commission in mid-February is an increase of +0.8%, up from the autumn estimate (+0.3%). The new estimate assumes a recovery in consumer spending in the second half of the year and the actual start of public investments included in the NRRP (National Recovery and Resilience Plan).

In 2022, investments in the construction sector continued the positive trend that began in 2021, following the setback experienced during the pandemic year. According to recent data from the national accounts provided by ISTAT, there is an estimated significant year-on-year increase of +12.4% in the sector's production levels (excluding property transfer costs) for 2022, in line with what ANCE formulated in last October's Economic Observatory (+12.1% compared to 2021). This growth is primarily driven by extraordinary housing maintenance (+22% compared to 2021), supported by incentives for the renovation and improvement of the housing stock. The estimate is also positive for the public works sector (+4% year-on-year), albeit lower than originally forecast, in view of the persistent tensions on raw material and energy prices and the delays in the start-up of NRRP works. For 2023, the overall level of investment is still expected to be very high, albeit down by -5.7% compared to the exceptional values reached in 2022. This result is the combined effect of the non-expansionary contribution of extraordinary maintenance (-24% compared to 2022) following the modifications made to the 110% Superbonus and the substantial freeze on tax credit transfers, which has not yet been adequately resolved. The forecast, on the other hand, considers a significant growth in investments in public works (+25%), mainly linked to the implementation of the NRRP.

## INVESTMENTS AND PRODUCTION IN CONSTRUCTION

In 2022, investments in the construction sector continued the positive trend that began in 2021, following the setback experienced during the pandemic year. According to recent data from the national accounts provided by ISTAT, there is an estimated significant year-on-year increase of +12.4% in the sector's production levels (excluding property transfer costs) for 2022.

This growth is primarily driven by extraordinary housing maintenance (+22% compared to 2021), supported by incentives for the renovation and improvement of the housing stock. The estimate is also positive for the public works sector (+4% year-on-year), albeit lower than originally forecast, in view of the persistent tensions on raw material and energy prices and the delays in the start-up of NRRP works. For 2023, the overall level of investment is still expected to be very high, albeit down by -5.7% compared to the exceptional values reached in 2022. This result is the combined effect of the non-expansionary contribution of extraordinary maintenance (-24% compared to 2022) following the modifications made to the 110% Superbonus and the substantial freeze on tax credit transfers, which has not yet been adequately resolved. The forecast, on the other hand, considers a significant growth in investments in public works (+25%), mainly linked to the implementation of the NRRP.



## PUBLIC WORKS

According to the ANCE-Infoplus monitoring, around 23,000 public works tenders were published in 2022, with a corresponding amount of EUR 72.3 billion. Compared to 2021, the demand dynamics showed a significant acceleration in terms of tendered amounts, more than doubling (+123%) compared to the previous year (EUR 32 billion). The market was strongly driven by tenders related to the NRRP, the Supplementary Fund, and those commissioned under (Italian) Legislative Decree 32/2019 (the so-called 'Sblocca Cantieri'). In particular, there was an acceleration in tenders published between November and December following the allocation of funds from the 'Fondo per le opere indifferibili' ('Fund for non-deferrable works'). These funds, amounting to approximately EUR 8 billion and allocated by the Aid Decree (Decree Law 50/2022), were allocated to update the economic frameworks of priority projects due to the rise in raw material prices. These projects were required to be tendered by the end of the year. The significant growth in value recorded in 2022 (+123%) is almost universally distributed across almost all price ranges, but with varying intensity. The increase in bid values is indeed driven by larger tender amounts, starting from the 20-50 million range (+177%), up to more than tripled values for the price class exceeding 100 million. The latter account for approximately 60% of the value of works financed under the NRRP, mainly focusing on railway interventions on the HS/HC line, and the remaining 40% primarily consists of road works tendered by ANAS.

## COMPANY PERFORMANCE IN THE YEAR 2022

The international scene was disrupted by the Russian-Ukrainian conflict, which began in February 2022. The war, unexpected in the heart of Europe, generated a sudden change in economic balances and international trade relations, particularly between the European Union and Russia, with regard to the supply of raw materials, gas, and oil. The increased energy expenditure has burdened European economies and accelerated the ongoing rise in raw material costs. This situation, coupled with a general difficulty in raw material procurement, has exacerbated the inflationary scenario triggered by the COVID-19 pandemic, which had deeply impacted the economy in previous years.

It should also be noted that legislative interventions aimed at revitalising the construction sector, such as the granting of tax credits for building bonuses, particularly the 110% bonus, have led to a sudden increase in demand for supplies and services in the sector, resulting in indiscriminate cost increases. The combined effect of rising energy costs, increasing raw material costs, overall inflationary pressures, and the increased costs of supplies and services in the construction sector due to the building bonuses has inevitably led to a contraction of expected margins for Carron Group. For ongoing contracts, which typically have durations ranging from 18 to 24 months, it has not been possible to transfer the burden of the increased costs to customers, except to a minimal extent through challenging negotiations. Only in public contracts, where legislative intervention introduced measures to offset the increased costs, which were then passed on to the contract price, was it possible to mitigate the negative effect of rising procurement costs.

There is also a financial aspect to consider. To counter the inflation increase in the aforementioned scenario, central banks inevitably decided to use their principal tool at hand: increasing interest rates. After years of a relatively flat interest rate curve, a steady and progressive increase in rates has been recorded since the second half of 2022.

The real estate sector is the one most affected by all these increases.

## DIRECTORS' REPORT - Carron SPA Financial Statements

Whereas in general contracting and construction for third parties, it is possible to adjust the bidding of new contracts to the increase in procurement costs, in real estate the possible increase in selling prices of structures does not have the same elasticity as the contract fees. Typically, the selling price of facilities is linked to the returns they generated once completed and put to income, and in the specific sector of residential care homes, in which our company is specialised, there has not yet been an increase in the rents paid by operators, so the sale value of residential care homes has remained stagnant.

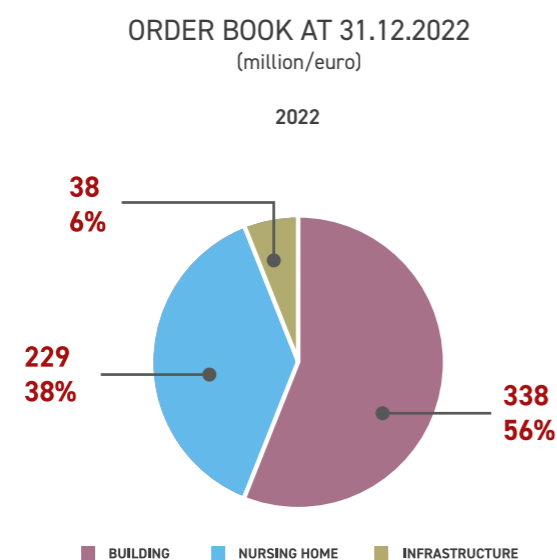
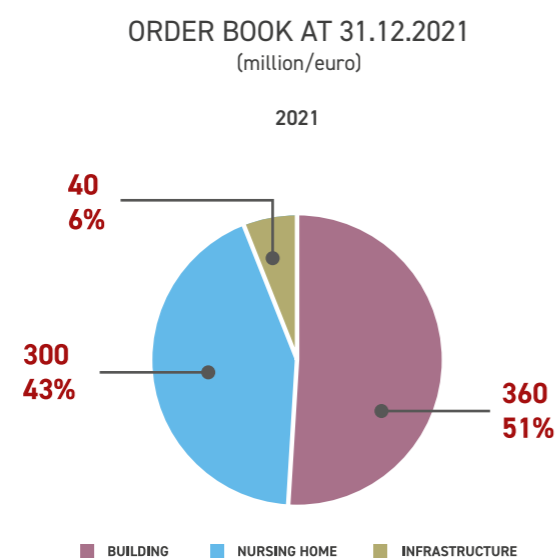
The increase in production costs has eroded the margin of each individual initiative, aggravated by higher financial expenses due to exposure generated by real estate initiatives until the asset is sold. This aspect has become a determining factor for our company, which has reviewed its real estate planning for residential care homes, selecting only those projects that will allow for adequate return on investment.

It should be emphasised, however, that Carron managed the situation promptly, decisively and efficiently, reducing the negative impact of cost increases. Although the increases partially diminished the year's profitability expectations, the Group achieved margins that, while reduced, remained significantly positive. Even the increase in interest rates did not have an immediately visible effect on the Carron's income statement since it was offset by the overall reduction in exposure to the banking system.

On the whole, no problems were encountered during the year that resulted in a slowdown in production. On the contrary, despite the challenging scenario outlined above, the year just ended delivered excellent results in terms of turnover, increasing from EUR 201 million to EUR 250 million, an increase of approximately 20%.

**ORDER BOOK**

Carron SpA's backlog of works at 31/12/2022 amounted to 605 million euros, of which 338 million euros was for tender contracts and the execution of civil construction works, 38 million euros for the execution of infrastructure works, 129 million euros for nursing homes under construction and 100 million euros for nursing homes in the process of being authorised.

**ACQUISITIONS**

Client	Subject of contract	Amount
<b>Area General Contractor</b>		
Bulgari Gioielli Spa	Bulgari Factory expansion in Valenza PO (AL)	€ 40,500,000
Alfiere Srl	Redevelopment of the Torri all'Eur building complex - Phase 1 - Shell & Core	€ 103,000,000
<b>'Future sales' area</b>		
Euryale	Residential care home, 180 beds - Bereguardo (PV)	€ 15,700,000
Euryale	Residential care home, 240 beds - Lentate sul Seveso (MB)	€ 23,500,000
Euryale	Residential care home, 240 beds - Lodi Vecchio (PV)	€ 23,500,000
Euryale	Residential care home, 120 beds - San Genesio ed Uniti (PV)	€ 11,300,000

**SALES OF FUTURE GOODS FINALISED**

Client	Subject of contract	Amount
LIFENTO Sgr Spa	Residential Care Home - Cecina (LI)	€ 16,800,000
PRIMONIAL Sgr Spa	Residential Care Home - Limbiate (MB)	€ 25,500,000
REAM Sgr Spa	Residential Care Home - Torino "Lingottino"	€ 44,900,000
LIDL Spa	Commercial building in Turin	€ 5,000,000

**FOCUS ON CONSTRUCTION SITES****OSPEDAL GRANDO S.r.l. – Licensee project company****Construction of the “Cittadella Sanitaria” at the hospital in Treviso**

- Plasterboard walls;
- Plasterboard, fibre and metal false ceilings;
- Technical walls for operating theatres and intensive care units;
- Resilient and stoneware floor and wall coverings;
- Internal doors;
- Fire-resistant fixtures;
- Completion of external fixtures;
- Installation of electromedical equipment;
- External paving;
- Green works;
- Completion of car parks.

**MARCHE REGION****Executive planning and execution of the works necessary for the effective and functional construction of the new hospital in Campiglione di Fermo in the Municipality of Fermo, province of Fermo.**

New hospital complex in Campiglione di Fermo (FM):

- Hospital: Continuation of works, metal carpentry for roofs, waterproofing, masonry infill, plasterboard works such as walls, partitions and ceilings, installation of elevator systems, mechanical and electrical systems (under the responsibility of temporary contractors), screeds and floors, finishing works such as resilient flooring, coverings and painting, and ordinary and fire-resistant internal doors;
- Exterior: Earthmoving and backfilling, underground utilities, paving and kerbs for car parks and roads, pavement structures and asphalt; green works. Road network (complementary contract): Suspension of site works and partial resumption of works; pavement structures and asphalt safety works.

**PROVINCE OF TRENTO****Executive design and execution of construction work for the 1st expansion stage of the Trento 3 water treatment plant and regrading of S.S. (State road) 12 of Abetone and Brennero**

- initial lifting has been completed, both in terms of civil and plant works, and detailed finishes (doors, chimneys, irrigation system, etc.);
- structural works of the purification plant have been completed, both in cast-in-situ and prefabricated concrete, and work on the plant engineering works is in full execution (plant contractors);
- Completion of tank waterproofing, sanitising treatments of interior walls and waterproofing of purification plant roof;
- The block masonry and related finishing treatments (plastering and painting) have been completed;
- Inside the purification plant building, light (railings and cage ladders) and heavy (walkways and balconies) metal carpentry work is nearing completion;
- The external works of the purification plant (reinforced earth, embankments, underground utilities) have been completed;
- The internal finishing works for resin floorings and the completion of the closure of floor openings with fibreglass gratings are nearing completion;
- All doors and gates have been installed;
- Finishing sheet metal works on the external chimneys are being completed in line with the progress of the plant works.

**KRYALOS S.G.R. S.p.A.****Renovation of building for office use in Via Regina Giovanna, Milan**

Demolition and excavation works; reinforced concrete works; consolidations; metal carpentry; masonry; plasterboard works; plastering; subfloors; industrial flooring; mechanical systems; electrical systems; doors and windows and ventilated facades; waterproofing; stoneware flooring; fire-resistance treatments.

DIRECTORS' REPORT - Carron SPA Financial Statements

**KRYALOS S.G.R. S.p.A.****Demolition and construction of a building for office use and annexed functions in via Gattamelata, Milan**

- Completion of facades;
- electrical and mechanical systems on laboratory and central floors;
- floors, coverings, and raised floors;
- testing and functional tests.

**AUTOSTRADA BRESCIA VERONA VICENZA PADOVA Spa****Completion of the new bus terminal in Montecchio Maggiore (VI) and connections to the non-motorway road network**

- Construction of a new service building at the toll station (construction works), temporary deviation of the A4 in the direction of VE, launching of first steel bridge span over the A4, general excavation and earthmoving works, road embankments, reinforced concrete works, both in-situ and prefabricated, and installation of underground utilities;

**PATAVIUM Srl****Restoration and renovation of Roccabonella Palace (PD)**

- Completion of ongoing modifications on some units, general completion of finishing works, final testing, and delivery of the units to the respective customers;

**IMMOBILMARCA Srl****Construction of 2 residential buildings in Silea (TV)**

- Completion of finishing works, system testing, and delivery of units to customers.

**EDIZIONE PROPERTY S.p.A.****Renovation of the building complex in Piazza Augusto Imperatore (Rome)**

- The year 2022 was characterised by the completion and handover of the completed building to the end customer, complete with everything included in our contract. The activities carried out during the year included the completion of stonework and finishing works in general such as painting, flooring and wall coverings, completion of the furnishings in the rooms and common areas, completion of mechanical, electrical and lighting systems, installation and finishing of lifting systems, kitchen equipment set-up, completion of all service areas, completion of conservative restoration works, and completion of external spaces and road infrastructure. All plant works have been tested and have passed the final inspections.

**OPENZONE Spa****Construction of le torri buildings, Bresso (MI)**

- Completion of facades;
- Waterproofing;
- Completion of wood and metal open-circle roofing;
- Electrical and mechanical systems on laboratory and central floors;
- PVC floors, coverings and raised floors;
- Testing and functional tests on some delivered floors.

**IMMOBILMARCA Srl****Construction of residential units in Riese Pio x (TV)**

- Completion of finishing works, system testing, and delivery of units to customers.

**IMMOBILMARCA Srl****Construction of Residential Care Home in Ponsacco**

- Excavation and earthmoving works; Structural works; Electricity substation; Urbanisation works outside the lot; Masonry; First-slab plasterboard partitions; Underground systems and ductwork.

**SANS SOUCI SRL****Renovation of buildings for hotel use in the Municipality of Siena (Si)**

- Completion of underground car park structure, strip-out of existing systems, installation of distribution systems including related masonry assistance, replacement of doors and windows, commencement of finishing works on rooms.

**SENECTUS Srl****Construction of nursing home in Castelnuovo Garfagnana (LU)**

- Excavation and earthmoving works; Structural works; Electricity substation; Internal/external urbanisation works within the lot; Masonry insulation; Plasterboard partitions and false ceilings; Mechanical and electrical systems; Flooring; Internal and external doors and windows; Lifts; Internal painting; PVC coverings and handrails.

**LARGO AUGUSTO CONDOMINIUM****Building facade renovation in Largo Augusto, Rome**

- Works carried out Ultimazione del travertine and brick facades of the Augusto Imperatore 2 building, including conservative restoration of the decorations and high reliefs on with the related.

**SAVILLS SGR Spa****Renovation of a building for office use Viale Sarca 336, Milan**

- Completion of reinforced concrete and prefabricated structures, installation of glass and GFRC facade, installation of electrical, mechanical and lift systems, waterproofing, finishing works in halls, service areas and common areas, installation of floating floors on the various levels.

**CDP Sgr Spa****Redevelopment of ex Demanio-Centro Servizi Scandicci building complex, Scandicci (FI)**

- Buildings: Artificial glass fibre remediation, strip-outs, construction works, plasterboard works, screeds, system works, finishing works; External areas: Remediation of asbestos-containing materials, earthmoving works, construction of underground tanks and underground utilities, construction of roadside containers and external lighting systems.

**REAM S.G.R. S.p.A.****Renovation for construction of nursing home in Via Lancia & Via Issiglio, Turin – 200+200 beds**

- Completion of the structure up to June 2022: Completion of reinforced concrete structures, masonry, plasterboard works, internal finishes, waterproofing, installation of internal and external fixtures, lift, electrical and mechanical systems, external works for surface arrangements and underground utilities);
- Execution of urban infrastructure works.

**LIFENTO SAS on behalf of the Lifento Salute fund****Construction of nursing home in Cecina (LI) - 160 beds**

- After-sales service activities.

**PRIMONIAL LUXEMBOURG REAL ESTATE SA on behalf of the PRIMONIAL Italian Healthcare fund****Implementation of nursing homes Limbiate (MI) – 300 beds**

- After-sales service activities.

**Commercial complex in Via Lancia, Turin**

- Commencement of demolition works, general earthmoving works, underground car park foundations, underground car park elevations in reinforced concrete, underground car park slab laying, external flooring, waterproofing works, electrical and mechanical systems, external works for surface arrangements and underground utilities, guttering works, facade restoration, and structural reinforcements.

**REAM SGR Spa****Construction of Residential Care Home in RAPAGNANO (FM) - 175 beds + 20 day beds**

- Construction site set-up; excavations and earthmoving works, backfilling. Reinforced concrete works, including deep pile foundations, slab foundations, elevations, slabs; ventilated crawl spaces and subsurface systems; commencement of waterproofing, insulation and perimeter walls. External works and urbanisation: excavation and earthmoving works, backfilling; road foundation structures.

**REAM SGR Spa****Construction of Residential Care Home in VARESE (VA)**

- Demolition of the existing building, including remediation works; partial construction of structural works (raft foundation and initial slabs; relocation of MV substation).

**COIMA Sgr Spa****Property redevelopment in Via Pirelli 35, Milan**

- Demolition and excavation works, reinforced concrete works, consolidations, metal carpentry, special foundations, masonry, plastering, mechanical systems, electrical systems, painting, industrial flooring, and reinforcement caps.

**BULGARI GIOIELLI Spa****Expansion of production headquarters in VALENZA (AL)**

- Construction site set-up including installation of fences, construction site access and base camp set-up, execution of preliminary environmental tests and inspections.

**EURYALE****Construction of Residential Care Home in BEREGUARDO (PV) - 180 beds**

- Preparation and delivery of complete executive design, obtaining building permits, site preparation, earthmoving works and perimeter backfilling, completion of reinforced concrete works such as foundations, elevations, slabs, waterproofing, completion of masonry infill, supply and installation of part of screeds and insulation, supply and installation of prefabricated bathrooms, and construction of part of wastewater drainage lines.

**EURYALE****Construction of Residential Care Home in LENTATE (MB) - 240 beds**

- Preparation and delivery of complete executive design, obtaining building permits, demolition of existing buildings on the site and site remediation (works contracted to the seller of the site), site set-up, construction of soak pits, and excavation of underground area.

**EURYALE****Construction of Residential Care Home in SAN GENESIO (PV) - 120 beds**

- Obtaining building permits, delivery of structural executive design, completion of executive design for other disciplines (architecture, systems, fire safety, acoustics, external arrangements).

**EURYALE****Construction of Residential Care Home in LODI VECCHIO (LO) - 240 beds**

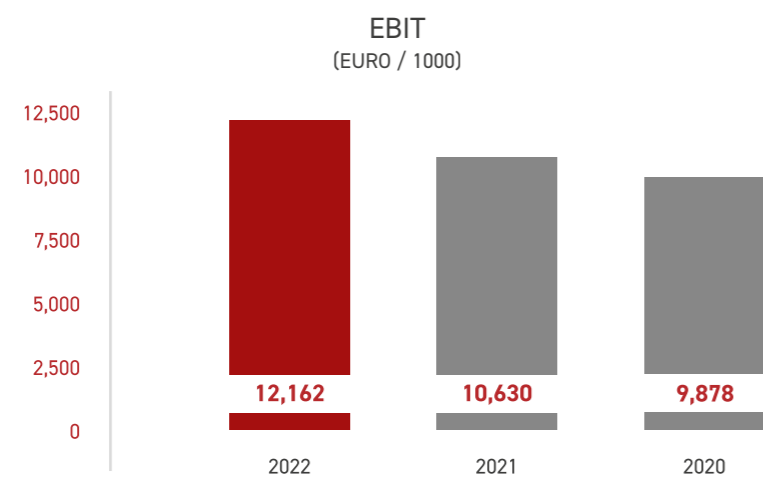
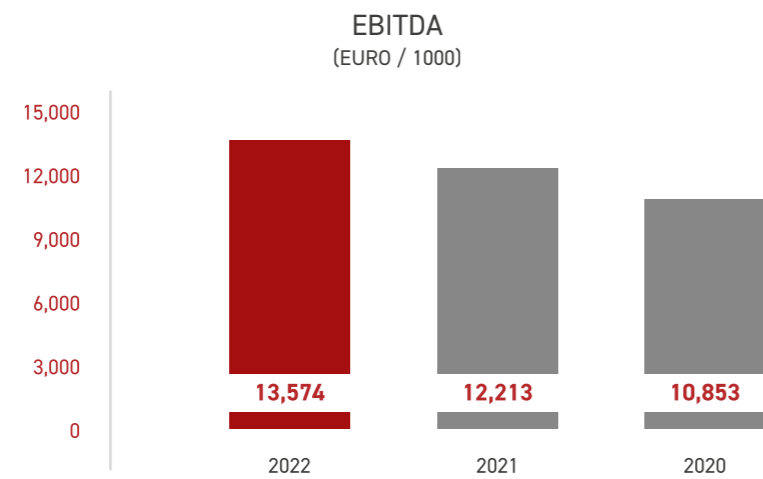
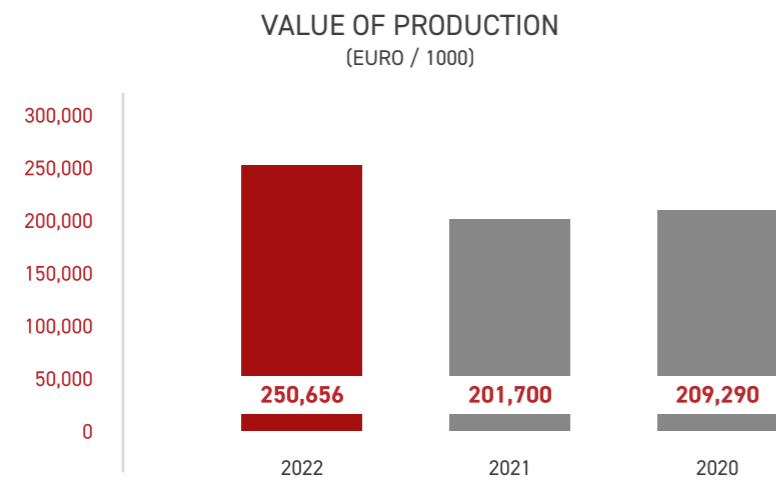
- Activities carried out: Archaeological campaign execution, obtaining building permits, delivery of structural executive design, completion of executive design for other disciplines (architecture, systems, fire safety, acoustics, external arrangements).

**ALFIERE Srl****Redevelopment of the "TORRI DELL'EUR" building complex - Phase 1 – Shell & Core ROME**

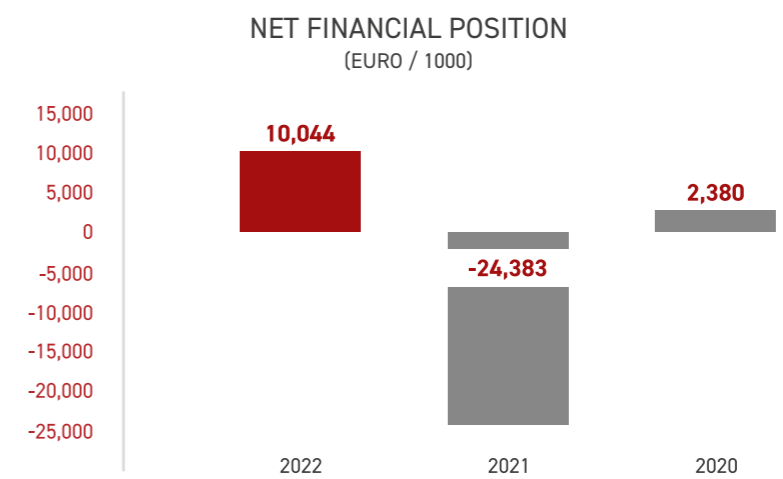
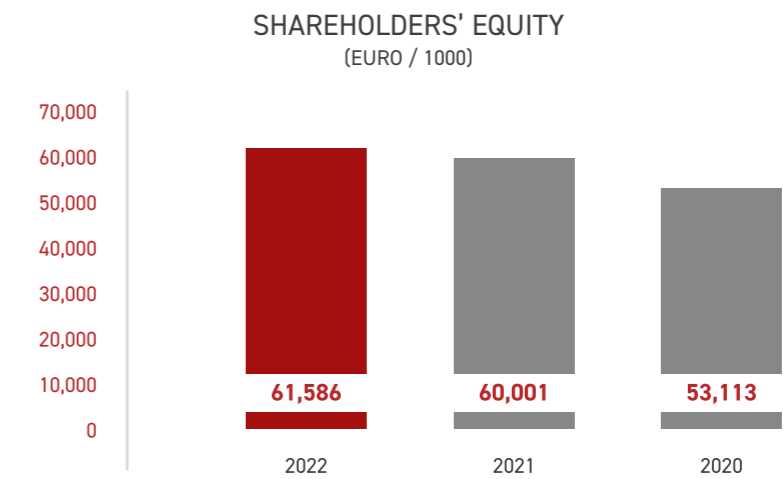
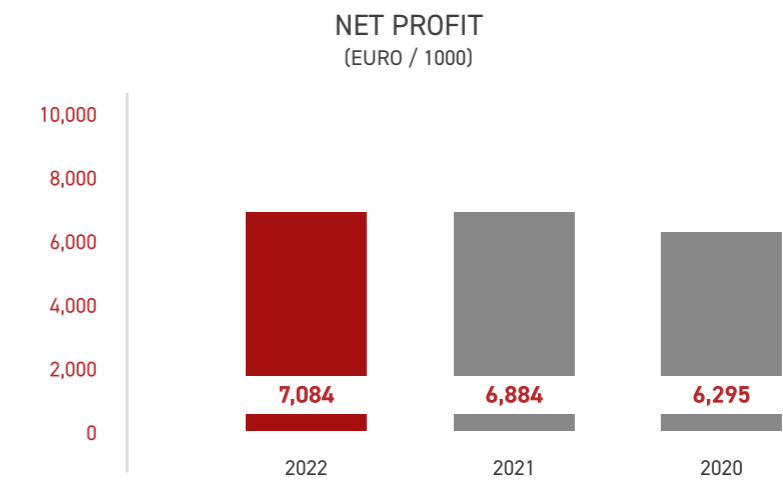
- Construction site set-up.

**GROUP FINANCIAL HIGHLIGHTS AT 31 DECEMBER 2022**

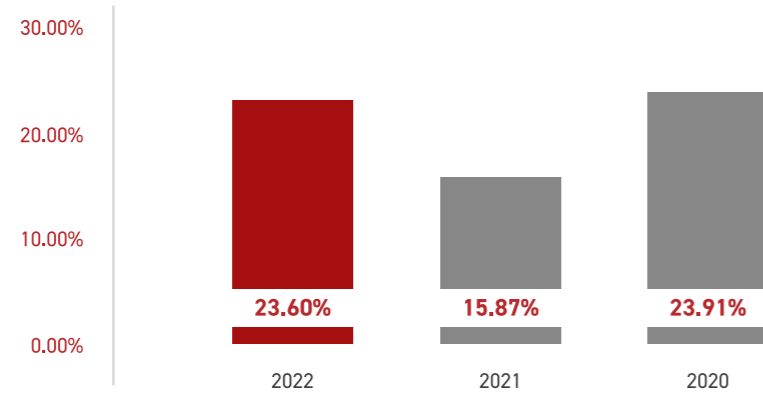
The economic and financial performance of the company, as presented below, is also evaluated based on certain indicators not defined within the reference accounting principles, including EBITDA and NFP.



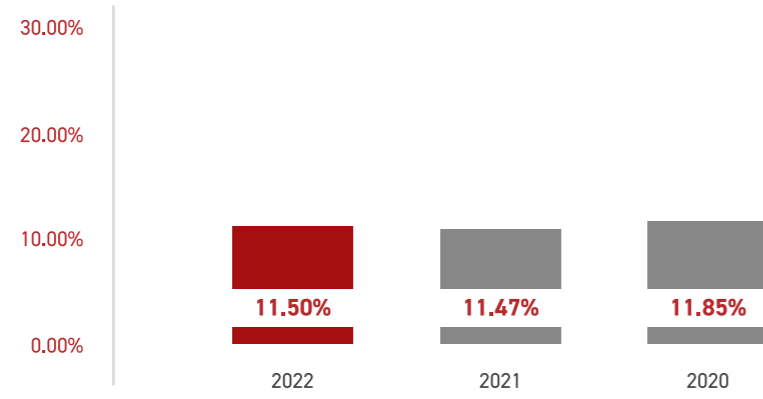
DIRECTORS' REPORT - Carron SPA Financial Statements



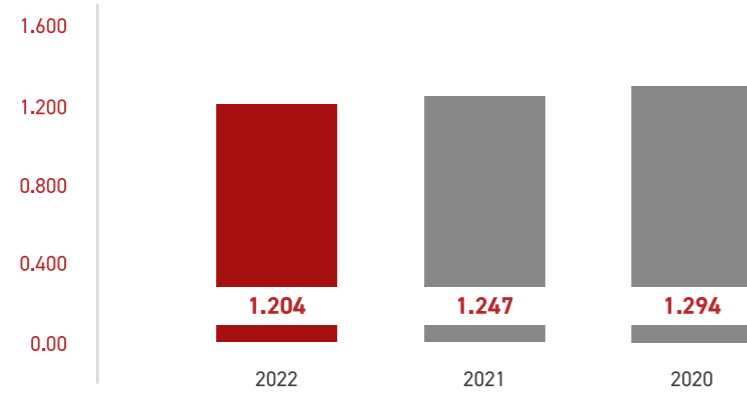
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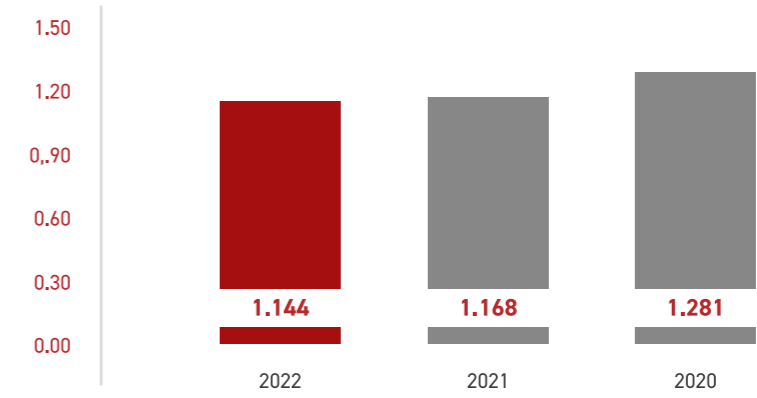
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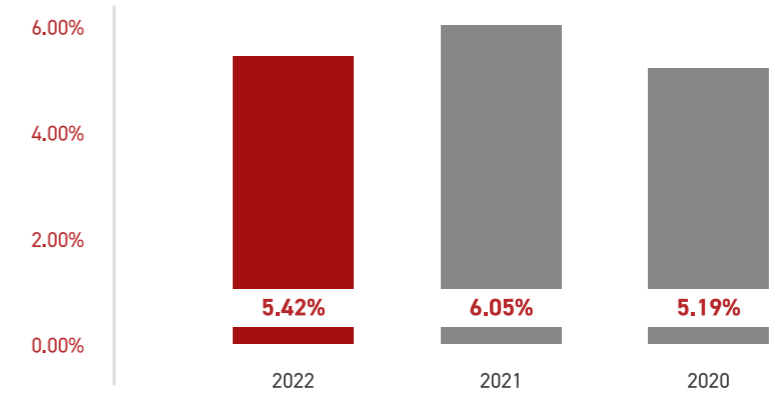
CURRENT RATIO  
CURRENT ASSETS/CURRENT LIABILITIES



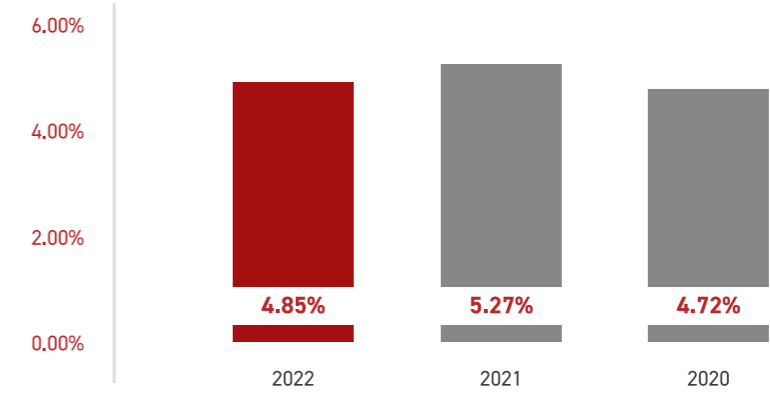
QUICK RATIO



EBITDA



EBIT



**BALANCE SHEET AND FINANCIAL DATA AT 31 DECEMBER 2022***(In thousands of Euro)*

Description	2022	2021	Variation
Fixed assets	31,655	32,265	(610)
Financial receivables from associated companies due beyond 12 months	15,799	17,385	(1,586)
<b>Total non-current assets</b>	<b>47,454</b>	<b>49,650</b>	<b>(2,196)</b>
Net working capital	7,247	37,000	(29,753)
Provisions for liabilities, staff severance indemnity, net long term debt	(3,159)	(2,266)	(893)
<b>Net invested capital</b>	<b>51,542</b>	<b>84,384</b>	<b>(32,842)</b>
Equity	61,586	60,001	1,585
Payables (credit lines) vis-à-vis the banking system	(10,044)	24,383	(34,427)
<b>Sources</b>	<b>51,542</b>	<b>84,384</b>	<b>(32,842)</b>

**FIXES ASSETS**

For the purposes of reclassification of the financial statement values, non-current assets include intangible and tangible assets at their net value, as well as medium/long-term financial assets, typically represented by investments not included in the scope of consolidation, loan receivables and trade receivables due after 12 months.

At 31/12/2022 it amounted to EUR 47.4 million (EUR 49.6 million at 31/12/2021), of which EUR 0.6 million for intangible fixed assets (EUR 0.6 million at 31/12/2021), EUR 17.2 million for tangible assets (EUR 16.6 million at 31/12/2021), EUR 17.9 million for financial assets (EUR 19.3 million at 31/12/2021), as well as receivables beyond twelve months totalling EUR 17.8 million (EUR 17.4 million at 31/12/2021), recording an overall decrease, in relation to 31/12/2021, of 2.2 million euros.



**NET WORKING CAPITAL**

Net working capital, given by the difference between trade working capital, amounting to Euro 167.4 million (receivables, inventories, work in progress and other assets) and current trade liabilities, amounting to Euro 160.2 million (suppliers, advances from customers and property promise purchasers, trade payables and other payables), amounts to Euro 7.0 million and is made up as follows:

(In thousands of Euro)

DESCRIPTION	2022	2021	Variation
Inventories	10,478	14,493	(4,015)
Work in progress	73,285	114,138	(40,853)
Trade receivables	48,479	36,172	12,307
Receivables from subsidiaries	2,932	254	2,678
Receivables from associated companies	3,775	3,346	429
Receivables due from parent companies	1,621	858	763
Receivables due from subsidiaries by the parent company	165	141	24
Tax receivables	311	2,797	(2,486)
Receivables for prepaid taxes	34	34	0
Receivables due from others	25,344	23,727	1,617
Current financial assets	82	94	(12)
Accruals and deferrals	898	777	121
<b>Total current trade assets</b>	<b>167,404</b>	<b>196,831</b>	<b>(29,427)</b>
Advances received	61,245	79,826	(18,581)
Trade payables	85,239	66,160	19,079
Payables to parent company	630	3,029	(2,399)
Payables due to associated companies	7,121	5,745	1,376
Payables to subsidiaries from the parent company	4	6	(2)
Tax payables	1,593	1,077	516
Payables due to pension and social security institutions	941	880	61
Other payables	2,969	3,032	(63)
Accruals and deferrals	415	74	341
<b>Total current trade liabilities</b>	<b>160,157</b>	<b>159,829</b>	<b>328</b>
<b>Net commercial working capital at 31/12/2022</b>	<b>7,247</b>	<b>37,002</b>	<b>(29,755)</b>

At 31/12/2021, the net working capital amounted to Euro 37.0 million, while at 31/12/2022 it amounted to Euro 7.2 million, recording a decrease of Euro 29.8 million. The decrease in this item is largely due to the decrease in inventories, net of advances paid by customers/buyers, which reflect the natural progression of works represented by 'completed real estate' contracts that are only offloaded at the time of the notarial deed of sale.

**DIRECTORS' REPORT - Carron SPA Financial Statements****NET INVESTED CAPITAL**

Net invested capital amounted to EUR 51.5 million (EUR 84.4 million in 2021), a decrease of EUR 32.8 million.

The decrease is mainly attributable to the decrease in net working capital, largely due to the decrease in inventories, net of advances paid by customers/buyers, which reflect the natural progression of works represented by 'completed real estate' contracts that are only offloaded at the time of the notarial deed of sale.

**SHAREHOLDERS' EQUITY**

At 31/12/2022, equity, consisting of share capital and legal and optional reserves, amounted to EUR 61.6 million, an increase of EUR 1.6 million compared to 31/12/2021 (EUR 60.0 million), resulting from the profit for the year of EUR 7.1 million, after deducting dividends of EUR 5.5 million.

**NET FINANCIAL POSITION**

(In thousands of Euro)

DESCRIPTION	2022	2021	Variation
Cash and cash equivalents	68	47	21
Cash and cash equivalents held in banks	43,366	30,161	13,205
<b>Liquidity</b>	<b>43,434</b>	<b>30,208</b>	<b>13,226</b>
Short-term bank debt	(15,015)	(22,216)	7,201
Non-current bank loans	(18,375)	(32,375)	14,000
<b>Net financial position towards the lending system</b>	<b>10,044</b>	<b>(24,383)</b>	<b>34,427</b>
Receivables due from subsidiaries after 12 months	4,800	4,450	350
Receivables due from associated companies after 12 months	871	832	39
Receivables due from other companies after 12 months	10,128	12,103	(1,975)
<b>Financial position towards others</b>	<b>15,799</b>	<b>17,385</b>	<b>(1,586)</b>
<b>Total net financial position</b>	<b>25,843</b>	<b>(6,998)</b>	<b>32,841</b>

The company's financial debt position towards the banking system saw a significant decrease of EUR 34.4 million, from EUR (-) 24.4 million at 31/12/2021 to EUR (+) 10.0 million at 31/12/2022. The overall position, which includes financial receivables and payables from/to other companies and from/to subsidiaries and associated companies, amounted to (+) 25.8 million euros, an increase of (+) 32.8 million euros compared to 31/12/2021.

The conclusion of the notarial deed of transfer for some assets under a promise of future sale has contributed significantly to the variation in the NFP. The collection times for work progress payments, determined by the General Contractor activities, have remained substantially unchanged.

For changes in non-current bank loans, refer to the appropriate section of the Notes to the Financial Statements.



## NOTES TO THE INCOME STATEMENT

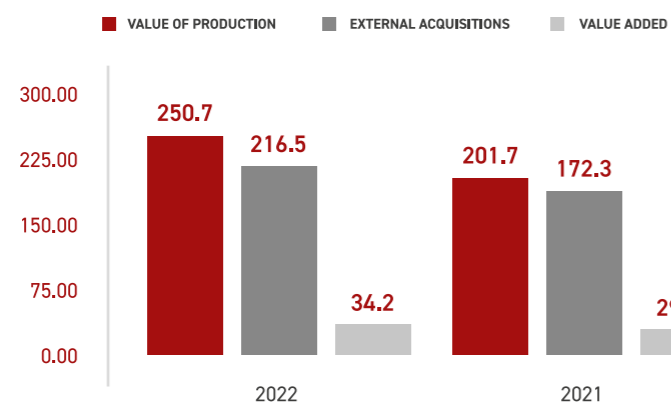
## Reclassified income statement (value added approach)

The following reclassification highlights the intermediate results of economic management by highlighting the "Value added", the "Gross operating margin or Ebitda", the "Operating margin or Ebitd" and the result for the year:

(In thousands of Euro)

DESCRIPTION	2022	%	2021	%
<b>value of production</b>	<b>250,656</b>	<b>100,00</b>	<b>201,700</b>	<b>100,00</b>
Costs for acquisitions	(216,481)	(86,37)	(172,258)	(85,40)
<b>Added value</b>	<b>34,175</b>	<b>13,63</b>	<b>29,442</b>	<b>14,60</b>
Labour costs	(16,076)	(6,41)	(14,884)	(7,38)
sundry operating expenses	(3,298)	(1,32)	(1,935)	(0,96)
other provisions	(1,228)	(0,49)	(410)	(0,20)
<b>Ebitda</b>	<b>13,573</b>	<b>5,42</b>	<b>12,213</b>	<b>6,06</b>
Depreciation and amortisation	(1,350)	(0,54)	(1,178)	(0,58)
Provisions and write-downs	(62)	(0,02)	(405)	(0,20)
<b>Ebit</b>	<b>12,161</b>	<b>4,85</b>	<b>10,630</b>	<b>5,27</b>
Financial income (charges)	(1,816)	(0,72)	(1,804)	(0,89)
Revaluations (write-downs)	(1)	(0,00)	(1)	(0,00)
<b>Profit before tax</b>	<b>10,344</b>	<b>4,13</b>	<b>8,825</b>	<b>4,38</b>
income taxes	(3,260)	(1,30)	(1,941)	(0,96)
<b>Net profit for the year</b>	<b>7,084</b>	<b>2,83</b>	<b>6,884</b>	<b>3,41</b>

## Income statement



Production in 2022 recorded a significant increase of 25% compared to the previous year, from EUR 201.7 million to EUR 250.7 million.

Costs for external acquisitions of goods and services amounted to Euro 216,5 million, accounting for 86.37% of the value of production (Euro 172,3 million, accounting for 85.40% in 2021).

Value added amounted to Euro 34,2 million, which corresponds to 13.63% of the value of production, against Euro 29,4 million in 2021 (14.60% of the value of production).

## DIRECTORS' REPORT - Carron SPA Financial Statements

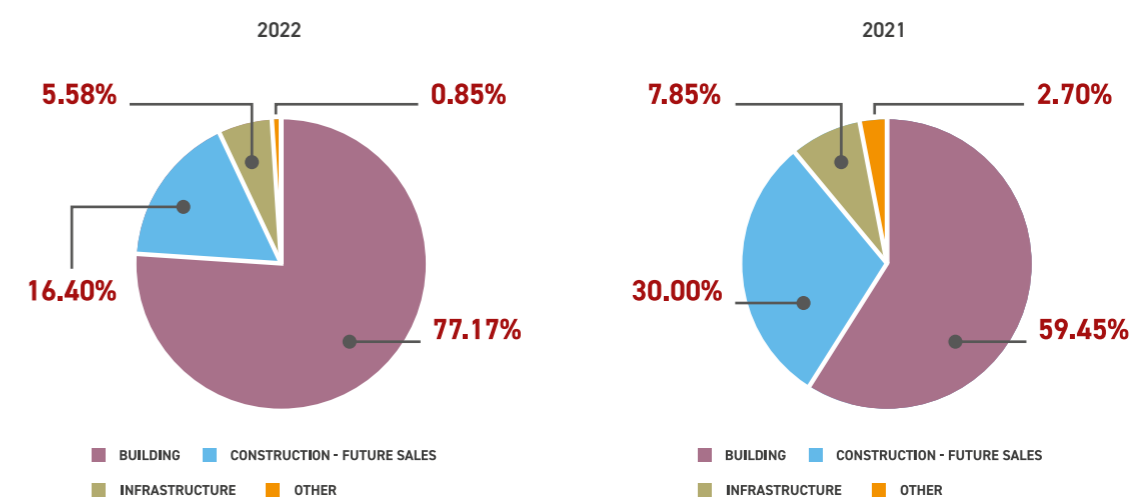
## The item "value of production" is broken down as follows:

(In thousands of Euro)

DESCRIPTION	2022	2021	Variation
Sales and services revenues	290,320	161,809	128,511
Changes in work in progress	(40,853)	36,609	(77,462)
Changes in product inventories	(661)	325	(986)
In-house work	0	0	0
Other revenues and income	1,849	2,956	(1,107)
<b>Total value of production</b>	<b>250,657</b>	<b>201,700</b>	<b>48,957</b>

## Breakdown of production value by sector

DESCRIPTION	31/12/2022	DESCRIPTION	31/12/2021
Building	77.17%	Building	59.45%
Construction- future sales	16.40%	Construction- future sales	30.00%
Infrastructure	5.58%	Infrastructure	7.85%
Other	0.85%	Other	2.70%



**The item “production costs” is broken down as follows:***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Raw and ancillary materials	31,267	33,002	(1,735)
Provision of services	178,379	148,041	30,338
Use of third-party assets	3,581	3,463	118
<b>Changes in inventories</b>	3,354	(12,247)	15,601
<b>Total external purchases</b>	<b>216,581</b>	<b>172,259</b>	<b>44,322</b>
Labour costs	16,076	14,884	1,192
Amortisation and depreciation, risk provision and write-downs	2,640	1,994	646
<b>Sundry operating expenses</b>	<b>3,198</b>	<b>1,935</b>	<b>1,263</b>
<b>Total production costs</b>	<b>238,495</b>	<b>191,072</b>	<b>47,423</b>

**Composition of profit for the year***(In thousands of Euro)*

DESCRIPTION	2022	2021	Variation
Value added	34,175	29,442	4,733
Compensation for work	(16,076)	(14,884)	(1,192)
Sundry operating expenses	(3,298)	(1,935)	(1,363)
Other provisions	(1,228)	(410)	(818)
<b>Ebitda</b>	<b>13,573</b>	<b>12,213</b>	<b>1,360</b>
Depreciation	(1,350)	(1,178)	(172)
Amortisation, depreciation and write-downs	(62)	(405)	343
<b>Ebit</b>	<b>12,161</b>	<b>10,630</b>	<b>1,531</b>
<b>Financial income and (charges)</b>	<b>(1,816)</b>	<b>(1,804)</b>	<b>(12)</b>
<b>Write-downs</b>	<b>(1)</b>	<b>(1)</b>	<b>(0)</b>
<b>Profit before tax</b>	<b>10,344</b>	<b>8,825</b>	<b>1,519</b>
<b>Taxes</b>	<b>(3,260)</b>	<b>(1,941)</b>	<b>(1,319)</b>
<b>Shareholder's net income</b>	<b>7,084</b>	<b>6,884</b>	<b>200</b>

The operating result can be considered positive, although not fully satisfactory given the results presented below, especially considering the general factors (increased procurement costs and interest rates) that characterised the year.

In particular, EBITDA experienced a decline, decreasing from 6.05% (EUR 12,213.000) in 2021 to 5.42% (EUR 13,573.000) in 2022. Similarly, EBIT also declined, decreasing from 5.27% in 2021 to 4.85%.

The financial management was not significantly affected by the increase in interest rates, as it was mitigated by the contraction of exposure to the credit system.

DIRECTORS' REPORT - Carron SPA Financial Statements

**INFORMATION REQUESTED BY THE PROVISIONS OF (ITALIAN) LEG. DECREE 32/2007, IMPLEMENTING DIRECTIVE 2003/51/EC AMENDING ARTICLE 2428 OF THE ITALIAN CIVIL CODE**

INDICATOR	2022	2021
<b>Fixed assets coverage ratio</b> Fixed assets/Permanent capital	<b>1.36</b>	<b>1.254</b>
<b>Ratio of current assets to current liabilities</b> Current assets/current liabilities	<b>1.204</b>	<b>1.247</b>
<b>Equity to fixed assets ratio</b> Shareholders' equity/Fixed assets	<b>1.30</b>	<b>1.21</b>
<b>Ratio of fixed assets to total assets</b> Fixed assets/net assets	<b>0.18</b>	<b>0.18</b>
<b>Flexibility of net assets</b> Current assets/net assets	<b>0.816</b>	<b>0.821</b>
<b>Overall debt ratio</b> Shareholders' equity/Total liabilities	<b>0.313</b>	<b>0.277</b>
<b>Debt to equity ratio</b> Shareholders' equity/Net financial position vis-à-vis lenders	<b>n.d.</b>	<b>-2.461</b>
<b>Acid test</b> Current assets-stocks/Current liabilities	<b>1.144</b>	<b>1.168</b>
<b>Total debt ration</b> Total liabilities/ Shareholders' equity	<b>3.194</b>	<b>3.611</b>
<b>Net financial position/EBITDA</b> Payables to lending institutions/EBITDA	<b>0.74</b>	<b>-1.997</b>

**OTHER INFORMATION****Status of the dispute**

The civil litigation situation regarding the group's activities, supported by the assessments of the designated lawyers, does not give rise to particular concerns, given that the pending litigations and their very modest value are not deemed to influence or prejudice the economic and financial situation of the company.

**Tax situation**

At 31/12/2022 there were no tax disputes.

**Risk management policies**

The company's business is generally subject to various operational, counterparty and contract risks, as well as financial risks.

**Operational risks**

In this case, the risks that could affect the creation of value and due to an inefficient and/or ineffective management of business operations were taken into account, in particular those connected with the management of offers and the actual execution of orders. The various risk areas that fall into this category include the planning of offers, warehouse management and logistics, as well as risks related to the management of IT systems, planning and reporting, effective supply chain and personnel management, also with reference to health and safety, the environment, human rights and local communities. These risks may occur if, during the bidding and/or order implementation process, policies and procedures of the business entities are not sufficiently adequate to manage the risk factors arising from the degree of complexity of the project, or as a result of unforeseeable events. To this end, the activity carried out is aimed at controlling these risks from the analysis phase of the commercial initiative to be undertaken (bidding) with a view to assessing the risk-return of the project in case of award and its impact on the portfolio configuration, both in terms of concentration and overall risk profile. In this context, among other activities, a pre-bid assessment is carried out to identify potential risks and consequent impacts related to the project, as well as to identify the necessary mitigation and/or contingency measures to cover risks. The risk recognition activity is then performed again during the award phase and monitored and updated during execution of the order to swiftly detect evolution of the risk exposure and promptly adopt appropriate mitigation measures.

**Counterparty risk**

The size and/or technical capability of the counterparty indicates the potential problems connected with relations with customers, shareholders, subcontractors and suppliers of the company, giving as complete a picture as possible of the characteristics of partners with whom to start or continue a collaboration. For each of these types of counterparties, the risk factors connected with financial and operational reliability take on more or less significance, in addition to the strategic role that may be assumed by a collaboration as opposed to specific business initiative, as well as everything connected with legal, compliance and applicable standards (ethics, quality, health and safety, environment, human rights) to protect the regularity of the relationship.

**Order risk**

This aspect is crucial for an effective analysis of all the risks arising from the company's core business, to define which instruments to use to identify and monitor the so-called order risks from the bidding phase, with a view to risk prevention as part of an in-depth risk assessment of opportunities linked to the pursuit of a specific initiative. It is also fundamental to constantly monitor risks once they have been understood by the management, by proactively and dynamically managing the resulting risk exposure and the continuous evolution that this may undergo over time.

**Financial risks**

These risks can be classified as follows:

- Market risk (price of raw materials and fluctuation of share prices)
- Credit risk
- Exchange rate risk
- Interest rate risk
- Liquidity risk

The management of the Group's financial risks is carried out within the framework of specific organisational directives that govern the management of the aforementioned risks and the control of all the operations that have strict relevance in the composition of financial and/or commercial assets and liabilities.

There are no specific financial, price, credit or liquidity risks other than those arising from operating activities.

The company has minimal exposure to interest rate risk related to the use of financing for the development of RSA initiatives. In any case, the operating procedures allow for minimising this exposure, in consideration of the fact that the duration and amount of the same is strictly related to the needs for the completion of projects.

There is no direct exposure to exchange rate risk as operations are carried out and revenues are produced exclusively in Italy, and the main costs incurred are in euros.

The company has no particularly significant areas of credit risk. Operating procedures allow for credit risk control through the selection of contracts and/or services on behalf of customers with an adequate level of creditworthiness and guarantees. Therefore, the maximum exposure to credit risk is represented by the book value in the financial statements.

Given the changed economic conditions compared to the past, the company is significantly exposed to fluctuations in the prices of raw materials and services. This risk is managed through the use of a large pool of suppliers, which allows for obtaining the best market conditions, and through the inclusion, where possible, of clauses in the tender contracts to contain the risks associated with the trend in raw material costs.

The risk areas relating to the protection of the health and safety of workers are managed in strict compliance with the laws and regulations.

**Quality - Environment - Safety**

The tools that allow to increase the efficiency of the quality system have assumed an increasing importance within the company and also in the year 2022 maximum attention was placed on strengthening this aspect by implementing all the measures dictated by the regulations in force.

To this end, the company has updated the "Integrated Management System (IMS) - Quality, Environment and Safety". The system therefore complies with the international standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 e UNI ISO 45001:2018. The three management systems are certified in accordance with the standards for the construction sector, for the following activities:

- Design, construction, renovation and maintenance of construction, infrastructural (road and railway) and hydraulic engineering works;
- Restoration of real estate under protection.

The relevant certificates were issued by ASACERT (an independent certification body in accordance with international standards ISO/IEC 17021). Certifications are maintained annually and renewed every three years.

The Group companies operate using the certified Quality Management System, also with regard to the Environment and Safety.

The system has been pre-established in order to achieve general objectives with the aim of:

- Rationalising and optimising both management and executive activities consistent with the new company organisation, by implementing the use of computerised processes;
- Minimising errors;
- Guaranteeing customer satisfaction, namely by assuring customers that the work, in technical and economic terms, is accomplished and maintained with the required quality, and also allowing external verification on the Integrated Management System;
- Orienting corporate culture towards environmentally-friendly behaviour (control and rationalisation of the consumption of water and energy resources, correct management and separation of waste and waste produced) and operated in compliance with the binding legislation and the voluntary regulatory framework (UNI EN ISO 14001:2015);
- Pursuing the best possible conditions in terms of health and safety in the workplace and hygiene of the environments in which the personnel operates, in compliance with the requirements of current legislation and the voluntary framework (UNI ISO 45001:2018);
- Managing their activities also with the aim of preventing accidents, injuries and work-related diseases and safeguarding the health of workers, company assets, third parties and the community in which the company operates, thereby arranging the purchase, operation and maintenance of machines, plants and equipment, the organisation of workplaces, and the definition of operating methods and organisational aspects, with a view to continuous improvement;
- Ensuring the widest possible dissemination of all information notices regarding health and safety risks in the workplace and the intervention procedures in emergency situations that may harm persons or the environment;
- Reducing the general negative environmental impacts during the performance of company activities through an assessment of the same already in the planning phase and through an accurate selection, assessment and awareness-raising of suppliers and contractors;
- Seeking clear and direct forms of internal and external communication that give evidence of transparent behaviour and are founded on respect and collaboration;
- Seeking the satisfaction of all internal and external stakeholders;
- Maintaining the certification of the company's Integrated Management System.

**DIRECTORS' REPORT - Carron SPA Financial Statements**

The Integrated Management System policy is based on compliance with several general concepts:

- Participation and involvement at all levels, based on the critical nature of the tasks and responsibilities of each operator;
- Continuous improvement, both in terms of satisfying customer requirements and the effectiveness of the Integrated Management System;
- Planning and review of company objectives.

In particular, the objectives and resources used to achieve them are defined yearly on a corporate basis following the review of the Integrated Management System and can be updated in relation to organisational and process changes, or strategic choices relating to the market policy of the company. The achievement of objectives is monitored on the basis of parametric values in order to objectively evaluate the achievement and take decisions based on factual information.

The company pays particular attention to the environmental and safety aspects in the workplace by applying the management system, with constant actions by all personnel involved, assisted by the internal prevention and protection service composed of a supervisor and 4 employees, as well as collaboration with external personnel for enhanced direct monitoring at the various construction sites.

The main actions are summarised as follows:

- Education, communication and training activities for all workers (office employees, labourers, technicians, supervisors, managers, emergency workers, workers with specific duties, prevention and protection service supervisor and staff, workers' representatives) in compliance with current legislation, including updates and supplementing with appropriate alternative training in order to improve knowledge and apply safety in the workplace;
- Supplier qualification, also and above all, in terms of legality and the absence of mafia infiltrations (through verification of registration to prefectural 'white lists' or through the Unindustria trade association by means of the legality protocol), and qualifying safety with a careful analysis of the documentation for verifying technical and professional suitability and the operational safety plan;
- Continuous maintenance and control of machines and equipment in compliance with current legislation, standards adopted and internal procedures in order to always have efficient machines and equipment and avoid accidents in the workplace;
- Management of chemical products through the acquisition of the relative safety data sheets, their updating, subsequent distribution and application of the requirements set out;
- Analysis of the planned work on site, drafting of the operational safety plans and subsequent updating according to the progress of the site;
- Systematic surveillance and monitoring in the workplace to comply with the provisions of the safety plans and the current legislation on safety in the workplace;
- Investigation of any accidents, injuries and dangerous behaviour or situations in order to establish the causes and implement appropriate corrective actions.

### Human resources

Carron pays constant attention to staff development by dedicating time and customised measures to improving know-how and skills, with the aim of enhancing customer satisfaction and initiating new projects and business areas.

The purpose of HR management is to guarantee the effective and efficient use of resources, with reference to both the quantitative and qualitative aspects of the personnel, providing mutual benefit for the group and its people. For this to be effective, it is necessary to ensure, at the various levels of the organisation, that the individual, professional and organisational skills of those persons holding positions of responsibility correspond to and are consistent with expected performance.

### Training and development

The objective of staff training is of significant importance, especially regarding aspects governed by regulations in relation to technical and professional skills and managerial behaviour.

The year 2022, particularly in terms of training and development, was heavily affected by the COVID-19 restrictions, both from a regulatory standpoint (Prime Ministerial Decree banning in-person attendance of training, extension of validity of enabling certification) and by express application of the company protocol preventing gatherings. However, where possible and allowed, remote online training courses were delivered on topics related to safety and technical/theoretical aspects.

These restrictions are still in place, although they are close to being relaxed. This has allowed for better planning for the immediate future and for calibrating developmental training needs and the associated budget. Safety training, both job-related and developmental, will be the subject of immediate development.

### White list registration

The company is registered in the list of suppliers, service providers and operators not subject to mafia infiltration attempts, operating in the sectors most exposed to risk (the so-called white list) as identified in Article 1, Paragraphs 53 and 54 of (Italian) Law no. 190 of 6 November 2012 and concerning the following sectors:

Section 1: environmental services, including collection, national and cross-border transport (also on behalf of third parties), waste treatment and disposal, as well as remediation and reclamation activities and other services related to waste management

Section 3: extraction, supply and transport of soil and inert materials;

Section 4: packaging, supply and transport of concrete and bitumen;

Section 5: cold machinery rentals;

Section 6: supply of wrought iron Section 7: hot rentals;

Section 8: road haulage on behalf of third parties.

### DIRECTORS' REPORT - Carron SPA Financial Statements

Registration on the white list, which is voluntary, fulfils the requirements of anti-mafia certification for carrying out the activities for which registration has been ordered and is therefore subject to the following conditions:

- Absence of one of the causes of forfeiture, suspension or prohibition pursuant to Art. 67 of Legislative Decree no. 159 of 6 September 2011 (Anti-mafia Code);
- Absence of any mafia infiltration attempts designed to influence the company's choices and intentions pursuant to Art. 84, Paragraph 3, of the Anti-mafia Code.

### Legality rating

The AGCM defines the company's level of legality reached through a score attributed to the individual applicant companies.

The legality rating is a new tool introduced in 2012 for Italian companies, aimed at promoting and introducing principles of ethical behaviour by assigning a rating on compliance with the law to requesting companies and, more generally, on the level of attention paid to the proper management of business. A sufficient legality rating level can help companies obtain benefits in terms of the granting of public funding and easier access to bank lending.

### ESG - Environmental - Sustainability - Governance

In 2021, Carron Group published its first Sustainability Report.

Today, sustainability is not immediately associated with the world of construction and building sites. Our intention is to reverse this trend by demonstrating how such an approach, already ingrained in the company culture, is possible. From planning to design, from the selection of raw materials and their impact profiles to internal best practices and the involvement of all stakeholders: in every action we seek to preserve and enhance environmental resources.

Our company, together with the group, is therefore directly committed to changing mindsets and making a transition that starts with a holistic system of governance and takes into account the multiple aspects of the creation of a work, without overlooking the importance of raising awareness among suppliers with tools such as due diligence of social and environmental aspects and shared growth and training paths.

A major challenge of responsibility in following a path of change based on ESG indicators and the UN 2030 Agenda, looking ahead to ambitious Italian and European targets.

In order to contribute to the achievement of the Paris Agreement climate change targets, Carron has embarked on a strategy to reduce its emissions, aiming climate neutrality by 2050. The company has set a target of zero SCOPE1 and SCOPE2 emissions by 2030 (Carbon Neutrality) and zero SCOPE3 emissions by 2050 (Net Zero).

### It is also hereby specified that:

- The company does not own any treasury shares, neither directly nor through a trust company or third party;
- over the course of the year, the company did not buy or sell treasury shares, neither directly nor through a trust company or third party.

**SIGNIFICANT EVENTS AFTER 31 December 2022**

Please refer to the "Business Outlook" paragraph for information on the events that occurred after the closing of the financial year.

**BUSINESS OUTLOOK**

As mentioned in the early part of this report, the economic scenario we have experienced, which is still evolving, particularly regarding interest rate trends and inflationary pressures, and notably the significant increase in procurement costs, suggests exercising caution in relation to future developments.

Carron S.p.A. enters the new financial year with an order backlog of EUR 600 million, allowing for strategic planning of General Contractor activities and selective acquisition of new orders. While the primary focus remains on private institutional clients, there is also keen attention towards potential opportunities in the public sector that may arise from the NRRP.

The development and promotion of residential care homes, in which we have gained significant know-how in recent years, is experiencing a slowdown despite the urgent national need. This is due to the challenges in meeting the requirements of all stakeholders, especially potential buyers who are typically investment funds.

Expectations, however, for 2023 still envisage an increase in the value of production of about 20%, which is estimated at about EUR 300 million.

Expected profitability is in line with that of 2022, as the increase in material costs has already been accounted for in the respective budgets for acquired contracts. For new acquisitions, the higher costs will be absorbed by the corresponding consideration.

As for the financial area, given the good performance in 2022, it is believed that the provisions granted by the banking system and the expected cash flows are adequate to meet the funding needs.

San Zenone degli Ezzelini, 27 March 2023

**The Board of Directors**

The Chairman  
Arch. Diego Carron





**FINANCIAL STATEMENTS AT 31 DECEMBER 2022**  
CARRON CAV. ANGELO S.P.A.

## 2022 STATUTORY FINANCIAL STATEMENTS

## BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
<b>B</b>		
<b>FIXED ASSETS</b>		
<b>I) Intangible fixed assets</b>		
3 industrial patents and intellectual property rights	212,552	276,852
4 Concessions, licences, trademarks and similar rights	1,554	1,652
7 Others	353,567	379,098
<b>TOTAL INTANGIBLE FIXED ASSETS</b>	<b>567,673</b>	<b>657,602</b>
<b>II) Tangible fixed assets</b>		
1 Lands and buildings	13,475,317	13,789,401
2 Lands and buildings	2,702,152	1,819,512
3 Industrial and commercial equipment	125,485	83,374
4 Other assets	912,041	782,571
5 <b>Assets under development and advances</b>	-	153,409
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>17,214,995</b>	<b>16,628,267</b>
<b>III) Financial fixed assets</b>		
1 Equity investments in:		
a) subsidiaries	505,200	505,200
b) associated companies	18,228	18,228
d-bis) other companies	429,321	439,194
<b>Total equity investments</b>	<b>952,749</b>	<b>962,622</b>
2 Receivables:		
<b>a) from subsidiaries</b>		
due after one year	4,800,000	4,450,000
<b>Total receivables due from subsidiaries</b>	<b>4,800,000</b>	<b>4,450,000</b>
<b>b) from associated companies</b>		
due after one year	870,843	831,643
<b>Total receivables from associated companies</b>	<b>870,843</b>	<b>831,643</b>
<b>d-bis) others</b>		
due after one year	10,128,000	12,103,164
<b>Total receivables from others</b>	<b>10,128,000</b>	<b>12,103,164</b>
<b>Total receivables</b>	<b>15,798,843</b>	<b>17,384,807</b>
3 Other securities	1,000,000	1,000,000
4 Derivative financial assets	142,790	-
<b>TOTAL FINANCIAL FIXED ASSETS</b>	<b>17,894,382</b>	<b>19,347,429</b>
<b>TOTAL ASSETS</b>	<b>35,677,050</b>	<b>36,633,298</b>
<b>C</b>		
<b>CURRENT ASSETS</b>		
<b>I) Inventories</b>		
1 Raw, ancillary and consumable materials	10,228,085	13,582,209
3 Contract work in progress	73,285,302	114,137,808
4 Finished products and goods	250,074	910,658
<b>TOTAL INVENTORIES</b>	<b>83,763,461</b>	<b>128,630,675</b>
<b>II) Receivables</b>		
1 Trade receivables		
due within one year	48,478,936	36,172,206
due after one year	8,787,000	10,760,000
<b>Total trade receivables</b>	<b>57,265,936</b>	<b>46,932,206</b>

## STATUTORY FINANCIAL STATEMENTS

## BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
2 From subsidiaries		
due within one year	2,932,161	254,440
<b>Total receivables due from subsidiaries</b>	<b>2,932,161</b>	<b>254,440</b>
3 From associated companies		
due within one year	3,775,338	3,345,998
due after one year	2,145,067	2,145,067
<b>Total receivables from associated companies</b>	<b>5,920,405</b>	<b>5,491,065</b>
4 From parent companies		
due within one year	1,621,226	857,831
<b>Total receivables from parent companies</b>	<b>1,621,226</b>	<b>857,831</b>
5 From companies subject to the control of parent companies		
due within one year	165,187	141,328
<b>Total receivables from companies subject to the control of parent companies</b>	<b>165,187</b>	<b>141,328</b>
5-bis For tax credits		
due within one year	311,432	2,796,637
due after one year	675,105	29,863
<b>Total tax credits</b>	<b>986,537</b>	<b>2,826,500</b>
5-ter Prepaid taxes	34,093	34,093
5-quater From others		
due within one year	25,343,571	23,727,461
due after one year	167,119	81,940
<b>Total receivables from others</b>	<b>25,510,690</b>	<b>23,809,401</b>
<b>TOTAL RECEIVABLES</b>	<b>94,436,235</b>	<b>80,346,864</b>
<b>III) Current financial assets</b>		
1 Equity investments in subsidiaries	6,677	6,677
2 Equity investments in associated companies	75,758	87,590
4 Other equity investments		
<b>TOTAL FINANCIAL FIXED ASSETS THAT DO NOT CONSTITUTE ASSETS</b>	<b>82,435</b>	<b>94,267</b>
<b>IV) Cash and cash equivalents</b>		
1 Bank and post office deposits	43,365,754	30,160,764
3 Cash and cash equivalents on hand	68,178	47,063
<b>TOTAL CASH IN HAND</b>	<b>43,433,932</b>	<b>30,207,827</b>
<b>TOTAL CURRENT ASSETS</b>	<b>221,716,063</b>	<b>239,279,633</b>
<b>D</b>		
<b>ACCRUALS AND DEFERRALS</b>	<b>898,306</b>	<b>776,506</b>
<b>TOTAL ASSETS</b>	<b>258,291,419</b>	<b>276,689,437</b>



**BALANCE SHEET**

LIABILITIES	31/12/2022	31/12/2021
<b>A SHAREHOLDERS' EQUITY</b>		
I Share capital	10,000,000	10,000,000
III Revaluation reserves	3,873,657	3,873,657
IV Legal reserve	2,000,000	2,000,000
VI Other reserves with corresponding details		
Extraordinary reserve	38,627,498	37,243,556
Miscellaneous other reserves	(1)	2
<b>Total other reserves</b>	<b>38,627,497</b>	<b>37,243,558</b>
IX Profit (loss) for the year	7,084,382	6,883,942
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>61,585,536</b>	<b>60,001,157</b>
<b>B PROVISIONS FOR LIABILITIES AND CHARGES</b>		
2 For taxes, also deferred	-	105,409
3 Derivative financial liabilities	-	5,291
4 Others	2,623,522	1,612,877
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>2,623,522</b>	<b>1,723,577</b>
<b>C STAFF SEVERANCE INDEMNITY</b>	<b>523,956</b>	<b>530,344</b>
<b>D PAYABLES</b>		
4 payables due to banks		
due within one year	15,014,884	22,215,872
due after one year	18,375,000	32,375,000
<b>Total payables due to banks</b>	<b>33,389,884</b>	<b>54,590,872</b>
6 Advances		
due within one year	61,245,308	79,826,340
<b>Total advances</b>	<b>61,245,308</b>	<b>79,826,340</b>
7 Trade payables		
due within one year	85,238,610	66,160,168
<b>Total trade payables</b>	<b>85,238,610</b>	<b>66,160,168</b>
10 Payables due to associated companies		
due within one year	7,121,069	5,745,218
<b>Total payables due to associated companies</b>	<b>7,121,069</b>	<b>5,745,218</b>
11 Payables due to parent companies		
due within one year	630,000	3,029,484
<b>Total payables due to parent companies</b>	<b>630,000</b>	<b>3,029,484</b>
11bis Payables due to companies subject to the control of parent companies		
due within one year	3,592	6,237
<b>Total payables to companies subject to the control of parent companies</b>	<b>3,592</b>	<b>6,237</b>

## STATUTORY FINANCIAL STATEMENTS

**BALANCE SHEET**

LIABILITIES	31/12/2022	31/12/2021
12 Tax payables		
due within one year	1,592,667	1,076,999
<b>Total tax payables</b>	<b>1,592,667</b>	<b>1,076,999</b>
13 Payables due to pension and social security institutions		
due within one year	941,024	880,431
<b>Total payables due to pension and social security institutions</b>	<b>941,024</b>	<b>880,431</b>
14 other payables		
due within one year	2,969,365	3,032,369
due after one year	12,070	12,070
<b>Total other payables</b>	<b>2,981,435</b>	<b>3,044,439</b>
<b>TOTAL PAYABLES</b>	<b>193,143,589</b>	<b>214,360,188</b>
<b>E ACCRUALS AND DEFERRALS</b>	<b>414,816</b>	<b>74,171</b>
<b>TOTAL LIABILITIES</b>	<b>258,291,419</b>	<b>276,689,437</b>

## INCOME STATEMENT

		31/12/2022	31/12/2021
<b>A</b>	<b>VALUE OF PRODUCTION</b>		
1	Sales and services revenues	290,319,928	161,809,061
2	Changes in inventories of work in progress, semi-finished and finished goods	(660,584)	324,680
3	Changes in contract work in progress	(40,852,506)	36,609,437
5	Other revenues and income		
	Grants for current expenses	436,244	1,614,703
	Others	1,413,233	1,342,402
	Total other revenues and income	1,849,477	2,957,105
	<b>TOTAL VALUE OF PRODUCTION</b>	<b>250,656,315</b>	<b>201,700,283</b>
<b>B</b>	<b>PRODUCTION COSTS</b>		
6	For raw and ancillary materials, consumables and goods	31,266,596	33,001,945
7	For services	178,378,815	148,040,905
8	For use of third-party assets	3,581,104	3,462,740
9	For personnel:		
	a) salaries and wages	11,686,924	10,752,664
	b) social security contributions	3,472,340	3,271,272
	c) staff severance indemnity	767,777	686,791
	e) other costs	149,116	173,035
	<b>Total personnel costs</b>	<b>16,076,157</b>	<b>14,883,762</b>
10	Amortisation, depreciation and write-downs		
	a) amortisation of intangible fixed assets	139,675	124,453
	b) depreciation of tangible fixed assets	1,209,917	1,053,679
	<b>Total amortisation, depreciation and write-downs</b>	<b>1,349,592</b>	<b>1,178,132</b>
11	Changes in inventories of raw and ancillary materials, consumables and goods	3,354,124	(12,247,274)
12	Risk provisions	62,363	404,867
13	Other provisions	1,227,582	410,682
14	Sundry operating expenses	3,198,317	1,934,927
	<b>TOTAL PRODUCTION COSTS</b>	<b>238,494,650</b>	<b>191,070,686</b>
	<b>DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)</b>	<b>12,161,665</b>	<b>10,629,597</b>
<b>C</b>	<b>FINANCIAL INCOME AND CHARGES</b>		
16	Other financial income		
	d) income other than the above		
	others	642,859	475,062
	Total other income	642,859	475,062
	<b>Total other financial income</b>	<b>642,859</b>	<b>475,062</b>
17	Interest and other financial charges		
	others	2,459,148	2,279,265
	<b>Total interest and other financial charges</b>	<b>2,459,148</b>	<b>2,279,265</b>
	<b>TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17 + - 17-bis)</b>	<b>(1,816,289)</b>	<b>(1,804,203)</b>

## STATUTORY FINANCIAL STATEMENTS

## INCOME STATEMENT

		31/12/2022	31/12/2021
<b>D</b>	<b>VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES</b>		
19	Write-downs		
	a) Of shares	1,215	550
	<b>Total write-downs</b>	<b>1,215</b>	<b>550</b>
	<b>Total value adjustments to financial assets and liabilities (18 - 19)</b>	<b>(1,215)</b>	<b>(550)</b>
	<b>RESULT BEFORE TAXES (A-B+C+D)</b>	<b>10,344,161</b>	<b>8,824,844</b>
20	Current, deferred and prepaid income taxes for the year		
	Current taxes	3,372,059	2,546,099
	Taxes relating to previous years	(6,871)	-
	deferred and prepaid taxes	(105,409)	(605,197)
	<b>Total current, deferred and prepaid income tax for the year</b>	<b>3,259,779</b>	<b>1,940,902</b>
<b>21</b>	<b>Profit (loss) for the year</b>	<b>7,084,382</b>	<b>6,883,942</b>

## Chairman of the Board of Directors

Diego Carron

## CASH FLOW STATEMENT

	31/12/2022	31/12/2021
<b>A CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)</b>		
Profit (loss) for the year	7,084,382	6,883,942
Income taxes	3,259,779	1,940,902
Interest payable/(interest receivable)	1,816,289	1,804,203
(Dividends)		
(Gains)/Losses from the disposal of assets	(193)	213,904
<b>1 Profit (loss) for the year before income taxes, interest, dividends and dividends/losses from disposals</b>	<b>12,160,257</b>	<b>10,842,951</b>
<b>Adjustments for non-monetary items without an offsetting counterpart in net working capital</b>		
Allocations to provisions	1,270,706	944,336
Amortisation and depreciation of fixed assets	1,349,592	1,178,132
Value adjustments to financial assets and financial liabilities of derivative financial instruments that do not involve monetary movements		
Other upward/downward adjustments for non-monetary items	93,176	847,529
<b>Total adjustments for non-monetary items without an offsetting counterpart in net working capital</b>	<b>2,527,122</b>	<b>2,969,997</b>
<b>2 Cash flow before changes in net working capital</b>	<b>14,687,379</b>	<b>13,812,948</b>
<b>Changes to net working capital</b>		
Decrease/(Increase) in inventories	44,867,214	(49,181,392)
Decrease/(increase) in trade receivables	(10,333,730)	3,317,462
Increase/(Decrease) in trade payables	19,078,442	3,256,894
Decrease/(increase) in accrued income and prepaid expenses	(121,800)	(72,976)
Increase/(decrease) in accrued liabilities and deferred income	340,645	7,434
Other decreases/(Other increases) in net working capital	24,036,807	13,291,920
<b>Total changes in net working capital</b>	<b>29,793,964</b>	<b>(29,380,658)</b>
<b>3 Cash flow after changes in net working capital</b>	<b>44,481,343</b>	<b>(15,567,710)</b>
<b>Other adjustments</b>		
Collected/(paid) interest	(1,816,289)	(1,804,203)
(Income taxes duly paid)	(2,808,073)	(1,815,965)
(Use of provisions)	(371,859)	(1,834,774)
<b>Total other adjustments</b>	<b>(4,996,221)</b>	<b>(5,454,942)</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>39,485,122</b>	<b>(21,022,652)</b>

## STATUTORY FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

	31/12/2022	31/12/2021
<b>B CASH FLOW FROM INVESTMENT ACTIVITY</b>		
<b>Tangible fixed assets</b>		
(Investments)	(1,796,645)	(963,315)
Divestments	193	40,347
<b>Intangible fixed assets</b>		
(Investments)	(49,747)	(170,033)
<b>Financial fixed assets</b>		
(Investments)	(476,700)	(5,114,516)
Divestments	2,123,037	455,633
<b>Attività finanziarie non immobilizzate</b>		
(Investments)		
Divestments	11,832	11,813
<b>CASH FLOW FROM INVESTMENT ACTIVITY (B)</b>	<b>(188,030)</b>	<b>(5,740,071)</b>
<b>C FLUSSI FINANZIARI DERIVANTI DALL'ATTIVITÀ DI FINANZIAMENTO</b>		
<b>Mezzi di terzi</b>		
Increase/(Decrease) in short-term payables due to banks	(2,015,988)	2,329,992
Raising finance	-	18,000,000
(Repayment of loans)	(19,185,000)	(15,467,617)
Equity		
(Dividends and advances on paid dividends)	(4,870,000)	-
<b>CASH FLOW FROM FINANCING ACTIVITY (C)</b>	<b>26,070,988</b>	<b>4,862,375</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)</b>	<b>13,226,104</b>	<b>(21,900,348)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		
Bank and post office deposits	30,160,764	52,035,690
Cash and equivalents on hand	47,063	72,485
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>30,207,827</b>	<b>52,108,175</b>
<b>Cash and cash equivalents at the end of the year</b>		
Bank and post office deposits	43,365,754	30,160,764
Cash and equivalents on hand	68,178	47,063
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>43,433,932</b>	<b>30,207,827</b>

## The Chairman of the Board of Directors

Arch. Diego Carron



## **EXPLANATORY NOTES**

CARRON S.P.A. FINANCIAL STATEMENTS AT 31/12/2022

**NOTES TO THE FINANCIAL STATEMENTS - INITIAL SECTION****INTRODUCTION**

The company CARRON CAV. ANGELO S.p.A., whose financial statements at 31/12/2021 are henceforth analysed, including these explanatory notes which form an integral and substantial part thereof, is subject to the rules on the management and coordination of companies by the parent company Carron Holding S.r.l., pursuant to Articles 2497 et seq. 7.084.382.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

For a description of the significant figures, news and events that characterised the company's activities during the year, refer to the Directors' Report prepared by the Board of Directors and attached to the financial statements for the year ended 31/12/22.

**ACCOUNTING PRINCIPLES**

The financial statements for the year ended 31 December 2022 have been prepared in accordance with the rules of the Italian Civil Code, as interpreted and supplemented by the accounting principles and criteria developed by the Organismo Italiano di Contabilità (OIC) ("Italian Accounting Board") and, if not provided, by the standards issued by the International Standards on Accounting Board (IASB), to the extent that they are not in conflict with Italian rules and accounting principles.

The financial statements have been drawn up on a going concern basis, as there are no doubts regarding this assumption.

The financial statements are made up of the balance sheet, income statement, cash flow statement (prepared in accordance with the tables provided by articles 2424 and 2424 bis of the Italian civil code, articles 2425 and 2425 bis of the Italian civil code and article 2425 ter of the Italian civil code, respectively) and these explanatory notes.

The purpose of these explanatory notes is to illustrate, analyse and, in some cases, supplement financial statement data; they contain the information required by articles 2427 and 2427 bis of the Italian Civil Code and other provisions of the Italian Civil Code as well as other prior laws. They also provide all the additional information that is considered necessary in order to provide the most transparent and complete representation possible, even if this is not required by specific legal provisions.

For an analysis of the nature of the business and any significant events after 31.12.2022, business outlook and all other information concerning the financial statements, please refer to the Directors' Report.

Amounts are expressed in Euro, unless otherwise specified.

Financial statement items were reported and presented taking into account the scope of the transaction or of the contract.

**EXCEPTIONAL CIRCUMSTANCES PURSUANT TO ARTICLE 2423, FIFTH PARAGRAPH, OF THE (ITALIAN) CIVIL CODE**

During the year there were no exceptional cases requiring recourse to the exceptions provided for by Article 2423, paragraph 5 of the (Italian) Civil Code.

**EXPLANATORY NOTES - Carron s.p.a. Financial Statements****VALUATION CRITERIA APPLIED TO****INTANGIBLE ASSETS**

Intangible fixed assets are recorded at purchase or production cost, including any ancillary and directly attributable costs, and do not include any financial charges. They are systematically amortised in each financial year on a straight-line basis.

The rates applied are as follows:

Classification	Type of Asset	% Amortisation
Concessions, licences, trademarks and similar rights	SOA Certification	20.00%
	Trademark	5.56%
	Software	20.00% - 33.33%
Others		5.05%

If, irrespective of any amortisation already recorded, the value of the asset is impaired, then the asset is written-down accordingly; if, in subsequent years, the reasons justifying the write-down no longer apply, the original value shall be restored, up to the value that the asset would have had if the value adjustment had never occurred, except for the items "Goodwill" and "Long-term Charges" referred to by point 5 of art. 2426 of the (Italian) Civil Code.

**TANGIBLE FIXED ASSETS**

Tangible fixed assets are recorded at the purchase or internal construction cost, net of the depreciation applied during the current and previous years. The cost includes the ancillary costs and direct and indirect costs for the portion reasonably attributable to the asset, relating to the construction period and up to the moment when the asset can be used. Likewise, the cost may include the financial charges incurred to finance the (internal or external) construction up to the moment when the asset is ready for use, within the limit of its recoverable value. Tangible fixed assets can only be revalued if special laws so require or permit.

Fixed assets recorded at cost in a foreign currency are reported using the exchange rate at the time of their purchase or at the lower exchange rate at the financial year-end, if the reduction is considered to be long-lasting. Fixed assets are systematically depreciated each year on a straight-line basis, based on the rates established by applicable tax laws, which are considered to reflect the assets' residual useful life. The rates applied are detailed below:

Classification	Type of Asset	% Amortisation
Buildings	Buildings	3.00%
	Light constructions	12.50%
Plants and machinery	General equipment	10.00%
	Specific equipment	15.00%
Equipment	Metal formwork	25.00%
	Minor equipment	40.00%
Other assets	Office furniture and office equipment	12.00%
	Electronic machines	20.00%
	Vehicles	20.00%
	Cars	25.00%
	Work vehicles	20.00%

For fixed assets that came into operation during the year, rates are reduced by 50%, based on the assumption that purchases are evenly distributed throughout the year.

If, irrespective of any depreciation already recorded, the value of the asset is impaired, then the asset is written-down accordingly; if, in subsequent years, the reasons justifying the write-down no longer apply, the original value shall be restored, up to the value that the asset would have had if the value adjustment had never occurred.

Ordinary maintenance and repair costs are fully charged to the income statement. Incremental maintenance costs are attributed to the assets to which they refer and are depreciated in relation to their residual useful life.

Costs incurred to expand, modernise or improve the structural elements of a tangible asset are only capitalised if they produce a significant and measurable increase in the production capacity, safety or useful life of the asset. If these costs do not produce these effects, they are treated as routine maintenance and charged to the income statement.

Once intangible fixed assets are destined for sale, they are reclassified in a specific item under current assets and are valued at either their net book value or their realizable value based on market trends, whichever is lower. Assets destined for sale are no longer subject to depreciation.

Spare parts are distinguished between:

- parts with a low unit cost and low total value that are used on a recurring basis, which are recognised as costs at the time of purchase;
- spare parts with a high unit cost that are not used on a recurring basis, which are classified as tangible fixed assets and depreciated over a period of time that is equal to either the residual useful life of the asset to which they refer or their own useful life, calculated by estimating the period of use, whichever is shorter;
- parts with a high unit cost that are used on a very recurring basis, which are included among inventories and charged to the income statement based on consumption.

#### FINANCIAL FIXED ASSETS

Financial assets consist of:

- Equity investments;
- Financial receivables;
- Other securities.

Equity investments and other securities are recorded at purchase or formation cost.

Purchase cost means the actual purchase price including any ancillary charges.

If the value of an asset is impaired, then said asset is written down accordingly. Equity investments recorded under fixed assets represent the company's long-term and strategic investments in other companies whose activities are strictly linked to its own core business.

For Financial receivables recorded as financial assets, refer to the criteria summarised in the Receivables paragraph below.

#### FINANCIAL LEASING TRANSACTIONS

Financial leasing transactions are recorded in the financial statements in accordance with the "equity method", recording the rental paid in the income statement on an accrual basis. A dedicated section in these Explanatory Notes provides the additional information required by (Italian) Law with reference to the recording of financial leasing contracts pursuant to the "financial method".

#### INVENTORIES

Inventories are recorded at either the purchase or production cost, calculated based on the specific cost, whichever is lower. Purchase cost means the actual purchase price plus ancillary costs, excluding financial charges.

Buildings to be sold (finished products) are valued at either the cost, calculated as above, or the normal market value, whichever is lower.

Advances and deposits received from the parties to a preliminary agreement are recorded as liabilities in the balance sheet and are recognised as revenues at the time the notarial deed is concluded.

#### CONTRACT WORK IN PROGRESS

This item includes contracts that are valued based on fees accrued with reasonable certainty, considering the percentage of work completed, applying the cost-to-cost method. Any losses on contracts that are estimated with reasonable approximation are entirely deducted from the value of the work in progress in the year in which they become known. If this loss exceeds the value of the work in progress, the Company makes a special provision for liabilities and charges that is equal to the excess loss. Any likely losses are recognised in the year in which they are foreseeable, on the basis of an objective and reasonable assessment of existing circumstances. Losses are recognised regardless of the stage of completion of the contract. These losses have not been offset with positive margins expected on other contracts. For the purpose of recognising losses, contracts are therefore considered individually. Additional fees are only included among contract revenues if the client has formally accepted them by the reporting date; or, if there is no formal acceptance, if it is highly probable as at the reporting date that the request for additional fees will be accepted on the basis of the most recent information available and past experience.

Sums received from the customer while carrying out the work, which are a form of financial advance, are recorded as liabilities under the specific item Advances from customers.

Contract work in progress is recognised net of any write-down provisions and/or final losses, as well as of the advances on the contract in progress, paid by Clients on the basis of duly accepted Work Progress Reports, the amounts of which are recognised as Revenues.

If the provision for final losses for an individual contract exceeds the value of the work recognised as an asset in the balance sheet, then this excess shall be allocated to the provisions for liabilities and charges.

Future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

#### RECEIVABLES

Receivables are recorded in the financial statements based on the amortised cost method, taking into account the time factor and the presumable realizable value. The amortised cost method is not applied when the effects are irrelevant, i.e. when the transaction costs, commission paid between the parties and any other difference between the initial value and the value upon expiry are not very significant or if the receivables are short-term (meaning that they are due within 12 months).

Trade receivables due after 12 months from the date of initial recognition, without the payment of interest, or bearing interest that is significantly different from market rates, and the related revenues, are initially recorded at the value calculated by discounting future cash flows to the market interest rate. The difference between the initial value recorded for the receivable, calculated in the above way, and the value when due is reported in the income statement as financial income throughout the duration of the receivable, using the effective interest rate criterion.

The value of receivables, as calculated above, is adjusted, if necessary, by a specific provision for impairment losses to directly reduce the value of the receivables themselves and adjust them to their estimated realisable value. The write-down amount at the reporting date is equal to the difference between the book value and the value of estimated future cash flows, reduced by the amounts that are not expected to be collected, discounted by the receivable's original effective interest rate (i.e. the effective interest rate calculated when the receivable was first recorded).

The write-down amount is recorded in the income statement.

#### CURRENT FINANCIAL ASSETS

This item includes equity investments that are instrumental to the company's core business at their purchase value, such as those related to consortium companies set up specifically to execute contracted works as a single entity (with other partners as part of a temporary association of companies). These are therefore not long-term investments as they only last for the amount of time it takes to complete the work to which they refer. In view of the foregoing, these equity investments are recorded under this item and not under financial assets.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents at year-end are recognized at their nominal value. Cash and cash equivalents in a foreign currency are valued using the year-end exchange rate.

#### ACCRUALS AND DEFERRALS

The "accruals and deferrals" item includes the portion of costs and revenues that refer to the year but are payable/receivable in future years, as well as the portion of costs and revenues that are paid/collected in the current financial year but actually refer to future years, in accordance with the accrual principle.

#### PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are set aside to cover specific losses or payables whose existence is certain or probable, but for which it is not possible to determine either the actual amount or date of occurrence at the financial year-end. The provisions made reflect the best estimate possible on the basis of the information available. Risks for which the occurrence of a liability is only possible are described in the explanatory notes on the provisions, without setting aside any provision for liabilities and charges. Provisions for liabilities and charges are primarily recognised as cost items in the income statement, under the relevant classes (B, C or D). Should it not be possible to make a correlation between the nature of the provision and one of the items to the aforementioned classes, the provisions for liabilities and charges are recognized under items B12 and B13 of the income statement.

The separate item "Other provisions" includes the costs estimated after completing contracts, which normally relate to:

- costs for dismantling the construction site, i.e. costs for removing installations, for bringing the machinery back to our headquarters, for the transport of unused materials to another site or to our headquarters, including any losses on abandoned materials;
- costs for testing the work carried out;
- charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;

#### EXPLANATORY NOTES - Carron s.p.a. Financial Statements

- post-delivery maintenance costs relating to the work, if stated in the contract;
- charges for contractual guarantees.

Costs are allocated on the basis of the company's past experiences.

#### STAFF SEVERANCE INDEMNITY PROVISION

The item "staff severance indemnity" shows the amount that employees would be entitled to receive if they ceased to be employed at the reporting date. The indemnities for length-of-service represented by this item, namely the provision for the year and the annual revaluation of the existing provision, are determined in accordance with applicable laws and regulations. Staff severance indemnity is recorded in the relevant liability item and the relative provision is recorded in the corresponding income statement item. With the reform of regulation for supplementary pension schemes and severance pay, which came into force on 01/01/2007 through (Italian) Legislative Decree no. 252/2005, this item only increased as a result of the revaluation at 31/12/2006, since the remaining part of the cost shown in the income statement, starting from the year 2007, was paid either to supplementary pension funds or to the Treasury Fund held at INPS (Italian National Institute for Social Security), depending on the choice made by each individual employee.

#### PAYABLES

The amortised cost method was not applied as the effects are irrelevant in order to give a true and fair view. Payables are therefore recorded at their nominal value, with the exception of the discounting process being applied. Payables for holidays accrued by employees and for deferred remuneration, inclusive of the amount due to social security institutions, are allocated on the basis of the amount that should be paid out in the event of employment being terminated at the reporting date.

#### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments, even if incorporated into other financial instruments, are initially recorded when the Company acquires the relative rights and obligations; they are then valued at fair value at both the initial reporting date and at every financial year closing date. Changes in fair value compared to the previous year are recorded in the balance sheet under item D18 or D19.

Derivative financial instruments with a positive fair value are recognised in the asset side of the balance sheet. Their classification as fixed or current assets depends on the nature of the instrument:

- A derivative financial instrument hedging the cash flow or fair value of an asset follows the classification, in current or fixed assets, of the hedged asset;
- A derivative financial instrument hedging the cash flow or fair value of a liability within a financial year, an irrevocable commitment or highly probable planned transaction is classified as a current asset;
- A derivative financial instrument hedging the cash flow and fair value of a liability due after one year is classified as a fixed asset;
- A non-hedging derivative financial instrument is classified as a current asset within the next financial year.

Derivative financial instruments with a negative fair value are recognised in the balance sheet under Provisions for risks and charges. The provisions contained in the accounting principle for derivative financial instruments have been applied retrospectively.

## REVENUES

Revenues generated by the sale of goods are recorded upon substantial and not formal transfer of ownership, taking the transfer of risks and benefits as reference criteria to define "substantial transfer".

Revenues generated by the sale of products and goods or service provision relating to the company's ordinary activities are recorded net of returns, discounts, rebates and bonuses, and net of taxes directly connected to the sale of products and provision of services.

Revenues for the provision of services, or related to services established in contracts, are recognised upon completion and/or accrual, or on the basis of duly approved and certified Work Progress Reports.

Transactions with related parties were carried out under normal market conditions.

## COSTS

Costs are accounted for on an accrual basis, regardless of the date of collection and payment, net of returns, discounts, rebates and bonuses.

## FINANCIAL INCOME AND CHARGES

Financial income and charges are recorded on an accrual basis. Costs for the disposal of receivables in any form (with recourse and without recourse) and of any kind (commercial, financial, other) are recorded in the year to which they refer.

## INCOME TAXES

Income taxes are recorded based on estimated taxable income in accordance with applicable regulations, taking into account any tax exemptions and tax credits to which the company is entitled.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities based on statutory accounting criteria and the corresponding amounts recognised for tax purposes. They are valued by taking into account the presumable tax rate that the Company is expected to pay in the year when these differences shall contribute to the formation of the tax result, considering the tax rates already in force or issued at the reporting date. They are reported, respectively, in the "deferred tax provision" item under liabilities, among the "provisions for liabilities and charges", and in the "receivables for prepaid taxes" item under current assets.

Prepaid tax assets are recognised for all deductible temporary differences, in compliance with the principle of prudence, if there is reasonable certainty that, in the years in which such differences will be reversed, the taxable income will not be less than the differences that they will cancel.

In contrast, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred taxes relating to reserves that are subject to tax upon distribution are not recognised if it is unlikely that said reserves will be distributed to shareholders.

## OTHER INFORMATION

As provided for by (Italian) Legislative Decree no. 14/2019 (Business Crisis and Insolvency Code), the Company adopts an organisational, administrative and accounting structure that is appropriate to the nature of the business, also in terms of the timely detection of business crisis and the taking of appropriate initiatives.





## EXPLANATORY NOTES

## ASSETS

## FIXED ASSETS

The total value of assets at 31/12/2022 amounted to 35,677,050 euros, a decrease of 956,248 euros.

## INTANGIBLE FIXED ASSETS

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>567,673</b>	<b>657,602</b>	<b>(89,929)</b>

## Changes in intangible fixed assets

These amounted to 567,673 euros at 31/12/2022, a decrease of 89,929 euros compared to the previous year. Intangible fixed assets specifically include costs for the acquisition and implementation of software, as well as costs related to the management and retention of SOA certification.

Descrizione	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
<i>(euro)</i>				
<b>Value at the beginning of the year</b>				
Cost	664,439	1,894	607,543	1,273,876
Depreciation (accumulated depreciation)	387,587	242	228,445	616,274
<b>Book value</b>	<b>276,852</b>	<b>1,652</b>	<b>379,098</b>	<b>657,602</b>
<b>Changes during the year</b>				
Increases for acquisitions	17,965	-	31,782	49,747
Amortisation for the year	82,265	98	57,313	139,675
<b>Total changes</b>	<b>(64,300)</b>	<b>(98)</b>	<b>(25,531)</b>	<b>(89,929)</b>
<b>Value at the end of the year</b>				
Cost	682,403	1,894	639,324	1,323,621
Depreciation (accumulated depreciation)	469,851	340	285,757	755,948
<b>Book value</b>	<b>212,552</b>	<b>1,554</b>	<b>353,567</b>	<b>567,673</b>

## TANGIBLE FIXED ASSETS

These amounted to 17,214,995 euros at 31/12/2022, an increase of 586,28 euros compared to the previous year.

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>17.214.995</b>	<b>16.628.267</b>	<b>586,728</b>

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

## Changes in tangible fixed assets

Description	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under development and advances	Total tangible fixed assets
<b>Value at the beginning of the year</b>						
Cost	15,450,881	3,040,483	810,868	2,366,601	153,409	21,822,242
Revaluations	2,898,063	334,219	167,345	89,734	-	3,489,361
Depreciation (accumulated amortisation)	4,559,543	1,555,190	894,839	1,673,764	-	8,683,336
<b>Book value</b>	<b>13,789,401</b>	<b>1,819,512</b>	<b>83,374</b>	<b>782,571</b>	<b>153,409</b>	<b>16,628,267</b>
<b>Changes during the year</b>						
Increases for acquisitions	151,747	1,291,498	124,468	382,341	(153,409)	1,796,645
Amortisation for the year	465,831	408,858	82,357	252,871	-	1,209,917
<b>Total changes</b>	<b>(314,084)</b>	<b>882,640</b>	<b>42,111</b>	<b>129,470</b>	<b>(153,409)</b>	<b>586,728</b>
<b>Value at the end of the year</b>						
Cost	18,500,691	4,666,200	1,087,909	2,836,465	-	27,091,265
Depreciation (accumulated amortisation)	5,025,374	1,964,048	962,424	1,924,424	-	9,876,270
<b>Book value</b>	<b>13,475,317</b>	<b>2,702,152</b>	<b>125,485</b>	<b>912,041</b>	<b>-</b>	<b>17,214,995</b>

At 31/12/2022, the item "Land and buildings" includes the value of land, for Euro 3,891,800 which is not subject to depreciation as a result of the tax provisions introduced by (Italian) Decree Law no. 223/2006.

The company decided not to use the option to suspend depreciation charges for the 2022 financial year provided by Article 60, paragraphs 7-bis to 7-quinquies of (Italian) Decree Law 104/2020 (converted by (Italian) Law 126/2020), as amended by (Italian) Law 25/2022, converting (Italian) Decree Law 4 of 27/01/2022), which extended this option to the financial years in progress at 31/12/2001 and 31/12/2022. Therefore, in the current year, depreciation of tangible and intangible fixed assets is determined and charged to the profit and loss account according to the ordinary rules of calculation and allocation.

## Total revaluations on tangible fixed assets at the end of the year

Pursuant to Article 10 of (Italian) Law 72/1983, listed below are the tangible assets recorded in the company's financial statements at 31/12/2022 which have been subject to revaluation transactions pursuant to (Italian) Law 342/2000, (Italian) Legislative Decree 185/2008 and (Italian) Decree Law 104/2020;

Description	Legal revaluation	Total revaluations
Land and buildings	2,898,063	2,898,063
Plants and machinery	334,219	334,219
Industrial and commercial equipment	167,345	167,345
Other assets	89,734	89,734
<b>Total</b>	<b>3,489,361</b>	<b>3,489,361</b>

**CAPITAL GRANTS**

During the year ended 31/12/2002, the company submitted a request for incentives for the production of thermal energy from renewable sources (so-called Thermal Account) in the amount of EUR 52,436. The outcome of this application is still unknown. If approved, the incentive will be paid in 5 annual instalments. In addition, it carried out works on property under the Facades Bonus scheme, which generated a contribution of EUR 36,424.

The contributions were accounted for using the indirect method.

**FINANCIAL LEASING**

The Company has a series of financial lease agreements in place for which the following information is provided pursuant to Article 2427, first paragraph, point 22 of the (Italian) Civil Code:

Description	Amount
Total amount of assets held under financial leasing at the end of the year	2,353,376
Amortisation that would have been recorded during the year	620,629
Value adjustments/write-down reversals that would have been recorded during the year	(156,129)
Current value of outstanding payment instalments at the end of the year	2,313,174
Financial charges for the year based on the actual interest rate	18,062

The contracts mainly pertain to the acquisition of equipment, representing the highest value.

OIC (Italian Accounting Board) RECLASSIFICATION	
<b>ACTIVITIES</b>	
<b>A) Ongoing contracts</b>	
a1) Value of leased assets at the end of the previous year	
of which gross value	2,302,708
of which accumulated depreciation	1,078,703
of which adjustments	0
of which value reinstatements	0
<b>Total</b>	<b>1,224,005</b>
a2) assets purchased during the year	1,750,000
a3) assets for which purchase option was exercised during the year	5,442
a4) share of depreciation for the year	615,187
a5) adjustments	0
a6) revaluations of assets	0
a7) Value of leased assets at the end of the current year	0
of which gross value	3,815,930
of which accumulated depreciation	1,462,554
of which adjustments	0
of which value reinstatements	0
<b>Total</b>	<b>2,353,376</b>

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

a8) reversal of prepaid expenses for financial leasing transactions	156,129
<b>B) Assets for which the purchase option is exercised</b>	
b1) difference in value of assets for which the purchase option is exercised, calculated according to the "finance lease" method, compared to their net book value at the end of the year	(14,217)
<b>C) LIABILITIES</b>	
c1) lease liabilities at the end of the previous year	0
of which due during the next year	422,141
of which due between 1 and 5 years	706,263
of which due after 5 years	0
<b>Total</b>	<b>1,128,404</b>
c2) lease liabilities arising during the year	1,719,692
c3) reductions for capital repayment	520,705
c4) reductions for purchase options exercised during the year	14,217
c5) lease liabilities at the end of the year	0
of which due during the next year	714,207
of which due between 1 and 5 years	1,598,967
of which due after 5 years	0
<b>Total</b>	<b>2,313,174</b>
c6) reversal of accruals on financial leasing fees	0
<b>D) total gross effect at year-end</b>	<b>(130,144)</b>
<b>E) net tax effect</b>	<b>(32,973)</b>
<b>F) effect on shareholders' equity at year-end</b>	<b>(97,168)</b>
<b>INCOME STATEMENT</b>	
Reversal of fees on financial leasing transactions	608,574
Depreciation recorded on contracts in place	615,187
Depreciation recorded on assets for which purchase option was exercised	5,442
Financial charge on leasing transactions recorded	18,062
Adjustments / value reinstatements on leased assets	613
<b>Effect on pre-tax result</b>	<b>(29,503)</b>
Tax effect recorded	(12,419)
<b>Effect on the result for the year</b>	<b>(17,087)</b>

**FINANCIAL FIXED ASSETS**

Financial assets amounted to 17,894,382 euros at 31/12/2022, a decrease of 1,453,047 euros compared to the previous year

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>17.894.382</b>	<b>19,347,429</b>	<b>(1,453,047)</b>

**Changes in equity investments, other securities and derivative financial fixed assets**

Equity investments in subsidiaries, associated and other companies amounted to 952,749 euros at 31/12/2022, a decrease of 9,873 euros compared to the previous year.

Changes to equity investments during the year are shown in the tables below:

Description	Equity investments in subsidiaries	Equity investments in associated companies	Equity investments in other companies	Total equity investments	Other securities	Derivative financial assets
<b>Value at the beginning of the year</b>						
Cost	505,200	18,228	439,194	962,622	1,000,000	-
<b>Book value</b>	<b>505,200</b>	<b>18,228</b>	<b>439,194</b>	<b>962,622</b>	<b>1,000,000</b>	<b>-</b>
<b>Changes during the year</b>						
Other changes	-	-	-	-	-	142,790
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>(9,873)</b>	<b>(9,873)</b>	<b>-</b>	<b>142,790</b>
<b>Value at the end of the year</b>						
Cost	505,200	18,228	429,321	952,749	1,000,000	142,790
<b>Book value</b>	<b>505,200</b>	<b>18,228</b>	<b>429,321</b>	<b>952,749</b>	<b>1,000,000</b>	<b>142,790</b>

**EQUITY INVESTMENTS IN SUBSIDIARIES**

At 31/12/2022, this item included the value of the equity investment Sans Souci S.r.l. for EUR 500,000 and the value of the equity investment in the joint venture Forte JV EEIG, headquartered in Malta, a company under liquidation and awaiting closure.

**EQUITY INVESTMENTS IN ASSOCIATED COMPANIES**

At 31/12/2022, this item included the value of the equity investment in the company Consorzio Vie del Mare..

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**EQUITY INVESTMENTS IN OTHER COMPANIES**

The balance sheet item consists of the following items:

Company name	Value at 31/12/2021	Increases	Liquidations	Sales	Write-downs	Value at 31/12/2022
Ospedal Grando Srl	275,000					275,000
New Jersey Srl	9,873		(9,873)			-
Strada del Mare Spa	26,382					26,382
Parc. Piazza Vittoria Srl	97,423					97,423
Consorzio Nog.ma in liquidation	30,000					30,000
Banca delle Terre Venete	516					516
<b>Total</b>	<b>439,194</b>		<b>(9,873)</b>			<b>429,321</b>

**OTHER SECURITIES**

The item Other securities includes the value of the investment share in the Salute 2 fund worth 1,000,000 euros, as well as the investment share in the Geminus investment fund, which was fully written down.

**Derivative financial instruments**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>142,790</b>		<b>142,790</b>

It recognises the MTM value of an Interest Rate Swap contract, which will be detailed subsequently.

**Changes and due date of non-current receivables**

At 31/12/2022, receivables recorded under financial assets amounted to 15,798,843 euros, a decrease of 1,585,964 euros, and are broken down as follows:

Descrizione	Value at the beginning of the year	Changes during the year	Value at the end of the year	Amount due after the year
Non-current receivables due from controlled companies	4,450,000	350,000	4,800,000	4,800,000
Non-current receivables from associated companies	831,643	39,200	870,843	870,843
Non-current receivables due from others	12,103,164	(1,975,164)	10,128,000	10,128,000
<b>Total non-current receivables</b>	<b>17,384,807</b>	<b>(1,585,964)</b>	<b>15,798,843</b>	<b>15,798,843</b>

The following changes were recorded during the year:

Description	31/12/2021	Acquisitions/ Increases	Reclassifica- tions	Disposals/ Decreases	31/12/2022
Subsidiaries	4,450,000	350,000			4,800,000
Associated companies	831,643	39,200			870,843
Others	12,103,164	87,500	50,500	2,113,164	10,128,000
<b>Total</b>	<b>17,384,807</b>	<b>476,700</b>	<b>50,500</b>	<b>2,113,164</b>	<b>15,798,843</b>

The change in receivables from subsidiaries reflects the disbursement of a non-interest-bearing loan to the subsidiary Sans Souci Srl, while the increase in receivables from associated companies relates to a non-interest-bearing loan to the subsidiary Officina Trentino Scarl.

Other receivables instead reflect, for the amount of EUR 9,975,000, the amount of loans granted to the former subsidiary and now related company Immobiliar S.r.l., disbursed during the period of works for the construction of the commercial complex in the municipality of Silea (TV). The disposal of the aforementioned credit position is subject to the sale of the property itself and the other residential real estate initiatives under development by the former subsidiary. For further information on the recoverability of the receivable in question, please refer to what is described below with reference to trade receivables.

Details of the changes that occurred and their value:

Description	31/12/2021	Increases	Decreases	31/12/2022
Sans Souci Srl	4,450,000	350,000		4,800,000
<b>Subsidiaries</b>	<b>4,450,000</b>	<b>350,000</b>		<b>4,800,000</b>
Consorzio Vie del Mare	30,800			30,800
Trento Tre Scarl	701,843			701,843
Officina Trentino Scarl	99,000	39,200		138,200
<b>Associated companies</b>	<b>831,643</b>	<b>39,200</b>		<b>870,843</b>
Immobiliar S.r.l.	9,925,000	50,500		9,975,500
New Jersey Srl	13,164		(13,164)	-
Manus Srl	2,100,000		(2,100,000)	-
Ospedal Grando Srl	65,000	87,500		152,500
<b>Others</b>	<b>12,103,164</b>	<b>138,000</b>	<b>(2,113,164)</b>	<b>10,127,500</b>
<b>Total</b>	<b>17,384,807</b>	<b>527,200</b>	<b>(2,113,164)</b>	<b>15,798,843</b>

Regarding the information required by Article 2427, paragraph 1, no. 6 of the (Italian) Civil Code, it is reported that all receivables are within the following geographical area: Italy.

EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**Information on equity investments in subsidiaries recorded under fixed assets**

Below is a detailed list of equity investments in subsidiaries and associated companies with the information required by Article 2427, point 5, of the (Italian) Civil Code.

Company name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in Euro	Profit (loss) for the last year in Euro	Shareholders' equity in Euro	Shareholding in Euro	% Shareholding	Book value or corresponding receivable
Sans Souci Srl	San Zenone degli Ezzelini (TV)	01520660521	10,500	(61,913)	(122,420)	(45,456)	90.00%	500,000
Forte JV EEIG	Malta		10,000	-	10,000		52.00%	5,200
<b>Total</b>								<b>505,200</b>

**Information on equity investments in associated companies recorded under fixed assets**

Company name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in Euro	Profit (loss) for the last year in Euro	Shareholders' equity in Euro	% Shareholding	Book value or corresponding receivable
Consorzio Vie del Mare scarl	Mestre	03758460277	50,000	(2,793)	38,452	2.04%	18,228
<b>Total</b>							<b>18,228</b>

Sans Souci S.r.l. is a company whose shareholding was acquired during the 2021 financial year and which has a project in place for the development of a tourist hotel residence for which a final buyer has already been identified. Although the carrying value of the equity investment exceeds the respective fraction of shareholders' equity, the Directors believe that the carrying value of the subsidiary Sans Souci S.r.l. is recoverable through the cash flows that will be generated from the sale of the hotel tourist residence that is currently being completed and will be sold to the purchaser in the 2023 financial year. Instead, with regard to the differences between the book value and the corresponding share of the equity of the other investee companies, it was decided not to adjust the value of the equity investment as it is believed that this value can be recovered in the future.



**CURRENT ASSETS**

The total value of current assets at 31/12/2022 amounted to 222,244,478 euros. The changes during the year are shown in detail below.

**INVENTORIES**

The total value of inventories amounted to 83,763,461 euros at 31/12/2022, a change of 44,867,214 euros compared to the previous year.

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>83,763,461</b>	<b>128,630,675</b>	<b>(44,867,214)</b>

Description	Value at the beginning of the year	Changes during the year	Value at the end of the year
Raw and ancillary materials and consumables	13,582,209	(3,354,124)	10,228,085
Work in progress to order	114,137,808	(40,852,506)	73,285,302
Finished products and goods	910,658	(660,584)	250,074
<b>Total inventories</b>	<b>128,630,675</b>	<b>(44,867,214)</b>	<b>83,763,461</b>

**RAW AND ANCILLARY MATERIALS AND CONSUMABLES**

The amount of 10,228,085 euros at 31/12/2022 includes costs incurred for the purchase of land, including ancillary charges, on which construction activities will commence in subsequent years.

**CONTRACT WORK IN PROGRESS**

The value of Contract work in progress at 31/12/2022 was 73,285,302 euros, a decrease of 40,852,506 euros over the previous year.

This item includes the value of services provided at 31/12/2022 but not yet invoiced to customers.

**FINISHED PRODUCTS AND GOODS**

This item includes the value of several real estate units located in the municipality of Castelfranco Veneto.

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**CURRENT RECEIVABLES**

Current asset receivables, analysed in detail in the following tables, amounted to 94,675,023 euros at 31/12/2022, a change of 14,328,159 euros compared to the previous year.

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>94,436,235</b>	<b>80,346,864</b>	<b>14,089,371</b>

**CHANGES TO AND DUE DATE OF CURRENT RECEIVABLES**

Description	Value at the beginning of the year	Changes during the year	Value at the end of the year	Amount due during the year	Amount due after the year	Of which with a residual duration of over 5 years
Current trade receivables	46,932,206	10,333,730	57,265,936	48,478,936	8,787,000	-
Receivables from subsidiaries recorded under current assets	254,440	2,677,721	2,932,161	2,932,161	-	-
Receivables from associated companies recorded under current assets	5,491,065	429,340	5,920,405	3,775,338	2,145,067	-
Receivables from parent companies recorded under current assets	857,831	763,395	1,621,226	1,621,226	-	-
Receivables from companies subject to the control of parent companies recorded under current assets	141,328	23,859	165,187	165,187	-	-
Tax credits recorded under current assets	2,826,500	(1,839,963)	986,537	311,432	675,105	227,403
Receivables for prepaid taxes recorded under current assets	34,093	-	34,093	-	-	-
Other accounts receivable recorded under current assets	23,809,401	1,701,289	25,510,690	25,343,571	167,119	-
<b>Total current receivables</b>	<b>80,346,864</b>	<b>14,089,371</b>	<b>94,436,235</b>	<b>82,627,851</b>	<b>11,774,291</b>	<b>227,403</b>

In support of the above table, the following information should be noted.

**TRADE RECEIVABLES**

The change in receivables due within 12 months is part of the ordinary variations due to the performance of orders.

Receivables from customers beyond 12 months, amounting to 8,787,000 euros, decreased by approximately 2,000,000 euros. The receivable relates to the residual consideration for contract services provided to Immobiliarcar S.r.l. (former subsidiary and now related company), which is no longer in the scope of consolidation of Carron S.p.A. following the demerger in 2017.

The settlement of this receivable is related to the realisation of receivables, also from the company Immobiliarcar Srl, recorded as financial assets, to which reference should be made for further details. The realisation of this item is subject to the completion of the debtor's real estate disposal programme, i.e., the results of the activities that the debtor is conducting for the residential real estate development in Riese Pio X (TV), which is now being marketed, as well as real estate developments in the residential care home field that currently present good business prospects that will allow the debtor company to find the liquidity needed to start the process of repaying this position.

**BAD DEBT PROVISION**

The nominal value of receivables was adjusted using a specific bad debt provision, which underwent the following changes over the course of the financial year:

Description	Write-down provision pursuant to Article 2426 of the (Italian) Civil Code	Write-down provision pursuant to Article 106 Presidential Decree no. 917/1986	Total
Balance at 31/12/2021	20,939	938,230	959,169
Use during the year		163,382	163,382
<b>Balance at 31/12/2022</b>	<b>20,939</b>	<b>774,848</b>	<b>795,787</b>

**RECEIVABLES FROM SUBSIDIARIES**

The amount of EUR 2,932,161 consists of EUR 104,066 in receivables from the subsidiary Beato Pellegrino S.c.a.r.l., currently in liquidation, and EUR 2,828,095 in receivables for work performed for Sans Souci S.r.l.

**RECEIVABLES FROM ASSOCIATED COMPANIES**

The amount refers to receivables from jointly controlled consortium companies. These are partly trade receivables arising from the charging of invoices for costs incurred, and partly financial receivables disbursed to consortium companies to support them in meeting temporary cash requirements.

**RECEIVABLES FROM PARENT COMPANIES**

The receivable from the parent company Carron Holding S.r.l. is for services rendered and amounts to EUR 6,820, while EUR 1,614,406 represents VAT credits transferred to the parent company under the Group VAT procedure.

**RECEIVABLES FROM COMPANIES SUBJECT TO THE CONTROL OF PARENT COMPANIES**

This is a receivable from Carron Bau Srl-GmbH mainly for services provided during the year.

**TAX CREDITS**

The tax receivables due within 12 months include EUR 60,298 for tax credits related to tax bonuses, EUR 68,130 for tax credits for energy and gas, and EUR 96,938 for tax credits on capital goods.

Receivables due beyond 12 months, on the other hand, include the tax credit from the tax authorities resulting from application of the rule set forth in (Italian) Law 160/2019 and (Italian) Law 178/2020 on investment incentives, amounting to EUR 255,901. Additionally, there are tax credits related to the so-called 'building bonuses' that will be utilised over the next 10 years. Specifically, the amount of receivables over 5 years amounts to EUR 227,403.

**RECEIVABLES FOR PREPAID TAXES**

Prepaid taxes refer to deductible temporary differences; they are described in the relative table in the last section of these explanatory notes.

**RECEIVABLES DUE FROM OTHERS**

The largest item refers to Advances to suppliers showing advances and deposits paid for the purchase of land and as fees paid for the assignment of preliminary contracts for the sale of buildings to be used as nursing home facilities.

**BREAKDOWN OF CURRENT RECEIVABLES BY GEOGRAPHIC AREA**

The breakdown of receivables at 31/12/2022 by geographic area is shown in the following table (article 2427, first paragraph, no. 6 of the Italian Civil Code).

Geographic area	Italy	Total
Trade receivables recorded under current assets	57,265,936	57,265,936
Receivables from subsidiaries recorded as current assets	2,932,161	2,932,161
Receivables from associated companies recorded as current assets	5,920,405	5,920,405
Current receivables due from parent companies	1,621,226	1,621,226
Receivables from companies subject to the control of parent companies recorded under current assets	165,187	165,187
Current tax credits	986,537	986,537
Receivables for prepaid taxes recorded under current assets	34,093	34,093
Other accounts receivable recorded under current assets	25,510,690	25,510,690
<b>Total current receivables</b>	<b>94,436,235</b>	<b>94,436,235</b>





**CASH AND CASH EQUIVALENTS**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>43,433,932</b>	<b>30,207,827</b>	<b>13,226,105</b>

Description	Value at the beginning of the year	Changes during the year	Value at the end of the year
Bank and post office deposits	30,160,764	13,204,990	43,365,754
Cash and cash equivalents	47,063	21,115	68,178
<b>Total cash and cash equivalents</b>	<b>30,207,827</b>	<b>13,226,105</b>	<b>43,433,932</b>

The balance shows cash and cash equivalents and the existence of cash and assets at the reporting date.

**ACCRUED INCOME AND PREPAID EXPENSES**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>898,306</b>	<b>776,506</b>	<b>121,800</b>

They measure income and expenses whose accrual is in advance or deferred with respect to the actual date of payment and/or of the document; they are irrespective of the date of payment or collection of the related income and expenses, are common to two or more financial years, and are allocated on an accrual basis. At 31/12/2022, there are deferred items with a duration exceeding five years amounting to EUR.

Description	Value at the beginning of the year	Changes during the year	Value at the end of the year
Accrued income	-	103,055	103,055
Prepaid expenses	776,505	18,746	795,251
<b>Total accrued income and prepaid expenses</b>	<b>776,505</b>	<b>121,800</b>	<b>898,306</b>

This item is broken down as follows (Article 2427, Paragraph 1, No. 7, of the Italian Civil Code).

Description	Amount
Sundry prepaid expenses	670,710
Prepaid expenses for lease payments	124,540
Accrued income	103,056
<b>Total</b>	<b>898,306</b>



## EXPLANATORY NOTES - LIABILITIES AND SHAREHOLDERS' EQUITY

### SHAREHOLDERS' EQUITY

The company's equity amounted to 61,585,536 euros at 31/12/2022, a change of 1,584,379 euros compared to 31/12/2021.

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>61,585,536</b>	<b>60,001,157</b>	<b>1,584,379</b>

### CHANGES IN SHAREHOLDERS' EQUITY ITEMS

Description	Value at the beginning of the year	Allocation of previous year's profit		Result for the year	Value at the end of the year
		Allocation of dividends	Other allocations		
Share capital	10,000,000	-	-		10,000,000
Revaluation reserve	3,873,657	-	-		3,873,657
Legal reserve	2,000,000	-	-		2,000,000
<b>Other reserves</b>					
Extraordinary reserve	37,243,556	5,500,000	6,883,942		38,627,498
Miscellaneous other reserves	2	-	(3)		(1)
<b>Total other reserves</b>	<b>37,243,558</b>	<b>5,500,000</b>	<b>6,883,939</b>		<b>38,627,497</b>
<b>Profit (loss) for the year</b>	<b>6,883,942</b>	-	<b>(6,883,942)</b>	<b>7,084,382</b>	<b>7,084,382</b>
<b>Total shareholders' equity</b>	<b>60,001,157</b>	<b>5,500,000</b>	<b>(3)</b>	<b>7,084,382</b>	<b>61,585,536</b>

### AVAILABILITY AND USE OF SHAREHOLDERS' EQUITY

The following table shows each component of equity, indicating its origin, possibility of use, distributability and how it has been used in the previous three years (Article 2427, paragraph 1, no 7-bis of the (Italian) Civil Code).

Description	Amount	Possible use	Available share
Share capital	10,000,000	B	
Revaluation reserve	3,873,657	A,B,C	3,873,657
Legal reserve	2,000,000	A,B	2,000,000
<b>Other reserves</b>			
Extraordinary reserve	38,627,498	A,B,C,D	38,627,498
Miscellaneous other reserves	(1)		
<b>Total other reserves</b>	<b>38,627,497</b>		<b>38,627,498</b>
<b>Totale</b>	<b>54,501,154</b>		<b>44,501,155</b>
Residual distributable amount			44,501,155

Key: A: for capital increase B: to hedge losses C: for distribution to shareholders D: for other statutory restrictions E: other

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

### FORMATION AND USE OF SHAREHOLDERS' EQUITY ITEMS

As provided for by Article 2427, paragraph 1, point 4) of the (Italian) Civil Code, the following information is provided:

Description	Share capital	Legal reserve	Other reserves	Result for the year	Total
<b>At the beginning of the previous year</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>34,817,724</b>	<b>6,294,872</b>	<b>53,112,596</b>
Allocation of profit for the year					
Other allocations			849,918	(7,144,784)	(6,294,866)
Other changes					
Increases			5,449,576	6,294,872	11,744,448
Decreases			3	5,444,960	5,444,963
<b>Result from the previous year</b>				<b>6,883,942</b>	
<b>At the end of the previous year</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>41,117,215</b>	<b>6,883,942</b>	<b>60,001,157</b>
Allocation of profit for the year					
Allocation of dividends			5,500,000		5,500,000
Other allocations			6,883,939	(6,883,942)	(3)
Result for the current year				7,084,382	
<b>At the end of the current year</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>42,501,154</b>	<b>7,084,382</b>	<b>61,585,536</b>

Please find below additional information regarding revaluation reserves.

They amounted to Euro 3,873,657 at the beginning of the year.

As can be seen in the summary table below, the revaluation reserve set aside in the 2001, 2002 and 2005 financial years pursuant to (Italian) Law 342/2000, amounting to a total of 5,502,030 euros, was fully incorporated into the share capital.

Instead, the revaluation reserve recognised pursuant to (Italian) Law 185/2008 was incorporated into the company's share capital in the amount of 3,931,000 euros, while 2,658,000 euros was transferred to the beneficiaries Manus Srl and Five Srl following the demerger in 2017. Of this reserve, the amount of 2,191,000 euros remains on the balance sheet.

During the financial year 2020, a revaluation operation was carried out pursuant to (Italian) Legislative Decree 104/2020. The revaluation in question concerned part of the company's assets, recording an increase in their value of 1,729,371 euros, from which the amount of the substitute tax calculated at 3% of the gross amount, equal to 51,881 euros, must be subtracted; the net increase in the revaluation reserve is therefore 1,677,490 euros. During the year 2021 following the sale of certain revalued assets, the reserve was adjusted for the amount equal to the substitute of 4,616 euros.

The total value of revaluation reserves recognised in the balance sheet at 31/12/2022 was 3,873,657 euros.

Description	Revaluation amount	Use	Reserve balance
<b>Revaluation pursuant to (Italian) Law 342/2000</b>			
year 2001 - revaluation	4,136,962		4,136,962
(-) 19% substitute tax	(786,023)		(786,023)
year 2002 - utilisation of reserve for share capital increase		(1,983,543)	(1,983,543)
year 2003 - revaluation	1,362,399		1,362,399
(-) 19% substitute tax	(258,856)		(258,856)
year 2005 - revaluation	1,190,395		1,190,395
(-) 19% substitute tax	(142,847)		(142,847)
year 2006 - utilisation of reserve for share capital increase		(2,470,939)	(2,470,939)
year 2009 - utilisation of reserve for share capital increase		(1,047,548)	(1,047,548)
<b>Revaluation reserve subtotal pursuant to (Italian) Law 342/2000</b>	<b>5,502,030</b>	<b>5,502,030</b>	<b>-</b>
<b>Revaluation pursuant to (Italian) Law 185/2008</b>			
year 2008 - revaluation	8,953,870		8,953,870
(-) substitute tax	(173,789)		(173,789)
(+) substitute tax recovered on sales of real estate	22,496		22,496
year 2009 - utilisation of reserve for share capital increase		(3,952,452)	(3,952,452)
year 2017 - demerger and transfer to the beneficiary MANUS Srl		(1,415,220)	(1,415,220)
year 2017 - demerger and transfer to the beneficiary FIVE Srl		(1,243,353)	(1,243,353)
<b>Subtotal of revaluation reserve pursuant to (Italian) Law 185/2008</b>	<b>8,802,577</b>	<b>(6,611,025)</b>	<b>2,191,552</b>
<b>Revaluation pursuant to (Italian) Decree Law 104/2020</b>			
year 2020 - revaluation	1,729,371		
(-) 3% substitute tax	(51,881)		
(+) substitute tax recovered on sales of real estate	4,616		
<b>Revaluation reserve subtotal pursuant to (Italian) Decree Law 104/2020</b>	<b>1,682,106</b>		<b>1,682,106</b>
<b>BALANCE SHEET AT 31/12/2022</b>			<b>3,873,657</b>

For tax purposes, in the event of distribution, the taxable amount is the revaluation amount gross of substitute tax.

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The following items are recorded under shareholders' equity:

**RESERVES OR OTHER PROVISIONS WHICH, IN THE EVENT OF DISTRIBUTION, FORM PART OF THE COMPANY'S TAXABLE INCOME, REGARDLESS OF THE PERIOD OF FORMATION**

Shareholders' equity includes revaluation reserves which, if they were distributed, would be included in the company's taxable income, regardless of the period in which they originated. Specifically, these are the revaluation reserves pursuant to (Italian) Decree Law 185/2008 and (Italian) Decree Law 104/2020 recognised in the financial statements for a total of 3,873,657 euros, of which the amount of 550,679 euros is unrestricted and will therefore not contribute to forming the company's taxable income in the event of distribution.

Reserves	Value
Revaluation pursuant to (Italian) Legislative Decree 185/2008 - Restricted	1,794,740
Revaluation pursuant to (Italian) Legislative Decree 185/2008 - Restricted	1,528,238
<b>Total</b>	<b>3,322,978</b>

**RESERVES INCORPORATED INTO THE SHARE CAPITAL**

The following reserves have been used for share capital increases and, regardless of the period in which they originated, they would contribute to the company's taxable income in the event of distribution.

Reserves	Value
Reserve pursuant to (Italian) Law 342/2000 used for share capital increase	2,583,396
Reserve pursuant to (Italian) Law 185/2008 set aside at 31/12/2008	1,855,815
<b>Total</b>	<b>4,439,211</b>

**PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions have been made for legal disputes, for estimated costs and charges to be incurred after the completion of contracts, and for costs that may arise after acceptance of works.

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>2.623.522</b>	<b>1.723.577</b>	<b>899.945</b>

Description	Reserve for taxes, also deferred	Derivative financial liabilities	Other provisions	Total provisions for liabilities and charges
Value at the beginning of the year	105,409	5,291	1,612,877	1,723,577
<b>Changes during the year</b>				
Allocation during the year	-	-	1,227,582	1,227,582
Use during the year	105,409-	-	216,937	322,346
Other changes	-	(5,291)	-	(5,291)
<b>Total changes</b>	<b>(105,409)</b>	<b>(5,291)</b>	<b>1,010,645</b>	<b>899,945</b>
<b>Value at the end of the year</b>	<b>-</b>	<b>-</b>	<b>2,623,522</b>	<b>2,623,522</b>

The item Other provisions, totalling 2,623,522 euros at 31/12/2021, is broken down as follows:

- Provision for future charges on job orders for euro 1,863,522
- Provision for post-testing risks on job orders in the amount of euro 700,000
- Provision for risks on legal disputes for 60,000 euros

#### STAFF SEVERANCE INDEMNITY

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>523,956</b>	<b>530,344</b>	<b>(6,388)</b>

Description	Staff severance indemnity
Value at the beginning of the year	530,344
<b>Changes during the year</b>	
Allocation during the year	767,777
Use during the year	49,513
Other changes	(724,652)
<b>Total changes</b>	<b>(6,388)</b>
<b>Value at the end of the year</b>	<b>523,956</b>

This provision represents the company's actual payable due to employees at 31/12/2022, net of any advances paid.

It is noted that the company, being among the obligated entities to pay the TFR (severance pay) accrued to the supplementary pension funds provided for by law, makes payments to the respective pension funds accordingly. The remaining amount represents the outstanding TFR debt at 31/12/2006, which has not been transferred and is adjusted year by year.

#### PAYABLES

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>193,143,589</b>	<b>214,360,188</b>	<b>(21,216,599)</b>

#### EXPLANATORY NOTES - Carron s.p.a. Financial Statements

#### CHANGES AND DUE DATE OF PAYABLES

Due dates of payables are broken down as follows (art. 2427, first paragraph, no. 6, of the Italian Civil Code).

Description	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio
Debiti verso banche	54,590,872	(21,200,988)	33,389,884	15,014,884	18,375,000
Acconti	79,826,340	(18,581,032)	61,245,308	61,245,308	-
Debiti verso fornitori	66,160,168	19,078,442	85,238,610	85,238,610	-
Debiti verso imprese collegate	5,745,218	1,375,851	7,121,069	7,121,069	-
Debiti verso controllanti	3,029,484	(2,399,484)	630,000	630,000	-
Debiti verso imprese sottoposte al controllo delle controllanti	6,237	(2,645)	3,592	3,592	-
Debiti tributari	1,076,999	515,668	1,592,667	1,592,667	-
Debiti verso istituti di previdenza e di sicurezza sociale	880,431	60,593	941,024	941,024	-
Altri debiti	3,044,439	(63,004)	2,981,435	2,969,365	12,070
<b>Totale debiti</b>	<b>214,360,188</b>	<b>(21,216,599)</b>	<b>193,143,589</b>	<b>174,756,519</b>	<b>18,387,070</b>

None of the above payables have a residual maturity of more than five years.

#### PAYABLES DUE TO BANKS

The debt exposure to the banking system amounted to a total of 33,389,884 euros at 31/12/2022, a decrease of 21,200,988 euros over the previous year.

Payables to banks, due within twelve months, amounted to EUR 15,014,884 at 31/12/2022, corresponding to the principal amount of medium- to long-term loans due within the next financial year, amounting to EUR 14,000,000, in addition to the payables for short-term credit facilities granted by credit institutions.

Instead, the portion maturing beyond twelve months amounted to 18,375,000 euros at 31/12/2022, which does not extend beyond five years.

The position reflects the debt for medium- to long-term financing granted to the company.

Description	31/12/2022	31/12/2021	Change
Short-term portion of mortgages and loans	14,000,000	19,185,000	(5,185,000)
Short-term current account credit lines	1,014,884	3,030,872	(2,015,988)
<b>Total payables to banks within 12 months</b>	<b>15,014,884</b>	<b>22,215,872</b>	<b>(7,200,988)</b>
Long-term portion of mortgages and loans (within 5 years)	18,375,000	32,375,000	(14,000,000)
Long-term portion of mortgages and loans (beyond 5 years)	-	-	-
<b>Payables banks beyond 12 months</b>	<b>18,375,000</b>	<b>32,375,000</b>	<b>(14,000,000)</b>
<b>Total payables due to banks</b>	<b>33,389,884</b>	<b>54,590,872</b>	<b>(21,200,988)</b>

In detail, payables for medium- and long-term mortgages and loans are broken down as follows:

Description	31/12/2022	31/12/2021	Change
Mortgage-backed loans	-	13,185,000	(13,185,000)
Unsecured loans	-	1,000,000	(1,000,000)
Loans backed by MCC or SACE guarantee	32,375,000	37,375,000	(5,000,000)
<b>Total loans with guarantee</b>	<b>32,375,000</b>	<b>51,560,000</b>	<b>(19,185,000)</b>

The covenants on the loans at the end of the financial year have been complied with.

### ADVANCES

These amounted to 61,245,308 euros at 31/12/2022, a decrease of 18,581,033 euros compared to the previous year.

They represent the amount paid by customers by way of advance on contract work in progress, as well as advances and deposits from customers on consignment of future sale of real estate. Advances related to contract work in progress, paid by Customers while work is still being carried out and normally ascertained through Work Progress Reports, are recorded under the item "revenues".

Detail of the change is provided below:

Description	31/12/2022	31/12/2021	Change
Advances from customers on contract work in progress	30,374,988	26,965,556	3,409,432
Advances from customers on property sales	29,523,320	41,840,018	(12,316,698)
Deposits from customers on property sales	1,295,000	11,019,766	(9,724,766)
Other deposits	52,000	1,000	51,000
<b>Total advances</b>	<b>61,245,308</b>	<b>79,826,340</b>	<b>(18,581,032)</b>

For the sake of clarity, it should be noted that against advances and deposits on property sales amounting to 30,818,320 euros, the valuation of completed works, amounting to 27,457,732 euros, is correspondingly allocated to assets under Contract work in progress.

### TRADE PAYABLES

These amounted to 85,237,308 euros at 31/12/2022, a change of +18,581,033 euros compared to the previous year. The balance includes both the payable to suppliers documented by invoices already registered at 31/12/2022 and the payable resulting from invoices to be received that are registered the following year. The total amount is recorded net of trade discounts and rebates.

### PAYABLES DUE TO ASSOCIATED COMPANIES

These amounted to 7,121,069 euros at 31/12/2022, a change of +1,375,852 euros compared to the previous year.

Amounts due to companies jointly controlled with others are allocated to this item; the item includes both trade and financial payables.

### EXPLANATORY NOTES - Carron s.p.a. Financial Statements

The table below shows the breakdown of the balance as at 31/12/2022.

Counterparty description	31/12/2022	31/12/2021
Montecchio Scarl	4,886,386	3,251,805
Trento Tre Scarl	2,072,605	2,421,349
Casermes VDA Scarl	-	20,998
Consorzio Vie del Mare	8,073	8,073
Valdastico 14 Scarl	44,516	42,992
Officina Trentino Scarl	109,490	-
<b>Total</b>	<b>7,121,070</b>	<b>5,745,217</b>

### PAYABLES TO PARENT COMPANY

These amounted to 630,000 euros at 31/12/2022, a change of (2,399,484) euros compared to the previous year.

It represents the payable to the parent company Carron Holding for distribution of dividends already approved, the payment of which was made in the subsequent year.

### TAX PAYABLES

These amounted to 1,592,667 euros at 31/12/2022, a change of +515,668 euros compared to the previous year.

The item includes the balance of the payable to the tax authorities for direct and indirect taxes, in addition to the taxes the company pays as withholding agent.

The most significant items are the payable to the tax authorities for IRPEF (personal income tax) deductions from remuneration paid to employees and the IRES payable.

### PAYABLES DUE TO PENSION AND SOCIAL SECURITY INSTITUTIONS

These amounted to 941,023 euros at 31/12/2022, a change of +60,592 euros compared to the previous year.

The item includes payables to social security institutions such as INPS (*Italian National Institute for Social Security*), INAIL (*National Institute for Insurance against Accidents at Work*) and the Cassa Edile (*Special Construction Workers' Fund*).

### OTHER PAYABLES

These amounted to 2,969,365 euros at 31/12/2022, a change of (63,004) euros compared to the previous year.

The most significant item included here relates to payables to employees for unused holidays.

**BREAKDOWN OF PAYABLES BY GEOGRAPHIC AREA**

The breakdown of Payables at 31/12/2022 by geographic area is shown in the table below (article 2427, first paragraph, no. 6, of the Italian Civil Code).

Geographic area	Italy	Poland	Total
Payables due to banks	33,389,884	-	33,389,884
Advances	61,245,308	-	61,245,308
Trade payables	85,234,590	4,020	85,238,610
Payables due to associated companies	7,121,069	-	7,121,069
Payables due to parent companies	630,000	-	630,000
Payables due to companies subject to the control of parent companies	3,592	-	3,592
Tax payables	1,592,667	-	1,592,667
Payables due to pension and social security institutions	941,024	-	941,024
Other payables	2,981,435	-	2,981,435
<b>Payables</b>	<b>193,139,569</b>	<b>4,020</b>	<b>193,143,589</b>

**PAYABLES BACKED BY REAL GUARANTEES ON COMPANY ASSETS**

There are no payables secured by real guarantees on company.

**ACCRUED LIABILITIES AND DEFERRED INCOME**

Balance at 31/12/2022	Balance at 31/12/2021	Change
<b>414,816</b>	<b>74,171</b>	<b>340,645</b>

Description	Value at the beginning of the year	Changes during the year	Value at the end of the year
Accrued liabilities	11,734	10,954	22,688
Deferred income	62,437	329,691	392,128
<b>Total accrued liabilities and deferred income</b>	<b>74,171</b>	<b>340,645</b>	<b>414,816</b>

This item is broken down as follows (Article 2427, Paragraph 1, No. 7, of the Italian Civil Code).

Description	Amount
Accrued liabilities for interest	12,321
Deferrals for tax credit contribution on 4.0 capital goods	302,574
Deferral for building bonus contribution	32,784
Others of a negligible amount	67,137
<b>Total</b>	<b>414,816</b>

These refer to adjusting entries for the year recorded on an accrual basis. Deferrals with a duration of more than 5 years amount to EUR 14,572.



## EXPLANATORY NOTES - INCOME STATEMENT

### INFORMATION AND CLARIFICATIONS ABOUT THE INCOME STATEMENT

Before analysing the individual items, please note that comments on overall performance are provided in the Directors' Report, pursuant to article 2428 of the (Italian) Civil Code.

Given the analytical presentation of revenues and costs in the Income Statement and the previous comments on balance sheet items, only the main items are commented on below.

### VALUE OF PRODUCTION

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>250,656,315</b>	<b>201,700,283</b>	<b>48,956,032</b>

Description	31/12/2022	31/12/2021	Changes
Sales and services revenues	290,319,928	161,809,061	128,510,867
Changes in product inventories	(660,584)	324,680	(985,264)
Changes in work in progress to order	(40,852,506)	36,609,437	(77,461,943)
Other revenues and income	1,849,477	2,957,105	(1,107,628)
<b>Total</b>	<b>250,656,315</b>	<b>201,700,283</b>	<b>48,956,032</b>

Please refer to the Directors' Report for further information on the reasons behind this change.

### Breakdown of sales and services revenues by business category

(Ref. Art. 2427, paragraph 1, no. 10, of the Italian Civil Code)

Business category	Current year value
Sales of products	94,717,859
Sales of accessories	65,090
Provision of services	192,264,191
Rental income	821,604
Others	2,451,184
<b>Total</b>	<b>290,319,928</b>

### EXPLANATORY NOTES - Carron s.p.a. Financial Statements

Description	31/12/2022	31/12/2021
Revenues from the sale of real estate and land	94,717,859	39,122,500
Revenues from the sale of materials	65,090	114,423
Contract revenues (public contracts)	54,975,266	44,231,864
Contract revenues (private contracts)	135,654,545	73,449,121
Revenues from the provision of services	479,055	598,737
Ancillary revenues from contracts	1,374,555	2,029,528
Rental income	821,604	347,112
Revenues from chargebacks to associated consortium companies	2,231,955	1,843,304
Revenues from chargebacks	-	72,470
<b>Total</b>	<b>290,319,928</b>	<b>161,809,061</b>

### Breakdown of sales and services revenues by geographic area

Geographic area	Current year value
Italy	290,319,928
<b>Total</b>	<b>290,319,928</b>

### PRODUCTION COSTS

Production costs are strictly linked to the specific section in the Directors' Report and to the performance of point A (Value of production) of the Income Statement.

Details of production costs are shown in the following tables:

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>238,494,650</b>	<b>191,070,686</b>	<b>47,423,964</b>

Description	31/12/2022	31/12/2021	Changes
Raw and ancillary materials and goods	31,266,596	33,001,945	(1,735,349)
Services	178,378,815	148,040,905	30,337,910
Use of third-party assets	3,581,104	3,462,740	118,364
Salaries and wages	11,686,924	10,752,664	934,260
Pension and social security contributions	3,472,340	3,271,272	201,068
Staff severance indemnity	767,777	686,791	80,986
Other personnel costs	149,116	173,035	(23,919)
Amortisation of intangible fixed assets	139,675	124,453	15,222
Amortisation of tangible fixed assets	1,209,917	1,053,679	156,238
Changes in inventories of raw materials	3,354,124	(12,247,274)	15,601,398
Risk provision	62,363	404,867	(342,504)
Other provisions	1,227,582	410,682	816,900
Sundry operating expenses	3,198,317	1,934,927	1,263,390
<b>Total</b>	<b>238,494,650</b>	<b>191,070,686</b>	<b>47,423,964</b>

**COSTS FOR RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS AND COSTS FOR SERVICES**

These are strictly linked to the specific section in the Directors' Report and to the performance of point A (Value of production) of the Income Statement.

**PERSONNEL COSTS**

This item includes all employee expenses, including merit salary increases, promotions, automatic cost-of-living adjustments, cost of unused leave and provisions required by law and collective agreements.

**DEPRECIATION OF TANGIBLE FIXED ASSETS**

It is hereby specified that amortisation and depreciation have been calculated on the basis of the remaining useful life of the relevant assets and their general wear and tear.

**WRITE-DOWNS OF CURRENT RECEIVABLES AND 'OF CASH AND CASH EQUIVALENTS**

This item refers to the provision for losses on receivables recognised on the basis of tax laws and is considered to reasonably represent the actual potential occurrence of such losses.

Since the fund was found to be adequate at 31/12/2022, it was not necessary to make any provision during the year 2022.

**RISK PROVISION AND OTHER PROVISIONS**

Among the provisions made at 31/12/2022 was the adjustment to the provision for risks related to costs and charges arising after works testing, amounting to 62,363 euros. Instead, Other provisions include the allocation for charges on completed contracts that will be incurred in the following year, in the amount of 1,227,582 euros.

**EXPLANATORY NOTES - Carron s.p.a. Financial Statements****SUNDRY OPERATING EXPENSES**

At 31/12/2022, they amount to EUR 3,198,316 and are detailed as follows:

Description	31/12/2022	31/12/2021
Non-income-related taxes and charges	21,544	21,873
Stamp duty	4,424	12,426
Municipal property tax	303,283	273,269
Registration, mortgage and cadastral taxes	477,881	183,576
Road tax	39,676	16,521
Other taxes and charges	757,562	532,728
Membership fees	18,900	40,144
Donations	36,605	9,180
Capital losses on sale of assets	92	244,458
Non-recurring expenses	46,935	146,254
Pro rata VAT	59,603	-
Reimbursement of damages to third parties	12,226	324,952
Fines and penalties	69,165	48,894
Severance payments	1,285,505	20,272
Sundry operating expenses	49,491	1,916
Various non-deductible costs	12,423	58,464
Rounding/allowances		
<b>Total</b>	<b>3,198,316</b>	<b>1,934,927</b>

The item related to 'Indemnities for contract termination' includes sums paid to tenants for the early termination of lease contracts that involved progressive rent payments.

**FINANCIAL INCOME AND CHARGES**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>(1,816,289)</b>	<b>(1,804,203)</b>	<b>(12,086)</b>

Description	31/12/2022	31/12/2021	Changes
Income other than the above	642,859	475,062	167,797
(Interest and other financial charges)	(2,459,148)	(2,279,265)	(179,883)
<b>Total</b>	<b>(1,816,289)</b>	<b>(1,804,203)</b>	<b>(12,086)</b>



**BREAKDOWN OF INTEREST AND OTHER FINANCIAL CHARGES BY TYPE OF PAYABLE**

(Ref. Art. 2427, paragraph 1, no. 12, of the Italian Civil Code)

Description	Interest and other financial charges
Payables due to banks	1,856,320
Others	602,829
<b>Total</b>	<b>2,459,148</b>

Description	Parent companies	Others	Total
Bank interest		19,491	19,491
Interest payable to others		602,829	602,829
Medium-term credit interests		766,995	766,995
Discounts or financial charges	386,881	682,953	1,069,834
Rounding		(1)	(1)
<b>Total</b>	<b>386,881</b>	<b>2,072,267</b>	<b>2,459,148</b>

The following tables provide a detailed breakdown.

Description	31/12/2022	31/12/2021
Interest payable to banks on ordinary credit	19,491	86,347
Interest payable on loans	766,995	692,939
Ancillary financial charges on loans	-	24,800
Commissions on bank guarantees on advances	381,966	352,926
Commissions on guarantees on advances	300,986	230,280
Financial charges for amortised cost	-	400,000
Interest expenses on other debts	602,829	491,973
Other financial charges	386,881	-
<b>Total</b>	<b>2,459,148</b>	<b>2,279,265</b>

**OTHER FINANCIAL INCOME**

Other financial income as at 31/12/2022 is broken down as follows:

Description	31/12/2022	31/12/2021
Interest income on bank and postal accounts	7,353	223
Interest income on sundry receivables	397,821	280,522
Interest income on application of amortised cost	77,500	157,700
Income from IRS – BNL contract	160,185	-
<b>Total</b>	<b>642,859</b>	<b>438,445</b>

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>(1,215)</b>	<b>(550)</b>	<b>(665)</b>

**WRITE-DOWNS**

Description	31/12/2022	31/12/2021	Changes
Di partecipazioni	1,215	550	665
<b>Total</b>	<b>1,215</b>	<b>550</b>	<b>665</b>

The changes in value for each category of derivative financial instruments recorded in the accounts are described below.

**CURRENT, DEFERRED AND PREPAID INCOME TAXES FOR THE YEAR**

Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>3,259,779</b>	<b>1,940,902</b>	<b>1,318,877</b>

Taxes	Balance at 31/12/2022	Balance at 31/12/2021	Changes
<b>Current taxes:</b>	<b>3,372,059</b>	<b>2,546,099</b>	<b>825,960</b>
IRES (corporate income tax)	2,754,409	2,098,577	655,832
IRAP (regional income tax)	617,650	447,522	170,128
<b>Taxes relating to previous years</b>	<b>(6,871)</b>		<b>(6,871)</b>
<b>Deferred and prepaid taxes</b>	<b>(105,409)</b>	<b>(605,197)</b>	<b>499,788</b>
IRES (corporate income tax)	(105,409)	(605,197)	499,788
<b>Total</b>	<b>3,259,779</b>	<b>1,940,902</b>	<b>1,318,877</b>

Taxes referring to the year have been recorded.

The IRES tax payable is recorded under the item Payables to the tax authorities net of advances paid.

Please find below a reconciliation statement between the theoretical burden according to the financial statements and the theoretical tax burden:

**RECONCILIATION BETWEEN THE TAX BURDEN RESULTING FROM THE FINANCIAL STATEMENTS AND THE THEORETICAL TAX BURDEN (IRES)**

Description	Value	Taxes
Result before taxes	10,344,161	
Theoretical tax burden (%)	24	2,482,599
<b>Temporary taxable differences in following years:</b>		
<b>Temporary deductible differences in following years:</b>		
Provision for risks and charges	1,289,945	
<b>Total</b>	<b>1,289,945</b>	
<b>Reversal of temporary differences from previous years</b>		
Margins on interim contracts	439,205	
Amortisation on goodwill	(70,612)	
Use of provision for liabilities and charges	(279,301)	
<b>Total</b>	<b>89,292</b>	
<b>Differences that will not be reversed in following years</b>		
Increases	985,770	
Decreases	(1,002,646)	
ACE ( <i>'Aid to economic growth' benefit</i> )	(229,807)	
<b>Total</b>	<b>(246,683)</b>	
<b>Taxable amount</b>	<b>11,476,715</b>	
<b>Current income taxes for the year</b>		<b>2,754,409</b>

**DETERMINATION OF THE TAXABLE AMOUNT FOR IRAP PURPOSES**

Description	Value	Taxes
Difference between value and costs of production	29,527,767	
Irrelevant costs for IRAP purposes	1,634,476	
Decreases	(464,708)	
Deductions	(14,860,355)	
<b>Total</b>	<b>15,837,180</b>	
Theoretical tax burden (%)	3,9	617,650
<b>Temporary deductible difference in following years:</b>		
Taxable amount for IRAP purposes	15,837,180	
Taxable amount for IRAP purposes		617,650

Pursuant to Article 2427, Paragraph 1, Point 14 of the (Italian) Civil Code, the information on deferred and prepaid taxes is given below:

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**DEFERRED / PREPAID TAXES**

The main temporary differences that led to the recognition of prepaid and deferred taxes are shown in the table below together with their effects.

**RECORDING OF DEFERRED AND PREPAID TAXES AND SUBSEQUENT EFFECTS**

	year 31/12/2022	year 31/12/2022	year 31/12/2022	year 31/12/2022	year 31/12/2021	year 31/12/2021	year 31/12/2021	year 31/12/2021
	Amount of temporary IRES differences	IRES tax effect	Amount of temporary IRAP differences	IRAP tax effect	Amount of temporary IRES differences	IRES tax effect	Amount of temporary IRAP differences	IRAP tax effect
<b>Total</b>					439,205		105,409	
<b>Net deferred (prepaid) taxes</b>							105,409	

**RECORDING OF DEFERRED AND PREPAID TAXES AND SUBSEQUENT EFFECTS**

	IRES
<b>B) Tax effect</b>	
Deferred (prepaid) tax provision at the beginning of the year	105,409
Deferred taxes for the year	(105,409)

**DETAILS OF TAXABLE TEMPORARY DIFFERENCES**

Amount at the end of the previous year	Variation during the year
439,205	(439,205)

**EXPLANATORY NOTES - OTHER INFORMATION**

The additional information required by Article 2427 of the (Italian) Civil Code is provided below:

- At 31/12/2022, the company had no receivables or payables related to transactions involving repurchase agreement obligations for the buyer.
- At 31/12/2022, the company had not attributed any financial charges to any value recorded under assets in the balance sheet.
- At 31/12/2022, there were no commitments regarding pension liabilities and similar obligations, nor any commitments undertaken vis-à-vis subsidiaries, associated companies, parent companies or companies subject to the control of parent companies.
- The financial statements at 31/12/2021 do not include income from equity investments, other than the dividends referred to by article 2425, no. 5, of the (Italian) Civil Code
- The financial statements at 31/12/2021 do not include cost items of exceptional size or incidence.
- The company did not issue any financial instruments.
- Transactions carried out with related parties are disclosed in the relevant section of these Explanatory Notes.
- There are no off-balance-sheet economic agreements in place.

**EMPLOYMENT FIGURES**

Compared with the previous year, the average headcount, broken down by category, underwent the following changes:

Headcount	31/12/2022	31/12/2021	Changes
Executives	6	5	1
Middle managers	6	6	-
White-collar workers	149	150	(1)
Blue-collar workers	44	41	3
<b>Total</b>	<b>205</b>	<b>202</b>	<b>3</b>

The labour contract that governs relationships with employees is the one for the construction industry and similar industries in force at the reporting date.

	Managers	Middle managers	White-collar workers	Blue-collar workers	Total employees
Average number	6	6	149	44	205

**EXPLANATORY NOTES - Carron s.p.a. Financial Statements****REMUNERATION, ADVANCES AND CONTRIBUTIONS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS MADE ON THEIR BEHALF**

	Amministratori	Sindaci
Remuneration	1,136,601	52,000

**REMUNERATION TO THE STATUTORY AUDITOR OR AUDIT FIRM**

In accordance with the law, fees are shown for services provided during the year by the statutory auditor/independent audit firm and entities belonging to its network:

	Valore
External audit of annual accounts	43,000
Total remuneration due to the external auditor or audit firm	43,000

**COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT DISCLOSED IN THE BALANCE SHEET**

Pursuant to article 2427, paragraph 1, point 9, of the (Italian) Civil Code, the following table summarises any off-balance-sheet commitments, guarantees and contingent liabilities, specifying the nature of the collateral provided.

In accordance with accounting standard no. 12 issued by the OIC (*Italian Accounting Board*), the sureties issued to third parties in the interest of the company are reported below:

Description <i>((Euro thousand))</i>	31/12/2022	31/12/2021	Change
Insurance guarantees for contractual advances	19,204	24,939	(5,735)
Insurance guarantees on work being carried out properly	16,844	18,820	(1,976)
Other insurance guarantees	16,314	16,471	(157)
Bank guarantees on work being carried out properly	39,298	26,001	13,297
Bank guarantees for contractual advances	6,459	0	6,459
Bid bonds issued by banks	0	500	(500)
Other bank guarantees	7,465	8,800	(1,335)
<b>Total guarantees issued within the context of the core business</b>	<b>105,584</b>	<b>95,531</b>	<b>10,053</b>
Surety guarantees in the interest of related parties	11,434	12,825	(1,391)
Surety guarantees in the interest of subsidiaries by the parent company	0	0	0
Surety guarantees in the interest of investee companies and consortium companies	0	0	(30)
Pledge of quotas of investee companies	619	619	0
<b>Total other guarantees</b>	<b>12,053</b>	<b>13,444</b>	<b>(1,391)</b>
<b>TOTAL COMMITMENTS AND GUARANTEES</b>	<b>117,637</b>	<b>108,975</b>	<b>8,662</b>

Explanation of the content of the items:

- the item **'bank guarantees on the proper execution of works'** includes:
  - A guarantee of EUR 18 million issued to the concessionaire Ospedal Grando S.r.l. for the execution of works at the Cittadella Sanitaria in Treviso;
  - A guarantee of EUR 10.3 million issued to the client Alfiere S.p.A. for the execution of works at Torri EUR in Rome;
  - A guarantee of EUR 2.594 million issued to the client Bulgari Gioielli S.p.A. for the execution of the Bulgari factory expansion works in Valenza;

the value, included in the total amount of EUR 39.298 million shown in the table, is net of the bank guarantee of:

- EUR 4 million having the same content and issued in our favour by the other member of the ATI, ARCO LAVORI soc. coop., for the execution of works at the Cittadella Sanitaria in Treviso;
- EUR 6.197 million having the same content and issued in our favour by the other members of the ATI, Focchi S.p.A. and MBM S.p.A., for the execution of works at Torri EUR in Rome;
- EUR 0.620 million having the same content and issued in our favour by the other member of the ATI, Simic S.p.A., for the execution of the Bulgari factory expansion works in Valenza.
- with regard to **"Surety guarantees in the interest of related parties"**, the amount of Euro 11,434 million refers to guarantees given to companies that were subject to a demerger on 02/10/2017 and are in addition to the first priority mortgage guarantees issued by the investee companies on assets belonging to them in favour of the lenders; these guarantees therefore represent a second, ancillary guarantee.

It is also noted that the above table does not include guarantees amounting to EUR 30,711,742 issued against liabilities shown in the balance sheet under the item 'Advances'. Specifically, the amount of EUR 30,711,742 was guaranteed for EUR 14,031,486 by insurance companies and EUR 16,680,255 by banking institutions.

#### INFORMATION ON AGREEMENTS NOT DISCLOSED IN THE BALANCE SHEET

(Ref. Art. 2427, paragraph 1, no. 22-ter, of the Italian Civil Code)

The company has no off-balance-sheet agreements in place affecting its balance sheet amounts or financial position, other than those already disclosed in the Directors' Report.

#### SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Please refer to the *"Business Outlook"* paragraph in the Directors' Report for information on the events that occurred after the closing of the financial year.

#### EXPLANATORY NOTES - Carron s.p.a. Financial Statements

#### COMPANIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGEST/SMALLEST GROUP OF COMPANIES OF WHICH THEY ARE SUBSIDIARIES

Pursuant to the law, the information referred to in Article 2427, first paragraph, no. 22 quinquies and sexies) of the (Italian) Civil Code is highlighted.

	<b>Stronger together</b>
Company name	Carron Holding Srl
City (if in Italy) or foreign country	San Zenone degli Ezzelini (TV)
(TV) Tax code (for Italian companies)	04930970266
Place where the consolidated financial statements are filed	San Zenone degli Ezzelini (TV)

#### INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS PURSUANT TO ART. 2427-BIS OF THE (ITALIAN) CIVIL CODE

During the year 2020, the company took out a cash flow hedge, in place at the reporting date, the details of which are given below:

Type of contract	OTC IRS (Interest Rate Swap)
Purpose	Interest rate risk hedge on loan
Issuing counterparty	BNL BNP Paribas
Transaction date	30/06/2020
Start date	30/06/2020
Maturity date	30/06/2025
Notional amount	5,000,000 euros
Refund method	Quarterly instalments
Mark-to-market value (*)	142,790

(\*) values at 31/12/2021

In the 2022 financial year, in order to adjust the accounting representation of the instrument, the Passive Financial Instruments Fund EUR 5,291 was reset to zero, while the mark-to-market value indicated in the above table was recorded under 'Financial fixed assets - Other Securities'.

The income of EUR 148,081 has been recorded under the item 'financial income - Other'.

**SUMMARY OF THE FINANCIAL STATEMENTS OF THE COMPANY CARRYING OUT MANAGEMENT AND COORDINATION ACTIVITIES**

The following table provides the essential data from the latest approved financial statements of Carron Holding Srl exercising management and coordination (Article 2497-bis, paragraph 4 of the (Italian) Civil Code). We also point out that the company Carron Holding Srl prepares consolidated financial statements.

	Last year	Previous year
Date of the last approved financial statements	31/12/2021	31/12/2020
B) Fixed assets	4,855,064	4,855,064
C) Current assets	4,035,913	576,117
<b>Total assets</b>	<b>8,890,977</b>	<b>5,431,181</b>
<b>A) Equity</b>		
Share capital	1,000,000	1,000,000
Reserves	4,423,540	3,852,374
Profit (loss) for the year	1,743	571,165
<b>Total shareholders' equity</b>	<b>5,425,283</b>	<b>5,423,539</b>
D) Payables	3,465,694	7,642
<b>Total liabilities</b>	<b>8,890,977</b>	<b>5,431,181</b>

**SUMMARY INCOME STATEMENT OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION ACTIVITIES**

	Last year	Previous year
Date of the last approved financial statements	31/12/2021	31/12/2020
B) Production costs	24,568	58,334
C) Financial income and charges	26,311	630,015
Income taxes for the year	-	516
<b>Profit (loss) for the year</b>	<b>1,743</b>	<b>571,165</b>

## EXPLANATORY NOTES - Carron s.p.a. Financial Statements

**INFORMATION PURSUANT TO ART. 1, PARAGRAPH 125 OF (ITALIAN) LAW NO. 124 DATED 4TH AUGUST 2017**

In compliance with the transparency obligation pursuant to Article 1, paragraph 125-bis of (Italian) Law no. 124 of 4 August 2017, it is pointed out that the following contributions were received from public administrations:

Legislation	Granting authority	Project title	Nominal amount of aid
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE S.P.A.	COVID-19: Sace Garanzia Italia	10,000,000.00 €
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE SPA	COVID-19: Sace Garanzia Italia	15,000,000.00 €
(ITALIAN) DECREE-LAW no. 23 of 8 April 2020 Urgent measures on access to credit and tax compliance for companies, (OG - General Series no. 94 of 08/04/2020)	SACE S.P.A.	COVID-19: Sace Garanzia Italia	8,000,000.00 €

The nominal amounts with the granting authority SACE SpA refer to the amount of the bank facilities.

**PROPOSAL FOR THE ALLOCATION OF PROFITS OR COVERAGE OF LOSSES**

It is proposed that the Shareholders' Meeting resolve to allocate the profit for the year, in the amount of 7,084,382 euros, in full to the extraordinary reserve.

These explanatory notes have been drawn up in accordance with the provisions of the (Italian) civil code and accounting standards.

These financial statements, which consist of the **Balance Sheet, Income Statement, Explanatory Notes and Cash Flow Statement**, provide a true and correct representation of the balance sheet and financial position as well as the result for the year and correspond to the results of accounting entries.

San Zenone degli Ezzelini, 27 March 2023

**The Chairman of the Board of Directors**  
Arch. Diego Carron



**REPORT**  
OF THE BOARD OF STATUTORY AUDITORS'  
ON THE FINANCIAL STATEMENTS OF CARRON S.P.A.

# CARRON CAV. ANGELO SPA with sole shareholder

Registered Office: VIA BOSCO N. 14/1 – SAN ZENONE DEGLI EZZELINI (TV)

Enrolled in the companies register of: TREVISO

Tax code and enrolment number: 01835800267

Registered in the TREVISO REA (Economic and Administrative Index) under no. 171597

Subscribed share capital: 10,000,000.00 euros, fully paid up

VAT Number 01835800267

Subject to management and coordination by Carron Holding Srl.

## Report of the supervisory body

### Annual financial statements at 31/12/2022

To the Shareholders' meeting of CARRON CAV. ANGELO S.p.A.

#### Report by the Board of Statutory Auditors to the Shareholders' meeting upon approval of the financial statements at 31 December 2022, drafted pursuant to art. 2429, paragraph 2, of the (Italian) Civil Code

During the financial year ended 31 December, our work was based on the provisions of law and the standards of conduct governing boards of statutory auditors issued by the Italian national council of accountants and accounting experts, published in December 2020 and in force since 1 January 2021.

In this report we inform you of the work carried out and the results achieved.

The financial statements of CARRON CAV. ANGELO S.p.A. at 31/12/2022, approved by the Board of Directors on 27/03/2023, prepared in accordance with the relevant Italian regulations, and showing a profit for the year of EUR 7,084,382.00, have been submitted for your examination. The financial statements were made available to us within the statutory time limit.

The Board of Statutory Auditors, not being entrusted with the independent audit, carried out on the financial statements the supervisory activities provided for in Rule 3.8 of the 'Rules of Conduct for the Board of Statutory Auditors of unlisted companies', consisting of an overall summary control aimed at verifying that the financial statements have been correctly prepared, as verification of compliance with accounting data is the responsibility of the independent auditor.

The external statutory auditor, Deloitte & Touche S.p.A., delivered its report dated 25/05/2023 containing an unmodified opinion.

According to the external auditor's report, the financial statements at 31/12/2021 give a true and fair view of your company's financial position, operating results, and cash flows, and have been prepared in accordance with Italian regulations governing their preparation.

#### Supervisory activities pursuant to Article 2403 et seq. of the (Italian) Civil Code

We made sure that the company was compliant with the law and the Articles of association and that it respected good management principles as well as having appropriate organizational, management and accounting structures in place that function correctly.

We attended the shareholders' meetings and board meetings and on the basis of the information available, we have no particular findings to report.

We obtained information from the Board of Directors, well in advance and also during the meetings held, on general operating performance and the outlook, as well as on the main transactions, in terms of size or characteristics, carried out by the company and its subsidiaries and, on the basis of information obtained, we have no particular findings to report.

We maintained timely communication with the external auditor, exchanging relevant data and information required for our supervisory activities.

We met with the supervisory body established pursuant to (Italian) Legislative Decree no. 231/2001 and reviewed the report prepared by them regarding their activities in 2022. There were no critical issues concerning the proper implementation of the organisational model that need to be highlighted in this report.

We acquired information on and monitored the adequacy of the organisational structure, the administrative and accounting system and its correct operation, also by collecting information from the department heads and in this regard we have no particular findings to report.

We acquired information on and oversaw, to the extent of our authority, the adequacy and functioning of the administrative and accounting system, including its reliability in correctly representing management operations, by obtaining information from department heads and by examining company documents, and in this regard we have no particular findings to report.

There were no complaints from shareholders pursuant to Article 2408 of the (Italian) Civil Code or Article 2409 of the (Italian) Civil Code.

No complaints were filed with the court pursuant to Article 2409 of the (Italian) Civil Code.

We reported nothing to the Board of Directors pursuant to and in accordance with Article 15 of (Italian) Decree Law no. 118/2021, or Article 25-octies of (Italian) Legislative Decree no. 14 of 12 January 2019. We received no reports from public creditors pursuant to and in accordance with Article 25-novies of (Italian) Legislative Decree no. 14 of January 12, 2019, or Article 30-sexies of (Italian) Decree Law no. 152 of 6 November 2021, converted into (Italian) Law no. 233 of 29 December 2021, as amended.

During the year, the board of statutory auditors did not issue any opinions or observations as required by law.

#### Observations in relation to the annual financial statements

According to the external auditor's report, 'the financial statements give a true and fair view of the financial position of CARRON CAV. ANGELO S.p.A. at 31/12/2022, and of the operating results and cash flows for the year ending on that date, and have been prepared in accordance with Italian regulations governing their preparation'.

As far as we know, when preparing the financial statements, the directors did not make any exceptions to laws pursuant to article 2423, paragraph 5, of the (Italian) Civil Code.

As to the revaluations of assets made in past years, we certify that they do not exceed the value actually attributable to the same assets as determined pursuant to Article 11, paragraph 2 of (Italian) Law No. 342 of 21 November 2000.

#### Observations and proposals regarding approval of the financial statements

Considering the results of our work and the opinion expressed in the audit report issued by the external auditor, we find no reason to prevent the shareholders from approving the financial statements at 31/12/2022, as prepared by the directors.

Treviso, 25 May 2023.

The Board of Statutory Auditors

DR. MARCO CONTESSOTTO

DR. ALBERTO DA DALTO

DR. PRIMO CEPPELLINI





**EXTERNAL**  
AUDITOR'S REPORT TO  
CARRON SPA'S FINANCIAL STATEMENTS.



## EXTERNAL AUDITOR'S REPORT PURSUANT TO ART. 14 OF (ITALIAN) LEGISLATIVE DECREE NO. 39 DATED 27TH JANUARY 2010

To the Sole Shareholder of  
Carron Cav. Angelo SpA

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Professional opinion

We have audited the financial statements of Carron Cav. Angelo S.p.A (the "Company"), made up of the balance sheet at 31 December 2022, the income statement and cash flow statement for the year ending on the same date and the explanatory notes.

In our opinion, the financial statements provide a true and correct representation of the Company's balance sheet and financial position at 31 December 2022, and of the net result and cash flows for the financial year closed on the same date, in compliance with the Italian regulations disciplining their preparation criteria.

#### Basis of opinion

We conducted our audit in accordance with international auditing standards (ISA Italy). Our responsibilities pursuant to said standards are described further in the section Responsibility of the audit company for the audit of the financial statements of this report. We are independent from the Company, in compliance with the ethical and independence regulations and standards which, under Italian law, are applicable to the external audit of the financial statements. We believe that we have collected sufficient and appropriate evidence on which to base our professional opinion.

#### Responsibility of the directors and of the board of statutory auditors for the financial statements

The directors are responsible for drawing up the financial statements, ensuring that they provide a true and correct representation in accordance with Italian regulations disciplining their preparation criteria. In accordance with the terms provided for by law, they are also responsible for the internal audit activities that they believe to be necessary in order to prepare financial statements that are free from any significant errors caused by fraud or unintentional conduct or events.

The directors are responsible for assessing the Company's ability to continue operating as a going concern and, when drawing up the financial statements, for the appropriate use of the assumption of business continuity, as well as for providing adequate information in this regard. When preparing the financial statements, the directors use the assumption of business continuity, unless they have judged that the conditions are in place to liquidate the company or stop operations or if they do not have any realistic alternatives to these options.

The Board of Statutory Auditors is responsible for supervising the process of preparing the company's financial statements, under the terms provided for by law.

#### Responsibility of the audit company for the audit of the consolidated financial statements

Our aim is to obtain a reasonable degree of certainty that the financial statements, as a whole, do not contain any significant errors caused by fraud or unintentional conduct or events, and to issue a report on our audit, which includes our opinion. Reasonable assurance means a high level of assurance, but it does not guarantee that an audit conducted in compliance with international auditing standards (ISA Italia) will always detect a significant error, if one exists. Errors may be caused by fraud or unintentional conduct or events and are considered significant if there is the reasonable expectation that they, individually or together, may influence the economic decisions made by readers based on the financial statements.

With reference to the audit carried out, in compliance with international auditing standards (ISA Italy), we expressed our professional opinion and maintained our professional scepticism throughout our audit. Furthermore:

- we identified and assessed the risks of significant errors in the financial statements, caused by fraud or unintentional conduct or events; we defined and carried out audit procedures in response to said risks; we collected sufficient and appropriate evidence on which to base our professional opinion. The risk of not identifying a significant error caused by fraud is greater compared with the risk of not identifying a significant error caused by unintentional conduct or events. This is because fraud implies collusion, falsifications, intentional omissions, misleading representations or forcing internal control mechanisms;
- we acquired an understanding of the internal control procedures in place that are relevant to the audit, in order to define appropriate audit procedures for the circumstances and not to express an opinion on the effectiveness of the Company's internal control procedures..
- we assessed whether the accounting standards used were appropriate and whether the accounting estimates made by the directors were reasonable, including the relative information;
- we reached a conclusion on whether it was appropriate for directors to assume that normal company operations would continue and, based on the evidence collected, on the presence of any significant uncertainty regarding events or circumstances that may cast significant doubts on the Company's ability to continue operating as a going concern. If there is significant uncertainty, we are obliged to draw attention in the audit report to the relative information in the financial statements or, if this information is inadequate, to reflect this circumstance in the formulation of our opinion. Our conclusions are based on the evidence collected up until the date of this report. However, future events or circumstances may mean that the company ceases to operate as a going concern;
- We have assessed the presentation, structure and content of the financial statements, as a whole, including the explanatory notes, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation.

We notified those in charge of governance activities, identified at an appropriate level as required by ISA Italia, of the scope and time frames planned for the audit, among other aspects, and the significant findings, including any significant shortcomings found during the audit with regard to internal control.

#### REPORT ON OTHER LEGAL PROVISIONS AND REGULATIONS

##### Opinion pursuant to Article 14, Paragraph 2, Letter e) of (Italian) Legislative Decree no. 39/10

The directors of Carron Cav. Angelo S.p.A. are responsible for preparing the management report of the Company at 31/12/2022, including its consistency with the related financial statements and its compliance with legal provisions.

We performed the procedures stated in auditing standard SA Italia 720B in order to express an opinion on the consistency of the directors' report with the Carron Cav. Angelo S.p.A. financial statements at 31/12/2022 and on its compliance with legal provisions, as well as to issue a declaration regarding any significant errors.

In our opinion, the directors' report is consistent with the financial statements at 31/12/2022 and has been prepared in compliance with legal provisions.

With reference to the declaration referred to by art. 14, paragraph 2, letter e), of (Italian) Legislative Decree no. 39/10, issued on the basis of our knowledge and understanding of the company and its context of reference which we developed over the course of our audit, we do not have anything to report.

DELOITTE & TOUCHE S.p.A.



Cristiano Nacchi  
shareholder loans

Padua, 25 May 2023



ANNEXES

## CARRON HOLDING S.R.L.'S FINANCIAL STATEMENTS

## BALANCE SHEET

ASSETS	31/12/2022	31/12/2021	
<b>B</b>	<b>FIXED ASSETS</b>		
III) Financial fixed assets	7,857,291	4,855,064	
<b>TOTAL FIXED ASSETS (B)</b>	<b>7,857,291</b>	<b>4,855,064</b>	
<b>C</b>	<b>CURRENT ASSETS</b>		
II) Receivables			
due within one year	5,246,273	3,898,236	
due after the next year	750,000	-	
Prepaid taxes	179,605	-	
<b>Total receivables</b>	<b>6,175,878</b>	<b>3,898,236</b>	
IV) Cash and cash equivalents	71,314	137,677	
<b>TOTAL CURRENT ASSETS (C)</b>	<b>6,247,192</b>	<b>4,035,913</b>	
<b>TOTAL ASSETS</b>	<b>14,104,483</b>	<b>8,890,977</b>	
<b>LIABILITIES</b>	<b>31/12/2022</b>	<b>31/12/2021</b>	
<b>A</b>	<b>SHAREHOLDERS' EQUITY</b>		
I) Share capital	1,000,000	1,000,000	
IV) Legal reserve	200,000	200,000	
VI) Other reserves	2,469,877	4,223,540	
IX) Profit (loss) for the year	5,736,256	1,743	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>9,406,133</b>	<b>5,425,283</b>	
<b>B</b>	<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>7,560</b>	<b>-</b>
<b>D</b>	<b>PAYABLES</b>		
due within one year	4,690,790	3,465,694	
<b>Total payables</b>	<b>4,690,790</b>	<b>3,465,694</b>	
<b>TOTAL LIABILITIES</b>	<b>14,104,483</b>	<b>8,890,977</b>	

## CARRON HOLDING S.R.L.'S FINANCIAL STATEMENTS

## INCOME STATEMENT

	31/12/2022	31/12/2021
<b>A</b>	<b>VALUE OF PRODUCTION</b>	
1) sales and services revenues	0	0
<b>TOTAL VALUE OF PRODUCTION (A)</b>	<b>0</b>	<b>0</b>
<b>B</b>	<b>PRODUCTION COSTS</b>	
7) For services	51,943	23,629
14) sundry operating expenses	3,053	939
<b>TOTAL PRODUCTION COSTS (B)</b>	<b>54,996</b>	<b>24,568</b>
<b>DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)</b>	<b>(54,996)</b>	<b>(24,568)</b>
<b>C</b>	<b>FINANCIAL INCOME AND CHARGES</b>	
15) income from equity investments		
from subsidiaries	6,664,286	-
<b>Total income from equity investments</b>	<b>6,664,286</b>	<b>-</b>
16) other financial income		
d) other income		
others	84,196	26,311
<b>Total other income</b>	<b>84,196</b>	<b>26,311</b>
<b>Total other financial income</b>	<b>84,196</b>	<b>26,311</b>
17) interest and other financial charges		
others	860,148	0
<b>Total interest and other financial charges</b>	<b>860,148</b>	<b>0</b>
<b>TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17)</b>	<b>5,888,334</b>	<b>26,311</b>
<b>D</b>	<b>VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES</b>	
19) write-downs		
a) of shares	222,058	-
<b>Total write-downs</b>	<b>222,058</b>	<b>-</b>
<b>Total value adjustments of financial assets and liabilities (18 - 19)</b>	<b>(222,058)</b>	<b>-</b>
<b>RESULT BEFORE TAXSE (A - B + -C + -D)</b>	<b>5,611,280</b>	<b>1,743</b>
20) current, deferred and prepaid income tax for the year		
current taxes	47,069	-
deferred and prepaid taxes	(172,045)	-
<b>Total current, deferred and prepaid income taxes for the year</b>	<b>(124,976)</b>	<b>-</b>
21) Profit (loss) for the year	5,736,256	1,743

## CARRON BAU S.R.L. - G.M.B.H.'S FINANCIAL STATEMENTS

## BALANCE SHEET

ASSETS	31/12/2022	31/12/2021
<b>B FIXED ASSETS</b>		
<b>I) Intangible fixed assets</b>		
3) industrial patents and intellectual property rights	592	1,343
7) others	100,092	114,457
<b>Total</b>	<b>100,684</b>	<b>115,800</b>
<b>II) Tangible fixed assets</b>		
1) lands and buildings	1,255,929	1,290,610
2) plants and machinery	238,450	-
3) industrial and commercial equipment	28,602	17,436
4) other assets	161,647	133,709
<b>Total</b>	<b>1,684,628</b>	<b>1,441,755</b>
<b>III) Financial fixed assets</b>		
1) equity investments in:		
a) subsidiaries	5,794,398	3,574,398
b) associated companies	900,000	900,000
d)bis other companies	877	1,000
2) receivables		
b) due after one year	4,200,000	4,670,000
3) other securities	1,050,000	1,050,000
<b>Total</b>	<b>11,945,275</b>	<b>10,195,398</b>
<b>TOTAL FIXED ASSETS (B)</b>	<b>13,730,587</b>	<b>11,752,953</b>
<b>C CURRENT ASSETS</b>		
<b>I) Rimanenze</b>		
1) raw, ancillary and consumable materials	232,826	271,394
3) contract work in progress	8,011,027	9,205,641
<b>Total</b>	<b>8,243,853</b>	<b>9,477,035</b>
<b>II) Receivables</b>		
1) trade receivables: a) due within one year	12,895,571	3,093,019
2) from subsidiaries: a) due within one year	451,869	0
3) from associated companies a) due within one year	4,038,465	4,878,187
4) from parent companies: a) due within one year	1,430,316	2,289,478
5) to companies subject to the control of parent companies: a) due within one year	3,592	12,474
5-bis) tax credits: a) due within one year	24,136	17,358
tax credits: b) due after one year	11,818	0
5-ter) prepaid taxes	122,387	104,557
5-quater) due from others a) due within one year	509,278	327,902
from others b) due after one year	100,891	374,401
<b>Total</b>	<b>19,588,323</b>	<b>11,097,376</b>
<b>III) Financial fixed assets that do not constitute assets</b>		
equity investments in subsidiaries	5,112	0
equity investments in associated companies	4,383	4,056
<b>Total</b>	<b>9,495</b>	<b>4,056</b>
<b>IV) Cash and cash equivalents</b>		
1) bank and post office deposits	17,124,692	13,894,642
3) denaro e valori in cassa	26,759	29,450
<b>Total</b>	<b>17,151,451</b>	<b>13,924,092</b>
<b>TOTAL CURRENT ASSETS (C)</b>	<b>44,993,122</b>	<b>34,502,559</b>
<b>D ACCRUALS AND DEFERRALS</b>	<b>163,102</b>	<b>209,573</b>
<b>TOTAL ASSETS</b>	<b>58,886,811</b>	<b>46,465,085</b>

## CARRON BAU S.R.L. - G.M.B.H.'S FINANCIAL STATEMENTS

## BALANCE SHEET

LIABILITIES	31/12/2022	31/12/2021
<b>A SHAREHOLDERS' EQUITY</b>		
I Share capital	3,500,000	3,000,000
IV Legal reserve	624,061	624,061
VI Other reserves		
- Extraordinary reserve	9,865,329	7,781,190
- euro rounding difference	0	2
VIII Profits (losses) carried forward	0	0
IX Profit (loss) for the year	4,252,958	3,084,139
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>	<b>18,242,348</b>	<b>14,489,392</b>
<b>B PROVISIONS FOR LIABILITIES AND CHARGES</b>		
2) Provision for taxes, including deferred taxes	0	0
4) Other provisions	405,000	340,000
<b>TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)</b>	<b>405,000</b>	<b>340,000</b>
<b>C STAFF SEVERANCE INDEMNITY</b>	<b>306,490</b>	<b>225,570</b>
<b>D PAYABLES</b>		
4) payables due to banks		
a) due within one year	998,344	1,079,917
b) due after one year	3,004,000	4,241,143
6) advances		
a) due within one year	9,366,684	10,302,701
b) due after one year	11,765,576	5,496,595
7) trade payables		
a) due within one year	7,614,088	7,462,492
9) payables due to subsidiaries		
a) due within one year	169,885	23,209
10) payables due to associated companies		
a) due within one year	4,799,567	1,323,229
11-bis) Payables from companies subject to the control of parent companies		
a) due within one year	163,824	201,703
12) tax payables		
a) due within one year	1,128,206	404,973
13) Payables due to pension and social security institutions		
a) due within one year	277,733	264,796
14) other payables		
a) due within one year	603,581	567,898
b) due after one year	20,000	20,000
<b>TOTALPAYABLES (D)</b>	<b>39,911,488</b>	<b>31,388,656</b>
<b>E ACCRUALS AND DEFERRALS</b>	<b>21,485</b>	<b>21,467</b>
<b>TOTAL LIABILITIES</b>	<b>58,886,811</b>	<b>46,465,085</b>

## STATUTORY INCOME STATEMENT

	31/12/2022	31/12/2021	
<b>A</b>	<b>VALUE OF PRODUCTION</b>		
1)	sales and services revenues	53,225,352	44,242,926
3)	Changes in contract work in progress	(1,194,614)	727,259
4)	increases in fixed assets for in-house production	0	0
5)	other revenues and income		
	- grants for current expenses	76,534	50,038
	- miscellaneous	218,668	67,279
	<b>TOTAL VALUE OF PRODUCTION (A)</b>	<b>52,325,940</b>	<b>45,087,502</b>
<b>B</b>	<b>PRODUCTION COSTS</b>		
6)	For raw and ancillary materials, consumables and goods	7,895,630	6,879,975
7)	For services	29,614,020	26,262,439
8)	For use of third-party assets	2,171,385	1,758,487
9)	For personnel:		
	a) salaries and wages	4,308,106	3,931,439
	b) social security contributions	1,368,920	1,258,779
	c) staff severance indemnity	224,188	203,506
	d) other costs	35,609	25,097
	<b>Total</b>	<b>5,936,823</b>	<b>5,418,821</b>
10)	10) amortisation, depreciation and write-downs		
	a) amortisation of intangible fixed assets	46,955	31,719
	b) depreciation of tangible fixed assets	127,386	94,051
	c) write-downs of current receivables and of cash and cash equivalents	85,243	16,683
	<b>Total</b>	<b>259,584</b>	<b>142,453</b>
11)	changes in inventories of raw and ancillary materials, consumables and goods	38,568	138,535
12)	Risk provisions	80,884	87,377
13)	Other provisions	25,000	0
14)	sundry operating expenses	169,075	136,594
	<b>TOTAL PRODUCTION COSTS (B)</b>	<b>46,190,969</b>	<b>40,824,681</b>
	<b>DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)</b>	<b>6,134,971</b>	<b>4,262,821</b>

## CARRON BAU S.R.L. - G.M.B.H.'S FINANCIAL STATEMENTS

## STATUTORY INCOME STATEMENT

	31/12/2022	31/12/2021	
<b>C</b>	<b>FINANCIAL INCOME AND CHARGES</b>		
15)	Income from shareholdings in associated companies		
	b) associated companies	49,000	0
	<b>Total</b>	<b>49,000</b>	<b>0</b>
16)	other financial income:		
	a) receivables recorded under fixed assets due from others	0	0
	d) income other than interest receivable	23,906	7,516
	<b>Total</b>	<b>23,906</b>	<b>7,516</b>
17)	interest and other financial charges		
	- from others	(142,856)	(113,314)
	<b>Total</b>	<b>(142,856)</b>	<b>(113,314)</b>
	<b>TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17)</b>	<b>(69,950)</b>	<b>(105,798)</b>
	<b>TOTAL PROFIT (LOSS) BEFORE TAXES (A - B +/-C +/-D)</b>	<b>6,065,021</b>	<b>4,157,023</b>
20)	income taxes for the year		
	a) current	1,790,450	1,064,439
	b) previous year	19,451	0
	c) deferred/prepaid	(17,830)	(14,764)
	d) income (charges) from adhering to the tax consolidation / tax transparency scheme	(19,992)	(23,209)
	<b>Total</b>	<b>1,812,063</b>	<b>1,072,884</b>
21	<b>Profit (Loss) for the year</b>	<b>4,252,958</b>	<b>3,084,139</b>

## CASH FLOW STATEMENT

DESCRIPTION	31/12/2022	31/12/2021
<b>A CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)</b>		
Profit (loss) for the year	4,252,958	3,084,139
+ Income taxes	1,812,063	1,072,884
+/- Interest payable/(Interest receivable)	118,950	105,798
(Dividends)	(49,000)	-
+/- (Gains)/Losses from the disposal of assets	0	(5)
<b>1 Profit (loss) for the year before taxes and interests</b>	<b>6,134,971</b>	<b>4,262,816</b>
<b>Adjustments for non-monetary items without an offsetting counterpart in net working capital</b>		
+ provision for staff severance indemnity	100,386	76,908
+ Amortisation and depreciation of fixed assets	174,341	125,770
+ Allocations to provisions	105,884	87,377
+ Other adjustments for non-monetary items	(19,992)	(23,209)
<b>Total adjustments for non-monetary items</b>	<b>360,619</b>	<b>266,846</b>
<b>2 Cash flow before changes to net working capital</b>	<b>6,495,590</b>	<b>4,472,499</b>
<b>Changes to net working capital</b>		
(Increase)/decrease in inventories of raw and ancillary materials	38,568	138,535
(Increase)/decrease in inventories of work in progress to order	1,194,614	(727,259)
(Increase)/decrease in trade receivables	(9,802,552)	7,213,936
Increase/(Decrease) in trade payables	151,596	(5,425,000)
(Increase)/decrease in in tax credits	(36,426)	2,835,194
Increase/(decrease) in payables to subsidiaries	146,676	(175,453)
(Increase)/decrease in payables due to associated companies	3,476,338	1,234,040
(Increase)/decrease in payables due to companies subject to the control of parent companies to the control of parent companies	(37,879)	(1,279)
(Increase)/Decrease in accrued liabilities and deferred income	18	2,033
Increase/(Decrease) in accrued income and prepaid expenses	46,471	(128,791)
Increase/(Decrease) in receivables from subsidiaries	(451,869)	16,800,476
Increase/(Decrease) in receivables from associated companies	839,722	(4,878,187)
Increase/(Decrease) in receivables from parent companies	859,162	(2,289,478)
(Increase)/decrease in receivables from companies subject to the control of parent companies	8,882	(12,474)
Increase/(Decrease) in receivables from others	92,134	242,804
Increase/(Decrease) in advances from customers	5,332,964	(7,372,088)
Increase/(Decrease) in tax payables	118,285	(885,784)
Increase/(Decrease) in payables due to pension and social security institutions	12,937	43,309
Increase/(Decrease) in other payables	35,683	97,267
<b>Total changes to the net working capital</b>	<b>2,025,324</b>	<b>6,711,801</b>
<b>3 Financial flow after changes to the net working capital</b>	<b>8,520,914</b>	<b>11,241,463</b>
<b>Other adjustments</b>		
Collected/(paid) interest	(118,950)	(105,798)
(Income taxes duly paid)	(1,187,123)	(69,299)
Collected dividends	49,000,000	
(Use of the warranty provision)	(40,884)	(49,177)
(Use of the provision for staff severance indemnity)	(19,466)	(20,780)
<b>Total other adjustments</b>	<b>(1,317,423)</b>	<b>(245,054)</b>
<b>OPERATING CASH FLOW (A)</b>	<b>7,203,491</b>	<b>10,996,409</b>

## CARRON BAU S.R.L. - G.M.B.H.'S FINANCIAL STATEMENTS

## CASH FLOW STATEMENT

DESCRIPTION	31/12/2022	31/12/2021
<b>B CASH FLOW FROM INVESTMENT ACTIVITY</b>		
<b>Tangible fixed assets</b>		
(Investments)	(370,259)	(77,118)
Divestments realizable price	0	5
<b>Intangible fixed assets</b>		
(Investments)	(31,839)	(1,024)
Divestments realizable price	0	0
<b>Financial fixed assets</b>		
(Investments)	(2,220,000)	(2,271,000)
Divestments realizable price	470,123	0
<b>Current financial assets</b>		
(Investments)	(5,439)	0
Divestments realizable price	0	4,162
<b>Cash flow from investment activity (B)</b>	<b>(2,157,413)</b>	<b>(2,345,191)</b>
<b>C CASH FLOS FROM FINANCING ACTIVITY</b>		
Third-party financing		
Increase/(Decrease) in short-term payables to banks	0	0
Raising finance	0	0
Repayment of loans	(1,318,716)	(178,967)
Equity		
Shareholders' payment (repayment) for future capital increases	0	0
Release of receivables from shareholders for subscribed capital	0	0
(Dividends and advances on paid dividends)	(500,002)	0
<b>CASH FLOW FROM FINANCING ACTIVITY (C)</b>	<b>(1,818,718)</b>	<b>(178,967)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+/-B+/-C)</b>	<b>3,227,360</b>	<b>8,472,251</b>
<b>01/01/2022 INITIAL CASH AND CASH EQUIVALENTS</b>	<b>13,924,092</b>	<b>5,451,841</b>
<b>31.12.22 FINAL CASH AND CASH EQUIVALENTS</b>	<b>17,151,451</b>	<b>13,924,092</b>

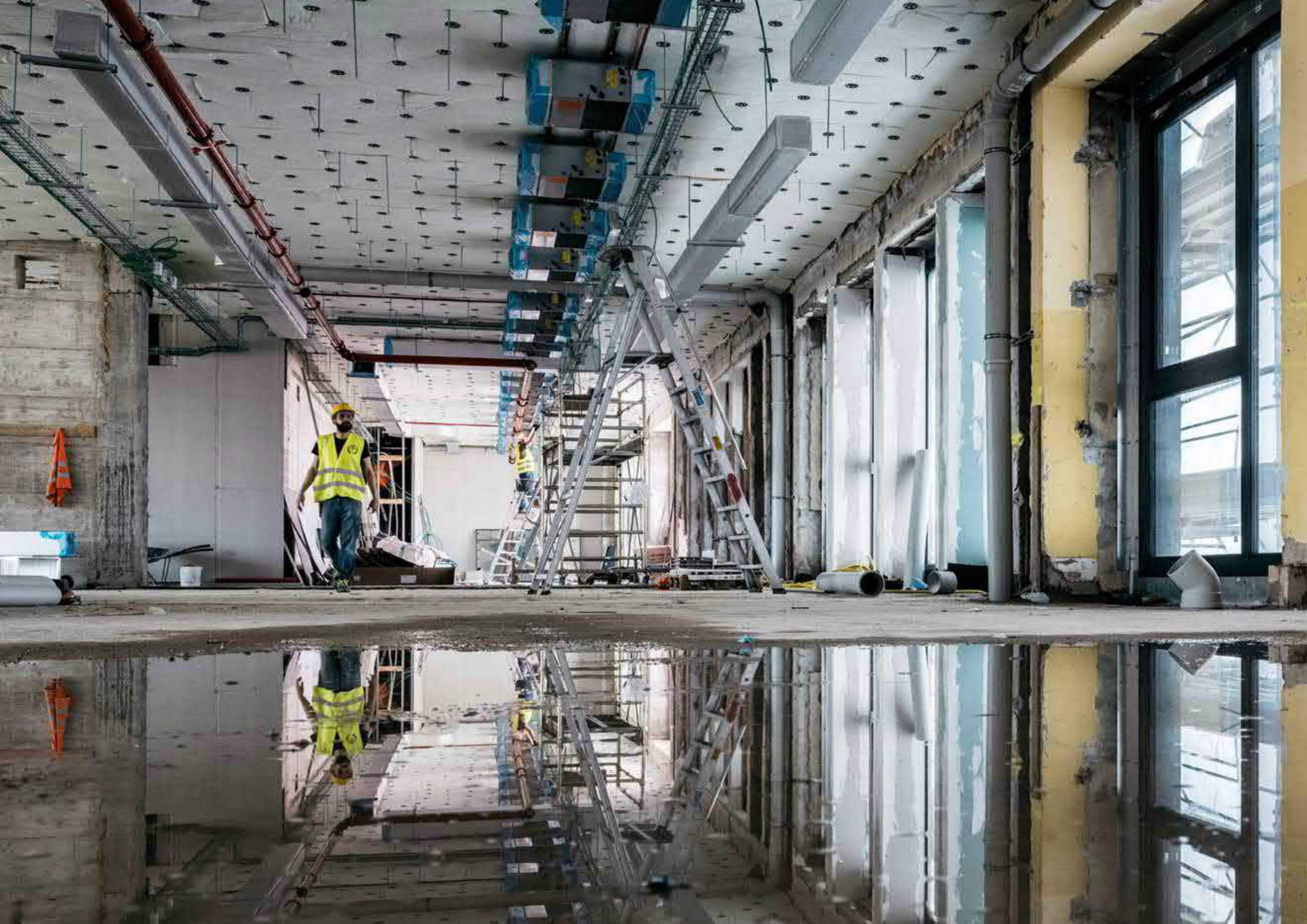




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