

# TECHBAU S.P.A.

## Financial statements for the year ended 30-06-2023

Company details	
Registered office in	PIAZZA GIOVINE ITALIA 3 - MILAN (MI)
Tax code	06336690968
R.E.A. (Register of Economic & Administrative information) No.	MI 1922561
VAT reg. no.	06336690968
Share Capital Euro	10,050,000 fully paid-up
Legal status	JOINT-STOCK COMPANY
Classification of Economic Activity (ATECO)	412000
Company in liquidation	no
Sole-shareholder company	no
Company subject to third party management and coordination	no
Group membership	yes
Name of group parent company	TECHBAU S.P.A.
Country of group parent company	ITALY

## Statement of financial position

	30-06-2023	30-06-2022
Statement of financial position		
Assets		
B) Fixed Assets		
I - Intangible fixed assets		
3) Industrial patent and intellectual property rights	25,476	35,180
4) Concessions, licenses, trademarks and similar rights	1,442	1,532
7) other	4,127,998	4,521,884
Total intangible fixed assets	4,154,916	4,558,596
II - Tangible fixed assets		
1) Land and buildings	1,217,835	1,240,980
3) Industrial and commercial equipment	22,615	22,500
4) other assets	649,959	552,077
Total tangible fixed assets	1,890,409	1,815,557
III - Financial fixed assets		
1) equity investments in:		
a) subsidiary companies	9,574,036	6,654,076
b) affiliated companies	3,879,465	520,002
Total equity investments	13,453,501	7,174,078
2) Receivables		
a) from subsidiary companies		
due within the next year	4,535,427	378,160
due beyond the next year	6,452,000	-
Total receivables from subsidiary companies	10,987,427	378,160
Total receivables	10,987,427	378,160
4) derivative financial instruments assets	558,598	373,576
Total financial fixed assets	24,999,526	7,925,814
Total fixed assets (B)	31,044,851	14,299,967
C) Current assets		
I - Inventories		
3) Contract work in progress	251,336,097	158,292,096
5) Advances	18,078,263	4,827,410
Total inventories	269,414,360	163,119,506
II - Receivables		
1) from customers		
due within the next year	71,961,678	41,306,923
Total receivables from customers	71,961,678	41,306,923
2) from subsidiaries		
due within the next year	8,123,403	4,306,890
Total receivables from subsidiary companies	8,123,403	4,306,890
5-bis) tax receivables		
due within the next year	573,562	126,975
due beyond the next year	1,060,457	-
Total tax receivables	1,634,019	126,975
5-ter) prepaid taxes	981,466	981,466
5-quater) other receivables		
due within the next year	1,969,884	6,744,252
due beyond the next year	6,485,510	3,885,310

Total receivables from others	8,455,394	10,629,562
Total receivables	91,155,960	57,351,816
III - Financial assets not classified as fixed assets		
6) other securities	8,960,145	9,283,110
Total financial assets not classified as fixed assets	8,960,145	9,283,110
IV - Cash and cash equivalents		
1) Bank and post office deposits	129,289,290	127,432,875
3) cash and other valuables on hand	1,762	5,600
Total cash and cash equivalents	129,291,052	127,438,475
Total current assets (C)	498,821,517	357,192,907
D) Accruals and deferrals	323,093	454,687
Total assets	530,189,461	371,947,561
Liabilities		
A) Shareholders' Equity		
I - Share Capital	10,050,000	10,050,000
II - Share premium reserve	759,852	759,852
IV - Legal reserve	2,010,000	1,939,767
VII - Other reserves, specified separately		
Extraordinary reserve	39,542,300	20,198,024
Sundry other reserves	1	1
Total other reserves	39,542,301	20,198,025
VII - Reserve for expected cash flow hedging transactions	424,534	283,918
IX - Profit (loss) for the year	30,491,439	19,414,509
Total shareholders' equity	83,278,126	52,646,071
B) Provisions for risks and charges		
2) reserves for taxes, including deferred	134,063	89,658
4) other	1,100,000	1,100,000
Total provisions for risks and charges	1,234,063	1,189,658
C) Employees' severance pay	20,886	28,555
D) Payables		
4) Payables to banks		
due within the next year	29,212,495	13,793,671
due beyond the next year	30,898,544	56,581,279
Total payables to banks	60,111,039	70,374,950
6) Advances		
due within the next year	198,526,447	97,590,889
Total advances	198,526,447	97,590,889
7) payables to suppliers		
due within the next year	155,309,108	117,709,228
Total trade payables	155,309,108	117,709,228
9) payables to subsidiaries		
due within the next year	3,448,447	7,624,461
Total payables to subsidiary companies	3,448,447	7,624,461
12) Tax payables		
due within the next year	15,663,852	10,692,250
Total tax payables	15,663,852	10,692,250
13) payables to Pension and Social Security Institutions		
due within the next year	947,671	835,289
Total payables to welfare and social security institutions	947,671	835,289
14) other payables		
due within the next year	6,908,604	8,817,232

---

Total other payables	6,908,604	8,817,232
Total payables	440,915,168	313,644,299
E) Accruals and deferrals	4,741,218	4,438,978
Total liabilities	530,189,461	371,947,561

## Income statement

	30-06-2023	30-06-2022
<b>Income statement</b>		
A) Value of production		
1) revenues from sales and services	287,722,306	511,276,264
3) changes in work-in-progress on order	92,767,014	(218,854,737)
5) other revenues and income		
others	3,674,874	8,100,918
Total other revenues and income	3,674,874	8,100,918
Total value of production	384,164,194	300,522,445
B) Cost of production		
6) raw and ancillary materials, consumables and goods	98,738,049	94,324,010
7) services	233,334,756	163,650,585
8) use of third-party assets	5,184,869	4,190,493
9) personnel		
a) salaries and wages	9,301,762	7,758,791
b) social security charges	2,827,135	2,457,206
c) employee severance pay	577,584	479,018
e) other costs	100,775	52,870
Total personnel costs	12,807,256	10,747,885
10) amortisation/depreciation and write-downs		
a) Amortisation of intangible fixed assets	430,131	400,930
b) depreciation of tangible fixed assets	257,671	262,041
d) Write-downs of receivables included in current assets and of cash and cash equivalents	419,805	1,246,289
Total amortisation/depreciation and write-downs	1,107,607	1,909,260
13) other allocations	-	376,987
14) other operating expenses	1,769,975	1,372,090
Total production costs	352,942,512	276,571,310
Difference between value and costs of production (A - B)	31,221,682	23,951,135
C) Financial income and expenses		
15) Income from equity investments		
from subsidiary companies	5,114,880	6,745,012
from affiliated companies	7,157,741	-
Total income from equity investments	12,272,621	6,745,012
16) other financial income		
c) from securities classified as current assets which are not equity investments	38,279	112,400
d) Income other than the above		
others	590,833	67,600
Total income other than the above	590,833	67,600
Total other financial income	629,112	180,000
17) interests and other financial charges		
others	2,386,919	2,598,994
Total interests and other financial charges	2,386,919	2,598,994
17 bis) currency exchange gains and losses	(379)	(7)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	10,514,435	4,326,011
D) Value adjustments of financial assets and liabilities		
19) write-downs		
a) of equity investments	38,434	293,855
b) of financial fixed assets which are not equity investments	-	40,000

c) of securities classified as current assets which are not equity investments	19,107	570,469
Total write-downs	57,541	904,324
Total value adjustments of financial assets and liabilities (18 - 19)	(57,541)	(904,324)
Result before taxes (A - B + - C + - D)	41,678,576	27,372,822
20) Income taxes for the year (current, deferred and prepaid)		
current taxes	11,187,137	8,309,596
Taxes relevant to previous financial years	-	(87,283)
deferred and prepaid taxes	-	(264,000)
Total income taxes for the year (current, deferred and prepaid)	11,187,137	7,958,313
21) Profit (loss) for the year	30,491,439	19,414,509

## Cash Flow statement, indirect method

	30-06-2023	30-06-2022
Cash flow statement, indirect method		
A) Financial flows deriving from operating activities (indirect method)		
Profit (loss) for the year	30,491,439	19,414,509
Income taxes	11,187,137	7,958,313
Interest expenses/(interest income)	1,788,278	2,418,994
(Dividends)	(11,918,408)	(6,745,012)
(Capital gains)/Capital losses from transfer of assets	(403,851)	(24,892)
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains /losses from transfer	31,144,595	23,021,912
Adjustments for non-monetary items that had no counterpart in net working capital		
Allocations to reserves	421,852	1,626,174
Amortisation and depreciation of fixed assets	687,802	662,971
Write-downs due to impairment	57,541	-
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements	(44,406)	(89,656)
Other increases/(decreases) for non-monetary items	(945,038)	769,150
Total adjustments for non-monetary elements with no contra-entry in net working capital	177,751	2,968,639
2) Financial flow before variations of the net working capital	31,322,346	25,990,551
Changes in net working capital		
Decrease/(increase) of inventories	(106,017,866)	216,545,253
Decrease/(increase) of receivables from customers	(34,847,142)	(672,232)
Increase/(decrease) of payables to suppliers	33,423,866	12,345,329
Decrease/(increase) in accrued income and prepaid expenses	131,594	(228,036)
Increase/(decrease) of accrued expenses and deferred income	302,240	4,334,221
Other decreases/(other increases) in net working capital	103,608,479	(208,440,038)
Total variations in net working capital	(3,398,829)	23,884,497
3) Financial flow after variations of the net working capital	27,923,517	49,875,048
Other adjustments		
Interest received/(paid)	(1,908,380)	(2,351,994)
(Income tax paid)	(9,571,474)	(7,871,030)
Dividends received	11,918,409	6,745,012
(Uses of the funds)	(361,214)	(264,238)
Other collections/(payments)	120,102	37,757
Total other adjustments	197,443	(3,704,493)
Financial flow of operating activities (A)	28,120,960	46,170,555
B) Financial flows deriving from investment activities		
Tangible fixed assets		
(Investments)	(335,742)	(1,411,198)
Disinvestments	22,387	33,020
Intangible fixed assets		
(Investments)	(26,451)	(55,613)
Financial fixed assets		
(Investments)	(22,167,718)	(6,246,790)
Disinvestments	6,196,559	160,000
Current financial assets		
(Investments)	(980,397)	(2,781,316)
Disinvestments	1,286,890	-

Financial flow of investment activity (B)	(16,004,472)	(10,301,897)
<b>C) Cash flows from financing activities</b>		
Third-party financing		
Increase (decrease) in short-term payables to banks	(7,820)	7,434
Loans taken out	63,287,080	102,509,126
(Loans repayment)	(73,543,171)	(83,889,159)
Shareholders' equity		
(Dividends and interim dividends paid)	-	(8,500,000)
Cash flow of financing activity (C)	(10,263,911)	10,127,401
Increase (decrease) of cash and cash equivalents (A ± B ± C)	1,852,577	45,996,059
Cash and cash equivalents at year start		
Bank and postal deposits	127,432,875	81,440,423
Cash and equivalents on hand	5,600	1,993
Total cash and cash equivalents at year start	127,438,475	81,442,416
Cash and cash equivalents at year end		
Bank and postal deposits	129,289,290	127,432,875
Cash and equivalents on hand	1,762	5,600
Total cash and cash equivalents at year end	129,291,052	127,438,475



## **Notes to the Cash Flow Statement**

The cash flow statement provides information useful for assessing the company's financial position, including liquidity and solvency, in the year under review, as well as its development in subsequent years.

An examination of the cash flow statement shows that the company has liquidity of EUR 129,291,052, and increase of EUR 1,852,577 compared to the previous year. This change is the combined result of changes in the flows of operating, investing and financing activities. Specifically, cash flows related to investments activities were negative for a total of EUR 16,588,930 and were mainly characterised by investments in financial fixed assets (EUR 16,558,117), reflecting purchases and/or increases in equity investments destined to remain in the company's assets on a long-term basis.

Cash flows from financing activities were negative in the amount of EUR 10,263,911, as a result of new loans received from third parties to support, mainly, working capital activities and the progress of existing real estate projects, net of repayments made.

# Notes to the financial statements for the year ended 30-06-2023

## Notes to the financial statements, first part

These Notes to the financial statements form an integral part of the financial statements for the year ended 30/06/2023.

The year under review closed with a profit of EUR 30,491,439, which compares with the previous year's profit of EUR 19,414,509. This result is shown net of depreciation and amortisation of EUR 687,802, write-downs of EUR 419,805 and taxes of EUR 11,187,137. Shareholders' Equity amounts to EUR 83,243,713.

The Financial Statements are compliant with the provisions of articles 2423 et seq. of the Italian Civil Code and with the national accounting standards as published by the Organismo Italiano di Contabilità (Italian Accounting Organisation); therefore they provide a clear, truthful representation of the equity and financial position of the company and the operating result for the year.

The contents of the Statement of financial position and of the Income Statement are those envisaged by Articles 2424 and 2425 of the Italian Civil Code, while the Cash flow statement was drawn up in compliance with Art. 2425-ter.

The Notes to the financial statements, drawn up in accordance with Art. 2427 of the Italian Civil Code, also contain all the information to provide a correct interpretation of the Financial Statements.

### **Significant events during the year**

Please refer to the information provided in the Management Report for an examination and analysis of the significant events that occurred during the year.

### **Criteria for the preparation of the financial statements**

#### **Preparation of the financial statements**

The information contained in this document is presented in the order in which the relative items are indicated in the Statement of financial position and in the Income statement.

With reference to what is indicated in the introductory part of these Notes to the financial statements, we certify that, pursuant to Art.2423, paragraph 3 of the Italian Civil Code, if the information required by specific provisions of the law is not sufficient to give a true and fair view of the company's situation, the additional information deemed necessary for the purpose is provided.

The Financial statements for the year including these Notes to the financial statements have been drawn up in Euro units.

## **Preparation principles**

The valuation of the items in the Financial Statements was carried out in accordance with the principle of conservatism, materiality and on a going concern basis. Pursuant to Article 2423-bis, paragraph 1, point 1-bis, of the Italian Civil Code, items are recognised and presented taking into account the substance of the transaction or contract. In the preparation of the Financial Statements, proceeds and expenses have been recorded on an accruals basis regardless of the actual date of payment and only the profits realised at the end of the financial year have been indicated. Moreover, the risks and losses relating to the financial year have been considered even if they only became known after its end.

The valuation of the elements comprising the individual items of assets or liabilities was carried out separately, in order to avoid the possibility that the capital gains of some elements could offset the capital losses of others.

Where offsetting is permitted by law, the gross amounts subject to offsetting are disclosed in the Notes to the Financial Statements.

### **Structure and contents of the Financial Statements**

The Statement of Financial Position, Income Statement and Cash Flow Statement and the accounting information contained in these Notes to the financial statements are consistent with the company's books, from which they were directly derived.

In the presentation of the Statement of Financial Position and Income Statement, items preceded by Arabic numerals have not been grouped together, as optionally required by Article 2423 ter of the Italian Civil Code.

In accordance with art. 2424 of the Italian Civil Code, we can confirm that there are no items on the assets or liabilities that fall under more than one item of the Financial Statements.

## **Exceptional cases pursuant to Article 2423, paragraph 5, of the Italian Civil Code**

There were no exceptional cases that made it necessary to make use of the derogations provided for in Article 2423, paragraphs 4 and 5 of the Italian Civil Code.

## **Changes in accounting principles**

There were no exceptional cases that made it necessary to resort to derogations pursuant to Article 2423-bis paragraph 2 of the Italian Civil Code.

## **Correction of material misstatements**

There were no cases of errors that could be defined as material in accordance with the provisions of accounting standard OIC 29.

## **Comparability and adaptation issues**

All financial statement items were comparable with the previous year, pursuant to Article 2423 ter of the Italian Civil Code.

## **Evaluation criteria applied**

The criteria applied in the valuation of the items of the financial statements and value adjustments comply with the provisions of the Italian Civil Code and the indications given in the accounting standards issued by the Organismo Italiano di Contabilità (Italian Accounting Organisation). These have not changed from last year.

Pursuant to Article 2427, paragraph 1, no. 1 of the Italian Civil Code, we illustrate the most significant valuation criteria adopted in compliance with the provisions of Article 2426 of the Italian Civil Code, with particular reference to those Financial Statements items for which the legislator allows different valuation and adjustment criteria or for which no specific criteria are envisaged.

The company held no assets in foreign currencies at the end of the year;

Book values expressed in foreign currencies during the previous year were recorded, after conversion into euros at the exchange rate prevailing at the time of their recognition, namely at the exchange rate on the closing date of the financial year in accordance with accounting standard OIC 26.

### **Going concern**

These Financial Statements have been prepared on a going concern basis.

The risks related to the business are described in the Management Report, just as the initiatives aimed at pursuing the objectives and increasing the value of the Company are highlighted in the same document.

The valuation of the items in the Financial Statements was carried out on a going concern basis and therefore taking into account the fact that the company constitutes a functioning economic complex, destined, at least for a foreseeable future period of not less than twelve months from the Financial Statements date, to produce income. No significant uncertainties arose in the forward-looking assessment of the going concern basis, even taking into account the prospective order book.

### **Intangible fixed assets**

Intangible fixed assets are recognised as assets when they are individually identifiable and their cost can be estimated with sufficient reliability.

Intangible fixed assets are recorded under assets, with the consent of the Board of Statutory Auditors, where applicable, at purchase cost, including incidental expenses, net of the related amortisation charge, calculated taking into account the long-term usefulness of the assets, and in any case for a period not exceeding five years.

The "Other Intangible Fixed Assets" item consist of "Leasehold Expenses" and are amortised over the term of the relevant lease agreement, as this principle is expressly provided for in Art. 103 par. 2 Presidential Decree 917/86, also consistent with O.I.C. Accounting Standard No. 24.

The intangible fixed asset amortisation criterion has been applied systematically each year, in relation to the residual useful economic life of each individual asset or expense.

In accordance with and pursuant to art. 10 of law no. 72 of 19 March 1983, and as also mentioned by the subsequent monetary

adjustment laws, we specify that for the intangible assets that continue to comprise the assets, no monetary adjustments have ever been made.

It should be noted that there were no write-downs on these fixed assets pursuant to Art. 2426 paragraph 1 no. 3 of the Italian Civil Code since, as envisaged by accounting standard OIC 9, there were no indicators of potential permanent losses in the value of intangible fixed assets.

### **Tangible fixed assets**

Tangible fixed assets are recorded at purchase cost, including any ancillary charges, adjusted by appropriate depreciation taking into account the technical and economic deterioration over time.

Ordinary maintenance costs were charged in full to the Income Statement in the year in which they were incurred.

The depreciation criteria for tangible fixed assets have not changed with respect to those applied in the previous year. The amortisation rates applied are as follows:

Commercial Buildings	3%
Industrial and commercial equipment	40%
Ordinary office machines and furniture	12%
Electronic office machines	20%
Mobile telephony	20%
Vehicles	20%
Motor vehicles	25%
Other tangible assets	12.50%

Disposals of assets (sales, scrapping, etc.) during the year resulted in the elimination of their residual value. Any difference between the book value and the disposal value has been recognised in the Income Statement.

For fixed assets acquired during the year, the aforementioned rates have been reduced by half as the depreciation allowance thus obtained does not differ significantly from the amount calculated from the moment in which the asset is available and ready for use.

Pursuant to and for the effects of Art. 10 of law no. 72 of 19 March 1983, as also incorporated into subsequent monetary revaluation laws, it is specified that no monetary revaluation was effected in equity with regards to the Company's tangible assets.

It should be noted that no write-downs were required pursuant to Art. 2426 paragraph 1 no. 3 of the Italian Civil Code since, as envisaged by accounting standard OIC 9, there were no indicators of potential permanent losses in value of tangible fixed assets.

#### ***Land and buildings***

The company has separately accounted for the part of the land underneath the owned commercial buildings and no depreciation has been applied for it, as these are assets for which no exhaustion of future usefulness is foreseen

#### ***Write-downs due to impairment***

Write-downs due to impairment of tangible and intangible fixed assets, should the prerequisites occur, would be accounted for in accordance with the provisions of accounting standard OIC 9.

If these assumptions were met, the company would estimate the recoverable amount of the fixed asset.

In particular, if the recoverable amount of an asset (i.e. the higher of its value in use and its fair value less costs to sell) were lower than its books value, the asset would be recognised at this lower value and the difference would be recognised in the Income Statement under item B10 C) as an impairment loss.

If, in subsequent years, the reasons for the write-down should cease to exist, the original value would be reinstated, adjusted only for amortisation or depreciation. Reversals of impairment would be recognised under item A5.

### **Financial fixed assets**

#### ***Equity investments***

Equity investments recorded as financial fixed assets are intended to remain in the Company's assets on a long-term basis, otherwise they would be recorded as current assets.

Equity investments in companies are recorded and valued at purchase or incorporation cost, including any incidental expenses. The cost incurred at the time of purchase of a long-term equity investment is maintained in the Financial Statements of subsequent years, unless an impairment occurs. The Company assesses at the end of each financial year whether there are any indicators that a fixed asset may be impaired. The impairment is determined by comparing the carrying amount of the equity investment with its recoverable amount, determined on the basis of the future benefits expected to accrue to the investor. The write-down for impairment is not maintained if the conditions for the adjustment are no longer met.

### **Receivables**

Non-current receivables (represented by loans to subsidiaries) are valued on an analytical basis and recorded at their estimated realisable value, which is equal to their nominal value.

For all receivables for which application of the amortised cost and/or discounting method was found to be irrelevant, the principle of reporting on the basis of the presumed realisable value was maintained in order to provide a truthful, accurate representation of the company's equity and financial position. This circumstance occurred for example in the presence of receivables due before twelve months or, with reference to the criterion of amortised cost, if transaction costs, commissions and any other difference between initial value and maturity value were immaterial or also, in the case of discounting, in the presence of an interest rate (inferable from the contractual terms) that is not significantly different from the market interest rate.

### **Financial derivative instruments assets**

In accordance with the provisions of accounting standard OIC 32, it includes the positive fair value measurement of derivative contracts for interest rate risk hedging, outstanding at year end.

Derivative financial instruments are activated by the company to hedge underlying interest rate risks. The instruments qualify as simple hedges and are therefore valued using the simplified method.

A derivative financial instrument hedging the cash flow or fair value of an asset follows the classification of the hedged asset in current or fixed assets; a derivative financial instrument hedging the cash flow or fair value of a liability, firm commitment or highly probable forecast transaction is classified in current assets, as is a non-hedging derivative financial instrument. In the event of a negative fair value, these instruments are recognised as liabilities under provisions and risks.

Changes in the fair value of derivative financial instruments are shown in the Income Statement in section D) "Value adjustments to financial assets and liabilities", while changes in the fair value of the effective component of cash flow hedging derivative financial instruments are recognised in Shareholders' Equity, under the item Reserve for expected cash flow hedging transactions.

### **Finance leasing operations**

As Italian legislation requires, assets acquired under financial leasing contracts are entered in the books in accordance with the equity method, with the leasing charges included in the operating costs. Please refer to the specific paragraph for details.

### **Inventories**

Contract work in progress is measured by applying the percentage of completion method if all the following requirements of Accounting Standard OIC 23 are met:

- there is a contract binding on the parties that clearly defines their obligations and, in particular, the contractor's right to consideration;
- there is a right to consideration for the entity performing the work, which accrues with reasonable certainty progressively as the work is performed;
- there are no situations of uncertainty relating to contractual conditions or external factors of such a magnitude as to make the ability of the contractors to meet their obligations doubtful;
- the result of the order can be reliably measured.

Contract work in progress is valued on the basis of contractual payments accrued with reasonable certainty.

Specifically, job orders are valued according to the percentage-of-completion criterion (cost-to-cost).

According to this criterion, the valuation of inventories for contract work in progress is carried out to the extent of the revenue accrued at the end of each financial year, determined with reference to the stage of progress of the work, which gives the certainty that the revenue accrued will be definitively recognised to the contractor as consideration for the value of the work performed.

The value of works or services performed during the financial year is represented in the value of production and calculated as the sum of revenues from sales and services (item A1), which reflect work definitively paid for during the financial year, and the change in contract work in progress (item A3). The change in work in progress is the change in inventories for work performed and not yet definitively settled at the beginning and end of the financial year, respectively.

Advances and payments on account are recognised as a liability under item D6 "Advances". Revenue recognition is effected only when there is certainty that the accrued revenue will be definitively recognised as consideration for the value of the work performed.

In the case of final invoicing of works, advances and payments on account are reversed from liabilities as a balancing entry to revenue recognition under item A1 'Revenues from sales and services'.

The value of contract work in progress with an agreed contractual price in a currency other than the Euro is first determined in the contractual currency using the percentage of completion method and then converted into Euro at the invoice exchange rate. If the invoiced portion is less than the value of the works, the surplus is converted into Euro at the year-end exchange rate.

Formalised design variations are recognised as an increase in the contractual value and are included in contract work in progress only if, by the Financial Statements date, their recognition and determination is certain or reasonably certain, i.e. when there is formal acceptance or it is highly probable that there will be acceptance based on the latest information and historical experience.

Pre-operating costs (e.g. design costs and costs for job-specific studies) incurred after the acquisition of the contract are recognised as job order costs. On the other hand, costs incurred prior to the acquisition of the contract are included in job order costs only if they are specifically attributable and the acquisition of the job order takes place, or becomes reasonably certain, in the same financial year in which the costs are incurred or between the year-end date and the date of preparation of the Financial Statements, and these costs are reliably measurable and recoverable through the job order margin.

Costs to be incurred after the completion of the job order are included in the job order costs and in the cost quotation; after the completion of the job order, appropriate provisions for risks and charges are made for the amount of these costs not yet incurred.

If there is a probability that the estimated total costs of an job order exceed the estimated total revenues, the probable loss on completion of the job order is recognised as a decrease in contract work in progress in the period of the probable loss.

### **Receivables booked as current assets**

Receivables recognised in the Financial Statements represent rights to collect, at an identified or identifiable maturity, fixed or determinable amounts of cash and cash equivalents from customers or other parties.

Receivables arising from the sale of goods and services are recognised in accordance with the requirements set out in the commentary paragraph on revenues.

Receivables are stated in the financial statements at amortised cost, taking account of the timing factor, and within their presumable realisable value, and are therefore reported in the statement of financial position net of the relevant write-down reserve deemed to be appropriate to cover losses from reasonably certain bad debts.

The Company assumes that the effects of applying amortised cost and discounting are immaterial when the maturity of the receivables is within 12 months - taking into account all contractual and material considerations existing at the time of recognition of the receivable, and the transaction costs and any difference between the initial value and the nominal value at maturity - are of insignificant amount. In this case, discounting was omitted, interest was computed at nominal value, and transaction costs were recognised as deferrals and amortised on a straight-line basis over the life of the receivable as an adjustment to the nominal interest income.

#### *Tax Receivables and Prepaid taxes*

The item "Tax Receivables" includes certain and definite amounts arising from receivables for which a right to realisation has arisen through reimbursement or offsetting.

The "Tax assets" item includes prepaid taxes determined according to the temporary deductible differences or the carrying forward of tax losses, applying the estimated rate in force at the time when it is considered that these differences will arise.

### **Financial assets not classified as fixed assets**

#### *Other securities*

Current securities of a fungible nature were valued at the lower valued between initial recognition cost and realisable value based on market trends. The LIFO (last-in, first-out) method was adopted for the valuation of initial recognition cost, as an alternative to specific cost.

### **Cash and cash equivalents**

Cash and cash equivalents are valued according to the following

- criteria: cash, at nominal value;
- bank deposits and cashier's cheques, at estimated realisable value. In this case, the realisation value is the nominal value.

### **Accrued income and prepaid expenses**

Accruals and deferrals have been calculated on an accrual basis, by distributing the revenues and/or costs common to more than one year.

In the recognition, as in the review of prepaid expenses over several years, the existence or permanence of the time condition was verified.

## Shareholders' Equity

This item includes all transactions of an equity nature between the company and persons exercising their rights and duties as shareholders. Increases in share capital are recognised in the accounts only after the transaction has been entered in the Companies Register, as governed by Article 2444, paragraph 2, of the Italian Civil Code. In this case, the corresponding amount is recognised in a separate Shareholders' Equity item (other than "Capital"), which accommodates the amounts of capital subscribed by shareholders, which will be subsequently reclassified when the conditions described above occur.

The items have been entered at book value, as indicated in accounting standard OIC 28.

## Provisions for risks and charges

The provisions for risks and charges were established to cover the liabilities the existence of which is considered certain or probable, the amount or date of occurrence of which could not be established as of the end of the financial year.

The funds were established on the basis of the prudence and accrual principles, in accordance with the provisions of accounting standard OIC 31. The correlated allocations are entered in the Income Statement for the relative year under the criterion of classification of costs "by nature".

The provision for deferred taxes includes the recognition of the tax effect arising from the fair value recognition of interest rate risk hedging derivative contracts, existing at year end.

## Employees' severance pay

TFR (Employees' Severance Pay) is calculated in compliance with art. 2120 of the Italian Civil Code, taking into account all provisions of law and contract specifications and those of professional categories, and includes the annual shares matured and revaluations carried out on the basis of ISTAT statistical coefficients.

The amount of this reserve is stated net of advances paid and shares used for any termination of employment that may have taken place during the year, and represents the certain debt due to employees upon year end.

## Payables

Payables arising from the acquisition of assets are recognised in the Statement of Financial Position when significant risks, charges and rewards of ownership are transferred in substance. The liabilities associated with services are reported when the services have been rendered. The financial liabilities arising from loan operations and payables arising for various reasons from the acquisition of goods and services are reported when the company has an obligation to the counterparty identified on the basis of legal and contractual standards. The payables are recognised in the financial statements at amortised cost, on an accrual basis.

The classification of debts among the various debt items is made on the basis of their nature (or origin) with respect to ordinary operations, regardless of the time period within which the liabilities are to be settled.

The company presumes the effects of applying amortised cost and discounting to be immaterial when the maturity of debts within 12 months - taking into account all material contractual considerations existing at the time of debt recognition, fees paid between the parties and transaction costs, and any difference between the initial value and the nominal value at maturity - are of insignificant amount. In that case, discounting is omitted. When the effects are deemed immaterial, the debt is initially recorded at a value equal to its nominal value, net of all transaction costs and all premiums, discounts and rebates directly arising from the transaction that generated the debt and separated according to time period.

## Accrued expenses and deferred income

Accruals and deferrals have been calculated on an accruals basis, by means of dividing up costs and/or revenues common to several years.

In the entry as well as in the review of deferred income with a multi-year duration, the existence or permanence of the time condition was verified. Where this condition has changed, the appropriate changes have been made, which are highlighted below.

## Recognition of costs and revenues

Revenues are recorded in the financial statements on an accrual basis, net of returns, allowances, discounts and premiums, as well as the taxes directly related to them.

With regard to the sale of assets, the related revenues are recorded when the substantial and non-formal change of the title of ownership has occurred, assuming as a benchmark, for the substantial change, the transfer of risks and benefits.

Revenues from the delivery of services are recognised when the service is delivered, i.e. when the service has been performed; in the particular case of continuous services, the related revenues are deemed realised and may be allocated to sales when it is certain that the accrued revenue will be definitively recognised as consideration for the value of the work performed.

Costs are stated according to the principles of prudence and accrual. The costs of raw materials, consumables and goods for resale include the ancillary purchase costs (transport, insurance, loading and unloading, etc.) if included by the supplier in the purchase price of the same, otherwise they are entered separately under costs for services according to their nature.

Not only costs of a certain amount are recognised as costs, but also those not yet documented for which the transfer of ownership

has already taken place or the service has already been received.

Financial income and charges are recognised on an accrual accounting basis.

### **Dividends**

Dividends are recognised when, as a result of the resolution passed by the shareholders' meeting of the investee company to distribute the profit or any reserves, the investor companies' right to collect them arises. The dividend is recognised as financial income, regardless of the nature of the reserves being distributed. The investor company verifies that, following the distribution, the recoverable amount of the equity investment has not decreased to such an extent that an impairment loss must be recognised.

### **Income taxes**

Income taxes for the year are accrued on an accrual basis, and are determined in accordance with the laws in force and on the basis of estimated taxable income; in the Statement of Financial Position payables are recognised under "Tax payables" and receivables are recognised under "Tax Receivables".

The calculation of income taxes took into account the effects resulting from the transposition into Italian tax law of the so-called "principle of derivation" of the corporate income taxable basis from the statutory financial statements, introduced by Article 13-bis of Decree-Law No. 244/2016 which radically amended the content of Article 83 of the Consolidated Income Tax Act. With reference to the recognition of the tax effects arising from timing differences between the presentation of economic components in the Financial Statements and the time at which they are recognised for tax purposes, we specify the following. Deferred taxes have been calculated on the basis of taxable temporary differences by applying the tax rate that is deemed to be in force at the time when such temporary differences will generate an increase in the taxable base.

In accordance with the conservatism principle, prepaid taxes have been calculated on deductible temporary differences by applying the tax rate that is deemed to be in effect at the time these differences will generate a decrease in taxable income, based on the principle of the reasonable certainty of the existence of future taxable income sufficient to absorb the above changes.

The amount of prepaid taxes is reviewed annually in order to verify the continued reasonable certainty of future taxable income such that the full amount of prepaid taxes will be recovered. The amount of deferred and prepaid taxes is also subject to restatement in the event of a change in the tax rates originally considered.

It should be noted that the company acts as consolidating company for the corporate income tax (IRES) settlement, within the national tax consolidation, together with the subsidiary Milano Sviluppato S.r.l.

## **Other information**

### **Transactions with a repurchase requirement**

Pursuant to Article 2427 No. 6-ter of the Italian Civil Code, the company certifies that during the year it did not enter into any transactions subject to repurchase obligation at maturity.



## Notes to the Financial Statements, Assets

The items of the financial statements are analysed in detail in compliance with current legislation.

### **Fixed assets**

#### Intangible fixed assets

##### Changes to intangible fixed assets

After posting the year's amortisation of EUR 430,131 in the Income statement, mainly referring to the amortisation of leasehold improvements, intangible fixed assets amounted to EUR 4,154,916, with a decrease of EUR 403,680 compared to the previous year.

The table shows the changes that occurred during the year:

	Industrial patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Goodwill	Other intangible fixed assets	Total intangible fixed assets
<b>Year-start value</b>					
<b>Cost</b>	322,370	1,622	2,728,000	5,612,200	8,664,192
<b>Amortisation and depreciation (Provision for amortisation and depreciation)</b>	287,190	90	2,728,000	1,090,316	4,105,596
<b>Book Value</b>	35,180	1,532	-	4,521,884	4,558,596
<b>Changes in the year</b>					
<b>Increases through acquisitions</b>	23,330	-	-	3,121	26,451
<b>Amortisation/depreciation for the year</b>	33,034	90	-	397,007	430,131
<b>Total changes</b>	(9,704)	(90)	-	(393,886)	(403,680)
<b>Year-end value</b>					
<b>Cost</b>	345,700	1,622	2,728,000	5,615,321	8,690,643
<b>Amortisation and depreciation (Provision for amortisation and depreciation)</b>	320,224	180	2,728,000	1,487,323	4,535,727
<b>Book Value</b>	25,476	1,442	-	4,127,998	4,154,916

The increases concerned only the improvement of the computer software system.

#### Tangible fixed assets

##### Movements of tangible fixed assets

Tangible fixed assets, gross of accumulated depreciation, amounted to EUR 3,366,241. Depreciation funds amounted to EUR 1,475,832.

After posting the year's depreciation in the Income Statement, which amounted to EUR 257,671, the net value of tangible assets amounted to EUR 1,890,409, an increase of EUR 74,852 compared to the previous year.

The following table shows the movements of the fixed assets in question.

	Land and buildings	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Year-start value</b>				
<b>Cost</b>	1,256,472	418,966	1,526,729	3,202,167
<b>Amortisation and depreciation (Provision for amortisation and depreciation)</b>	15,492	396,466	974,652	1,386,610

	Land and buildings	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Book Value</b>	1,240,980	22,500	552,077	1,815,557
<b>Changes in the year</b>				
<b>Increases through acquisitions</b>	7,840	23,332	304,570	335,742
<b>Reductions for disposals and divestments (of book value)</b>	-	1,145	2,074	3,219
<b>Amortisation/depreciation for the year</b>	30,985	22,072	204,614	257,671
<b>Total changes</b>	(23,145)	115	97,882	74,852
<b>Year-end value</b>				
<b>Cost</b>	1,264,312	306,435	1,795,494	3,366,241
<b>Amortisation and depreciation (Provision for amortisation and depreciation)</b>	46,477	283,820	1,145,535	1,475,832
<b>Book Value</b>	1,217,835	22,615	649,959	1,890,409

The increases relate to planned investments, mainly in industrial and IT equipment, furnishings and vehicles.

## Finance leasing operations

The following table sets out the information required by the legislator in order to represent, albeit in a non-accounting manner, the implications arising from the difference in accounting compared to the financial method, under which the user company would recognise the leased asset as a fixed asset and calculate the relevant depreciation allowances on that asset, while at the same time recognising the liability for the principal portion of the lease payments. In this case, the amount of the interest and repayments for the year concerned would be entered in the income statement.

	Amount
<b>Total amount of financially leased assets at year end</b>	383,385
<b>Depreciation that should have been recognised during the year</b>	79,780
<b>Current value of the instalments not yet due at year end</b>	118,594
<b>Financial charges accruing to the year on the basis of the effective interest rate</b>	3,623

## Financial fixed assets

Financial fixed assets amounted to EUR 24,999,526, an increase of EUR 17,073,712 over the previous year.

## Movements of equity investments, other securities and financial derivative instruments assets classified as fixed assets

The table below shows changes to the fixed assets.

	Equity investments in subsidiary companies	Equity investments in affiliated companies	Total equity investments	Financial derivative instruments assets
<b>Year-start value</b>				
<b>Cost</b>	6,947,931	520,002	7,467,933	373,576
<b>Write-downs</b>	293,855	-	293,855	-
<b>Book Value</b>	6,654,076	520,002	7,174,078	373,576
<b>Changes in the year</b>				
<b>Increases through acquisitions</b>	5,902,424	3,359,463	9,261,887	185,022
<b>Decreases due to disposals (of book value)</b>	2,972,123	-	2,972,123	-
<b>Total changes</b>	2,930,301	3,359,463	6,289,764	185,022
<b>Year-end value</b>				
<b>Cost</b>	9,837,936	3,879,465	13,717,401	558,598

	Equity investments in subsidiary companies	Equity investments in affiliated companies	Total equity investments	Financial derivative instruments assets
<b>Write-downs</b>	263,900	-	263,900	-
<b>Book Value</b>	9,574,036	3,879,465	13,453,501	558,598

The increase in the value of equity investments during the year concerns, among other things:

- the acquisition of the company Castelli Holding S.r.l., in which Your Company holds 60% of the share capital, recorded in the financial statements in the amount of EUR 5,629,655 and which, with effect from 3 July 2023, was merged by incorporation into the company Aurelia Garden S.p.A., with equal stake held by Your Company;
- the acquisition of the additional 20% of the share capital of the company Milano Sviluppo S.r.l., in the amount of EUR 70,000, thus bringing your company to hold the entire share capital;
- the acquisition of the company Rubattino 87 S.r.l., in which your company holds the entire shareholding, recorded in the financial statements in the amount of EUR 70,000;
- the subscription of the capital increase of the subsidiary Aurelia Garden S.p.A. (formerly TB04 S.r.l.) of a total of EUR 50,000, thus bringing to 60% the share that your Company holds in the share capital;
- the purchase of a minority shareholding of 2.35% in the listed company AbitareIn S.p.A., booked in the financial statements in the amount of EUR 3,359,463, for the development of common synergies;

The increase of EUR 82,769, distributed among the various subsidiaries, represents the amount of increase in the cost of the various equity investments against the various capital contribution payments and additional share capital account payments, or the waiver of repayment of part of the loans previously granted in favour of the subsidiaries;

Decreases in the value of equity investments recorded during the year, on the other hand, relate to the sale of equity investments no longer deemed strategic:

- the sale of the entire shareholding in TB09 S.r.l.
- the sale of the entire shareholding in the company San Siro Benessere S.r.l.
- the winding-up of the company M.E.P. WORKS S.r.l.

Financial fixed assets also included the positive fair value of two interest rate hedging derivative contracts related to medium- and long-term bank loans.

## Variations and maturity of non-current receivables

The table below shows changes to the fixed assets.

	Year-start value	Changes in the year	Year-end value	Portion due within the year	Portion due beyond the year
<b>Non-current receivables from subsidiary companies</b>	378,160	10,609,267	10,987,427	4,535,427	6,452,000
<b>Total non-current receivables</b>	378,160	10,609,267	10,987,427	4,535,427	6,452,000

Non-current receivables consist exclusively of non-interest-bearing and interest-bearing loans granted to directly or indirectly controlled companies for temporary liquidity requirements. The change from the previous year reflects disbursements made to group companies to develop their respective projects, in addition to reimbursements received during the year and waivers of reimbursement of part of these receivables, to favour the capitalisation of certain subsidiaries. Details of the amounts are provided below:

Company	Amount	Type
Milano Sviluppo Srl	150,000	Non-interest Bearing Loan
Techbau Green Energy Srl	200,000	Non-interest Bearing Loan
Castelli Holding Srl	1,050,000	Non-interest Bearing Loan
Via Bombay n. 1 Srl	385,427	Non-interest Bearing Loan
Via Bombay n. 1 Srl	8,800,000	Interest-bearing Loan
Progetto La Vigna Spa	402,000	Interest-bearing Loan
<b>Total</b>	<b>10,987,427</b>	

It should be noted that the company Progetto La Vigna S.p.A., at the end of the financial year, was wholly owned by the company Castelli Holding S.r.l., in which your company holds a 60% stake in the share capital.

With effect from 3 July 2023, both Progetto La Vigna S.p.A. and Castelli Holding S.r.l. were merged by incorporation into Aurelia Garden S.p.A., in which your company holds a 60% shareholding

### Details of equity investments held as fixed assets in subsidiary companies

The following table shows equity investments relating to subsidiary companies, as well as the additional information required by art. 2427 of the Italian Civil Code.

Name	City, if in Italy, or foreign country	Tax code (for Italian businesses)	Share capital in euros	Profit (loss) from last year in Euro	Shareholders' equity in Euro	Stake held in euros	Stake % held	Book value or corresponding receivable
GALLARATE SVILUPPO SRL	MILAN (MI)	10144410965	40,000	1,951	42,743	20,800	52.00%	32,684
TECHBAU GREEN ENERGY S.R.L.	MILAN (MI)	10144400966	10,000	(11,307)	19,560	10,000	100.00%	257,935
LOGI-TECH S.R.L.	MILAN (MI)	01922050032	20,000	(13,094)	20,406	12,000	60.00%	36,894
AURELIA GARDEN SPA	MILAN (MI)	10396080961	100,000	(6,691)	65,668	100,000	60.00%	75,356
TB06 S.R.L.	MILAN (MI)	10705760964	10,000	(1,798)	11,662	10,000	100.00%	11,662
TB07 S.R.L.	MILAN (MI)	10803250967	10,000	(1,853)	11,551	10,000	100.00%	11,551
FABRICA X SRL	MILAN (MI)	10803660967	3,125,000	(5,821)	3,114,570	1,593,750	51.00%	1,599,150
TB01 S.R.L.	MILAN (MI)	10144390969	10,000	(6,691)	11,754	10,000	100.00%	11,754
MILANO SVILUPPO SRL	MILAN (MI)	05634280969	90,000	(22,242)	3,608,241	90,000	100.00%	371,000
CORTE DEI PRINCIPI SRL	MILAN (MI)	12067100961	10,000	(3,696)	11,730	10,000	100.00%	15,425
VIA BOMBAY N. 1 SRL	MILAN (MI)	12067230966	19,608	(20,789)	27,816	10,000	51.00%	24,998
RUBATTINO 87 SRL	MILAN (MI)	03066720172	500,000	(331,401)	232,146	500,000	100.00%	70,000
CASTELLI HOLDING SRL	MILAN (MI)	12810660964	12,000	6,579	9,366,784	7,200	60.00%	5,629,655
CASTORE SAS DI CAPITAL SOLUTION SRL	MILAN (MI)	93521740725	100,000	(1,052)	374,453	79,920	79.92%	1,425,972
<b>Total</b>								9,574,036

For all companies, an assessment was made as to whether there was a congruity between the value recorded in the Financial Statements for the equity investment held and the Shareholders' equity of the subsidiary company. Where there were negative results, it was assessed whether the loss was to be considered structural and what the operating profitability of the company was.

For the following equity investments recorded in the Financial Statements, the valuation was made by applying the cost method, where cost is understood to be the charge incurred for the purchase, regardless of the method of payment, including any ancillary charges. These are: MTM HOTELS S.r.l., MILANO SVILUPPO S.r.l., CASTORE S.a.s. DI CAPITAL SOLUTION S.r.l., RUBATTINO 87 S.r.l., ABITAREIN S.p.A.

In particular, for the valuation of the equity investments held in the companies MTM HOTELS S.r.l., MILANO SVILUPPO S.r.l. and RUBATTINO 87 S.r.l., the cost recorded in the financial statements at the end of the year is lower than the portion of shareholders' equity held in these companies.

With regard to the valuation of the shareholding in the listed company ABITAREIN S.p.A., the market value of the shares at the end of the financial year was higher than their purchase price.

As to the valuation of the equity investments held in TECHBAU GREEN ENERGY S.r.l., AURELIA GARDEN S.p.A. (formerly TB04 S.r.l.), CASTELLI HOLDING S.r.l., LOGI-TCH S.r.l., GALLARATE SVILUPPO S.r.l., CORTE DEI PRINCIPI S.r.l. (formerly TB10 S.r.l.), VIA BOMBAY N.1 S.r.l. (formerly TB11 S.r.l.) and FABRICA X S.r.l., the aforementioned companies have significant strategic development plans that justify the difference between the book value determined at cost and the Shareholders' Equity value of the investee company.

The equity investments held in the following companies, on the other hand, were valued using the equity method. These are: TB01 S.r.l., TB06 S.r.l., TB07 S.r.l.

The write-downs recognised amount to a total of EUR 263,900 and show the effect of adjusting the value of the equity investments of certain subsidiaries to their respective share of shareholders' equity held.

With regard to the activities carried out by the various subsidiaries, please refer to the relevant section of the Management Report.

## Details of equity investments held as fixed assets in affiliated companies

The following table shows equity investments in affiliated companies, as well as the additional information required by Article 2427 of the Italian Civil Code.

Name	City, if in Italy, or foreign country	Tax code (for Italian businesses)	Share capital in euros	Profit (loss) from last year in Euro	Shareholders' equity in Euro	Stake held in euros	Stake % held	Book value or corresponding receivable
MTM HOTELS SRL	Torri del Benaco (VR)	04239940234	60,000	294,373	2,303,979	20,000	33.333%	520,000
SP TECHBAU PEC 3 LLC	USA		-	-	-	1	20.00%	1
SP TECHBAU LLC	USA		-	-	-	1	20.00%	1
ABITAREIN SPA	MILAN (MI)	09281610965	133,004	22,864,913	119,273,312	-	2.35%	3,359,463
<b>Total</b>								3,879,465

With regard to the activities carried out by the various subsidiaries, please refer to the relevant section of the Management Report.

## Breakdown of non-current receivables by geographical area

The following table shows the breakdown by geographic area of receivables recognised as financial fixed assets.

Geographical area	Non-current receivables from subsidiaries	Total non-current receivables
ITALY	10,987,427	10,987,427
<b>Total</b>	10,987,427	10,987,427

## Value of financial fixed assets

Financial fixed assets in the Financial Statements have not been recorded at a value higher than their fair value, except for certain equity investments, for which specific reasons have already been provided in the previous paragraphs.

## Current assets

### Inventories

The following table shows the information on changes to inventories.

	Year-start value	Change in the year	Year-end value
<b>Contract work in progress</b>	158,292,096	93,044,001	251,336,097
<b>Advances</b>	4,827,410	13,250,853	18,078,263
<b>Total inventories</b>	163,119,506	106,294,854	269,414,360

Contract work in progress is valued in accordance with current accounting principles, recognising contractual revenues according to the concept of percentage of completion and relating them to the costs incurred during the year (i.e. the percentage of completion is determined as a percentage and in proportion to the ratio of costs actually incurred to estimated project costs). Revenues for contracts in progress are recognised when it is certain that the accrued revenue will be definitively recognised as consideration for the value of the work performed. This certainty normally occurs when the state of progress reports (SAL) prepared in consultation with the client are accepted by the latter. Contractually determined invoices generally constitute financial advances and are therefore accounted for under liabilities as advances from customers; however, when they correspond to the value of the work performed, they are recognised as revenue within the limits of that value if it is certain that the revenue accrued will be definitively recognised to the contractor. The progress of orders is therefore recognised as a change in contract work in progress, while invoices issued to customers in accordance with contractual agreements are regarded as payments on account. In the year in which the accrued revenue is definitively recognised to the Company by the counterparty, i.e. in the year of completion of all job order activities, advances received, net of progress already accounted for, are recognised in the value

of production under revenues from sales and services. Projected job order cost estimates are continually reviewed and any operating margin losses are recognised immediately in the year in which they become certain or probable and determinable. The inventory write-down provision changed as follows during the year:

<b>Work in progress write-down provision</b>	<b>Amount in euro</b>
Opening balance as at 30.06.2022	276,987
Allocations	-
Utilisation	276,987
Closing balance as at 30.06.2023	-

It is noted that the work in progress write-down provision, accrued in the previous year for euro 276,987 and referring to a prudential write-down on work in progress not yet invoiced and relevant to certain job orders valued at percentage of completion, was entirely adjusted, as the adverse effects that had raised doubts as to the customers' ability to meet the contractual commitments undertaken with the Company had not occurred.

No further allocations were set aside during the year.

The item "Advances" includes amounts paid as advances to suppliers for the purchase of goods and for contracts for the supply of goods and services, which will be delivered and executed after the end of the financial year.

### Receivables booked as current assets

Receivables recorded under current assets amount to a total of EUR 91,155,960, of which EUR 7,545,967 are due beyond the next year.

### Changes and due date of the receivables booked as current assets

The table below gives information on the changes to the receivables booked as current assets and, if significant, information on their maturity.

	<b>Year-start value</b>	<b>Change in the year</b>	<b>Year-end value</b>	<b>Portion due within the year</b>	<b>Portion due beyond the year</b>
<b>Trade receivables from customers booked as current assets</b>	41,306,923	30,654,755	71,961,678	71,961,678	-
<b>Receivables from subsidiary companies recognised as current assets</b>	4,306,890	3,816,513	8,123,403	8,123,403	-
<b>Tax receivables booked as current assets</b>	126,975	1,507,044	1,634,019	573,562	1,060,457
<b>Prepaid taxes booked as current assets</b>	981,466	-	981,466		
<b>Receivables from others booked as current assets</b>	10,629,562	(2,174,168)	8,455,394	1,969,884	6,485,510
<b>Total receivables booked as current assets</b>	<b>57,351,816</b>	<b>33,804,144</b>	<b>91,155,960</b>	<b>82,628,527</b>	<b>7,545,967</b>

"Receivables from customers" amounted to EUR 71,961,678 compared to EUR 41,306,923 in the previous year. They are shown net of credit notes to be issued and the relevant provision for doubtful accounts, which totalled EUR 3,875,353, which, net of utilisations made, increased by EUR 375,874 over the previous year.

The item "Receivables from others" includes, inter alia, receivables related to:

- Advances paid to suppliers in the amount of EUR 346,590;
- Miscellaneous guarantee deposits for EUR 476,863;
- Guarantee deposits in the amount of EUR 7,564,615, relating to transactions in progress and subject to conditions; the deposits are almost entirely backed by a surety guarantee covering the potential repayment obligation;
- Advances to employees in the amount of EUR 43,775, the reimbursement of which follows the agreed instalment plan.

The following table shows the changes in the provision for doubtful accounts during the year:

<b>Provision for doubtful accounts</b>	<b>Amount in euro</b>
Opening balance as at 30.06.2022	3,499,480
Allocations	419,805
Utilisation	43,932
Closing balance as at 30.06.2023	3,875,353

The item "Receivables from subsidiaries" represents the receivables arising from the full invoicing of sundry works from the subsidiary Fabrica X S.r.l. relating to a building area subject to a real estate operation in which the Company is interested. Please refer to the description of the item Deferred Income for further details.

"Tax receivables" amounted to EUR 1,634,019 at 30.06.2023 (EUR 126,975 at the end of the previous year). The increase is mainly due to the recognition of tax credits acquired and accrued during the year, of which EUR 1,060,457 can be used beyond the next year.

The item "Receivables for prepaid taxes" as at 30.06.2023 relates to prepaid taxes, set aside against differences, of a temporary nature, between the results taxable according to tax regulations and the figures determined according to the Italian Civil Code. Details of prepaid taxes are summarised in the table in the "Deferred and prepaid taxes" section of these Notes to the financial statements.

As in the previous year, prepaid taxes were recognised and/or maintained on tax items arising from temporary differences, as these are an expression of timing misalignments in the preparation criteria which, assuming the company is a going concern, will occur in future years. These differences mainly relate to write-downs related to certain contracts whose work in progress has been suspended and to write-downs of doubtful receivables. The visibility of the expected results for future years allows the Directors to consider these receivables recoverable in future years, against the generation of future taxable income.

## Breakdown of receivables included in current assets by geographical area

The table below sets out the breakdown of the receivables included in the current assets by geographical area.

<b>Geographical area</b>	<b>ITALY</b>	<b>ABROAD</b>	<b>Total</b>
<b>Trade receivables from customers booked as current assets</b>	68,212,511	3,749,167	71,961,678
<b>Receivables from subsidiary companies recognised as current assets</b>	8,123,403	-	8,123,403
<b>Tax receivables booked as current assets</b>	1,627,938	6,081	1,634,019
<b>Prepaid taxes booked as current assets</b>	981,466	-	981,466
<b>Receivables from others booked as current assets</b>	8,455,394	-	8,455,394
<b>Total receivables booked as current assets</b>	87,400,712	3,755,248	91,155,960

Receivables from foreign entities relate to trade receivables from foreign customers and tax receivables for VAT refund requests made to countries of the European Community.

## Financial assets not classified as fixed assets

### Variations in financial assets not classified as fixed assets

The following table provides information on changes in financial assets not constituting fixed assets.

	<b>Year-start value</b>	<b>Changes in the year</b>	<b>Year-end value</b>
<b>Other securities not classified as fixed assets</b>	9,283,110	(322,965)	8,960,145
<b>Total financial assets not classified as fixed assets</b>	9,283,110	(322,965)	8,960,145

As prescribed by the accounting standard OIC 20, financial assets not classified as fixed assets include temporary investments of liquidity in securities and financial products, which decreased during the year by EUR 322,965 and totalled EUR 8,960,145, valued at the lower of cost and realisable value.



## Cash and cash equivalents

The following table shows the information on changes in cash and cash equivalents.

	Year-start value	Change in the year	Year-end value
<b>Bank and postal deposits</b>	127,432,875	1,856,415	129,289,290
<b>Cash and other valuables on hand</b>	5,600	(3,838)	1,762
<b>Total cash and cash equivalents</b>	127,438,475	1,852,577	129,291,052

The amounts refer to cash on hand and current account positive balances, free of encumbrances and fully available. It should also be noted that the item "Bank and Postal Deposits" as at 30 June 2023 included approximately EUR 10,738 related to prepaid credit card balances.

For a more detailed analysis of the elements that generated or absorbed financial resources, please refer to the Cash flow statement.

## Accrued income and prepayments

The following table provides information on changes in accrued income and prepaid expenses.

	Year-start value	Change in the year	Year-end value
<b>Prepayments</b>	454,687	(131,594)	323,093
<b>Total accrued income and prepayments</b>	454,687	(131,594)	323,093

The following table shows the break-down of the items in question, as they are recorded in the financial statements.

Description	Detail	Current year amount
<i>ACCRUALS AND DEFERRALS</i>		
	Prepayments	309,631
	Multi-year prepaid expenses	13,462
	<b>Total</b>	<b>323,093</b>

Prepaid expenses amount to EUR 323,093 and decreased by EUR 131,594 compared to the previous year. Deferrals are recorded in order to allocate negative components accruing in the future to the following year. These components mainly consist of insurance charges, lease payments and ancillary charges, rental and technical assistance fees, subscriptions and commercial services.

It should be noted that there are no deferrals with a duration of more than five years.

## Capitalised financial charges

All the interest and the other financial charges have been stated in full during the financial year. For the purposes of Article 2427, paragraph 1, No. 8 of the Italian Civil Code, it is therefore certified that there are no capitalised financial charges.



## Notes to the financial statements, Liabilities and Shareholders' Equity

The items of the financial statements are analysed in detail in compliance with current legislation.

### Shareholders' Equity

Shareholders' equity amounted to EUR 83,278,126, an increase of EUR 30,632,055 compared to the previous year.

#### Changes in the Shareholders' Equity items

With reference to the year ended, the tables below show the changes in the individual items of shareholders' equity, as well as details of other reserves, if present in the financial statements.

	Year-start value	Allocation of last year's result		Year result	Year-end value
		Other allocations	Other changes Increases		
<b>Share Capital</b>	10,050,000	-	-		10,050,000
<b>Share premium reserve</b>	759,852	-	-		759,852
<b>Legal reserve</b>	1,939,767	70,233	-		2,010,000
<b>Other reserves</b>					
<b>Extraordinary reserve</b>	20,198,024	19,344,276	-		39,542,300
<b>Sundry other reserves</b>	1	-	-		1
<b>Total other reserves</b>	20,198,025	19,344,276	-		39,542,301
<b>Reserve for hedges of expected cash flows</b>	283,918	-	140,616		424,534
<b>Profit (loss) for the year</b>	19,414,509	(19,414,509)	-	30,491,439	30,491,439
<b>Total shareholders' equity</b>	52,646,071	-	140,616	30,491,439	83,278,126

### Details of miscellaneous other reserves

Description	Amount
<b>Rounding-off difference reserve in Euro</b>	1
<b>Total</b>	1

All subscribed shares were fully paid up.

The increases in the Legal Reserve and the Extraordinary Reserve are due to the allocation of the previous year's profit, as per the shareholders' resolution of 28.10.2022. By virtue of the determination made therein, the legal reserve increased by EUR 70,233, thus reaching an amount equal to 20% of the share capital, while the extraordinary reserve increased by EUR 19,344,276.

It should be noted that there are no limitations, as per Article 2426, paragraph 1, point 5 of the Italian Civil Code, on the distribution of dividends.

## Availability and use of Shareholders' Equity

The following tables show the items making up the Shareholders' Equity, specifying origin, possibility of distribution, as well as any use during the previous three years.

	Amount	Origin / nature	Possibility of utilisation	Available amount	Summary of application of funds in the three previous years
					for other reasons
Share Capital	10,050,000	Share Capital		-	-
Share premium reserve	759,852	Share Capital	A;B;C	759,852	-
Legal reserve	2,010,000	Share Capital	B	2,010,000	-
<b>Other reserves</b>					
Extraordinary reserve	39,542,300	Share Capital	A;B;C	39,542,300	14,851,167
Sundry other reserves	1	Share Capital		-	-
<b>Total other reserves</b>	39,542,301	Share Capital		39,542,300	14,851,167
Reserve for hedges of expected cash flows	424,534	Share Capital		-	-
<b>Total</b>	52,786,687			42,312,152	14,851,167
<b>Non-distributable portion</b>				2,010,000	
<b>Residual distributable portion</b>				40,302,152	

Legend: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory constraints; E: other

## Changes in the reserve for expected cash flow hedges

Transactions involving derivative instruments for the purpose of hedging interest rate risk are in progress, and the reserve recognised in Shareholders' equity reflects the related accounting.

Pursuant to Article 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following table shows the movements of the fair value reserves during the year.

	Reserve for expected cash flow hedges
Year-start value	283,918
<b>Changes in the year</b>	
Increase due to change in fair value	185,021
Deferred tax effect	(44,405)
Year-end value	424,534

## Provisions for risks and charges

This item includes allocations to the provision for deferred taxes and to provisions for risks and charges, totalling EUR 1,234,063.

The increase in the “Provisions for risks and charges” during the year is due to the recognition of deferred taxation, amounting to EUR 44,405 of the Mark to Market (MTM) value for outstanding derivative contracts.

The following table provides information on the changes that occurred during the year:

	Provision for taxes, including deferred	Other provisions	Total provisions for risks and charges
Year-start value	89,658	1,100,000	1,189,658
Changes in the year			
Provision for the year	44,405	-	44,405
Total changes	44,405	-	44,405
Year-end value	134,063	1,100,000	1,234,063

### Other provisions

The following table shows the breakdown of this item, as recorded in the Financial Statements, pursuant to Article 2427, paragraph 1 of the Italian Civil Code.

The provision for risks was established following the assessment of potential charges that could be incurred by the company, relating to existing litigations, unchanged compared with the previous year.

Description	Detail	Current year amount
<i>others</i>		
	Other provisions for deferred liabilities and charges	1,100,000
	<b>Total</b>	<b>1,100,000</b>

## Employees' severance pay

The following table shows information relating to changes in employees' severance pay

	Employees' severance pay
Year-start value	28,555
Changes in the year	
Provision for the year	577,584
Use during financial year	585,253
Total changes	(7,669)
Year-end value	20,886

Utilisations include the amounts of the liability for severance pay transferred to the INPS treasury fund, to supplementary pension funds and to employees following advances and/or resignations.

## Payables

Accounts payable under current assets amount to a total of EUR 440,915,168, of which EUR 30,898,544 is due beyond next year.

### Changes in and maturity of payables

The table below gives information on the changes to payables and any information on their due dates.

	Year-start value	Change in the year	Year-end value	Portion due within the year	Portion due beyond the year	Of which with a residual duration of more than 5 years
<b>Payables to banks</b>	70,374,950	(10,263,911)	60,111,039	29,212,495	30,898,544	410,752
<b>Advances</b>	97,590,889	100,935,558	198,526,447	198,526,447	-	-
<b>Payables to suppliers</b>	117,709,228	37,599,880	155,309,108	155,309,108	-	-
<b>Payables to subsidiaries</b>	7,624,461	(4,176,014)	3,448,447	3,448,447	-	-
<b>Tax payables</b>	10,692,250	4,971,602	15,663,852	15,663,852	-	-
<b>Payables to welfare and social security institutions</b>	835,289	112,382	947,671	947,671	-	-
<b>Other payables</b>	8,817,232	(1,908,628)	6,908,604	6,908,604	-	-
<b>Total payables</b>	313,644,299	127,270,869	440,915,168	410,016,624	30,898,544	410,752

#### *Payables to banks*

The table below illustrates the breakdown of the "Payables to banks" heading.

Description	Current account payables	Short-term loan payables	Medium-term loan payables	Long-term loan payables	Total
payables to banks	3,215	20,753,654	36,165,786	3,188,384	60,111,039

Medium-term borrowings consist of structural debt, functional to development operations. They reflect the economic and financial plans of each operation and the exposure among medium-term loans gives evidence of contractual commitments, although these debts often have a useful life of no more than 24/48 months. Medium-term loans also include a mortgage loan received from Unicredit in the amount of EUR 11,280,000.

Long-term loan payables relate to the loan granted by Banco BPM for the renovation of the Castelletto Sopra Ticino premises. The debt is backed by a mortgage guarantee, provided by the owning company, the lessor of the property.

It should be noted that two loan agreements provide for compliance with certain financial parameters (the so-called Covenants), which, as of 30 June 2023, have been met.

#### *Advances*

"Advances from customers" represent the Company's liability for advance payments received from customers for job orders in progress and not yet completed.

#### *Payables to suppliers*

"Payables to suppliers", recorded in the Financial Statements at their nominal value, represent the Company's indebtedness for purchases of materials, goods and products and services received. The value increased by EUR 37,599,880 compared to the previous financial year mainly due to the higher number of projects developed.

#### *Payables to subsidiaries*

"Payables to subsidiary companies" mainly derive from tax consolidation payables to the subsidiary Milano Sviluppo S.r.l. in the amount of EUR 3,445,287, which, together with the parent company Techbau S.p.A., adheres to the national tax consolidation.

**Tax payables**

The amount of "Tax payables" shown in the financial statements, mainly refers to the VAT payable of EUR 12,508,580, the corporate income tax (IRES) payable of EUR 2,559,615, the regional business tax (IRAP) payable of EUR 215,317, and the payable for withholding taxes on employees and self-employed persons of EUR 380,341.

**Other payables**

Payables for guarantee deposits and down payments concern debts for real estate transactions in progress. The table below illustrates the breakdown of the "Other payables" item.

Description	Detail	Current year amount
<i>Other payables</i>		
	Guarantee deposits received	4,372,828
	Payables to Directors	178,500
	Payables to credit card issuers	18,789
	Sundry third party payables	307,792
	Personnel salaries	868,534
	Employee deferred salaries	1,160,187
	Employees various institutions advances account	1,974
	<b>Total</b>	<b>6,908,604</b>

Description	Opening balance	Decrease	Closing balance
Other	8,817,232	1,908,628	6,908,604
<b>Total</b>	<b>8,817,232</b>	<b>1,908,628</b>	<b>6,908,604</b>

"Other payables" consist mainly of payables for guarantee deposits received for the start-up of real estate projects, amounting to EUR 4,372,828, and payables to employees for salaries, including deferred salaries, amounting to EUR 2,028,721.

**Breakdown of payables according to geographical area**

The table below sets out the breakdown of the payables by geographical area.

Geographical area	ITALY	ABROAD	Total
Payables to banks	60,111,039	-	60,111,039
Advances	198,526,447	-	198,526,447
Payables to suppliers	154,911,374	397,734	155,309,108
Payables to subsidiaries	3,448,447	-	3,448,447
Tax payables	15,663,852	-	15,663,852
Payables to welfare and social security institutions	947,671	-	947,671
Other payables	6,908,604	-	6,908,604
<b>Payables</b>	<b>440,517,434</b>	<b>397,734</b>	<b>440,915,168</b>

## Payables secured by collateral securities on corporate assets

The table below, broken down separately for each item, indicates the payables backed by collateral securities over corporate assets, with the specific indication of the nature of the securities.

	Payables backed by collateral securities		Payables not backed by collateral securities	Total
	Payables backed by mortgages	Total payables backed by collateral securities		
Payables to banks	14,468,384	14,468,384	45,642,655	60,111,039
Advances	-	-	198,526,447	198,526,447
Payables to suppliers	-	-	155,309,108	155,309,108
Payables to subsidiaries	-	-	3,448,447	3,448,447
Tax payables	-	-	15,663,852	15,663,852
Payables to welfare and social security institutions	-	-	947,671	947,671
Other payables	-	-	6,908,604	6,908,604
<b>Total payables</b>	<b>14,468,384</b>	<b>14,468,384</b>	<b>426,446,784</b>	<b>440,915,168</b>

Payables secured by collateral on own assets, amounting to EUR 11,280,000, relate to a development transaction in progress, in respect of which it was decided to grant mortgage guarantees, for reasons of financial expediency (better financing rate conditions) and compatibility with the type of transaction.

Payables secured by collateral on third-party assets, amounting to EUR 3,188,384, relate to the loan granted by Banco BPM for the renovation of the Castelletto Sopra Ticino premises. The debt is backed by a mortgage guarantee, provided by the owning company, the lessor of the property.

## Loans made by shareholders of the company

The Company has not received any loans from shareholders.

## **Accrued expenses and deferred income**

The following table provides information on changes in accrued expenses and deferred income.

	Year-start value	Change in the year	Year-end value
Accrued expenses	104,757	329,570	434,327
deferred income	4,334,221	(27,330)	4,306,891
<b>Total accrued expenses and deferred income</b>	<b>4,438,978</b>	<b>302,240</b>	<b>4,741,218</b>

The following table shows the breakdown of these items as they appear in the Financial Statements.

Description	Detail	Current year amount
<i>ACCRUALS AND DEFERRALS</i>		
	Accrued expenses	434,327
	deferred income	4,306,891
	<b>Total</b>	<b>4,741,218</b>

Accrued expenses of EUR 434,327 refer exclusively to interest expenses and financial charges.

Among deferred income, on the other hand, a special note is necessary in relation to the deferral of EUR 4,306,891, consisting of the adjustment of a revenue, deriving from the full invoicing of various works for a municipality in the Milan hinterland, against which the municipality transferred to the subsidiary Fabrica X a building area subject to a real estate transaction in which your company is directly or indirectly involved. The deferral was determined on the basis of the portion of revenues relating to work still to be performed at year end.

It should be noted that there are no deferrals with a duration of more than five years.

## Notes to the financial statements, Income statement

The income statement shows the operating result for the financial year.

It records the company's business transactions by summarising the positive and negative income items which generated the operating result. The positive and negative income items, entered in the Financial Statements in accordance with the provisions of Art. 2425-b of the Italian Civil Code, are subdivided according to the following categories: core operations, non-core operations and financial operations.

The core business identifies the income components generated by transactions that occur on a continuous basis and in the sector pertinent to carrying out management, which identify and qualify the peculiar and distinctive part of the economic activity carried out by the company, for which the same is aimed at.

Financial activities consist of transactions that generate income and expenses of a financial nature.

Secondarily, ancillary business is transactions that generate income components that are part of ordinary business but are not part of the operational and financial business.

For further details on the development of the operating result for the year as a whole, please refer to the Management Report.

## Value of production

### Breakdown of revenues from sales and services by geographical area

The following table shows the breakdown of revenues from sales and services according to the geographical area. Revenues earned abroad refer to real estate transactions in the European area.

In the previous year, revenues were mainly attributable to the Italian area and, for a percentage share of just over 1%, to foreign revenues attributable to the euro area.

Geographical area	Current year value
ITALY	287,722,306
<b>Total</b>	<b>287,722,306</b>

## Costs of production

Costs and charges are imputed on an accrual basis, net of returns, allowances, discounts and premiums, in accordance with the principle of correlation with earnings, and are entered in their respective headings in accordance with OIC Accounting Standard 12. The costs relating to the purchase of assets are entered when title to the asset is transferred in fact even if not formally, assuming the transfer of risks and benefit as the parameter of reference. In the case of the purchase of services, the relative costs are recorded when the service has been received, that is, when the service is completed, while, in the presence of continuous services, the relative costs are recorded for the amount accrued.

The following table shows the comparison and changes in production costs compared to the previous year:

	Year-start value	Change in the year	Year-end value
Raw and ancillary materials, consumables and goods	94,324,010	4,414,039	98,738,049
Services	163,650,585	69,684,171	233,334,756
Use of third-party assets	4,190,493	994,376	5,184,869
Personnel	10,747,885	2,059,371	12,807,256
Amortisation of intangible fixed assets	400,930	29,201	430,131
Depreciation of tangible fixed assets	262,041	(4,370)	257,671
Write-downs	1,246,289	(826,484)	419,805
Other allocations	376,987	(376,987)	-
Other operating expenses	1,372,090	397,885	1,769,975
<b>Total costs of production</b>	<b>276,571,310</b>	<b>76,371,202</b>	<b>352,942,512</b>

## Financial income and charges

Financial income and charges are reported on an accruals basis in relation to the portion accrued during the year.

### Composition of proceeds from equity investments

Dividends are posted in the year in which the distribution is approved. During the year, the company received dividends from subsidiaries and affiliates totalling EUR 11,903,393. To these are added capital gains accrued on the sale of the equity investment in San Siro Benessere S.r.l. in the amount of EUR 369,228, as well as income, capital gains and interest on current securities in the total amount of EUR 38,279.

There is no other income from equity investments referred to in Article 2425, No. 15 of the Italian Civil Code other than those indicated above

### Breakdown of interest and other financial charges by type of payable

The following table shows the interests and other financial charges pursuant to Art. 2425, no. 17 of the Italian Civil Code, with a specific separation between those relating to debenture loans, payables to banks and other cases.

	Interests and other financial charges
Payables to banks	2,378,715
Others	8,204
<b>Total</b>	<b>2,386,919</b>

Other financial charges consisted almost entirely, as to EUR 2,378,715, of interest expenses incurred on bank loans.

### **Foreign currency conversion gains and losses**

Although marginal and negligible in amount, information on foreign currency conversion gains and losses is reported below, distinguishing the portion realised from the portion arising from the valuation of foreign currency assets and liabilities recognised in the Financial Statements at year end.

Description	Amount in the financial statements	Valued part	Realised part
<i>exchange rate gains and losses</i>	379-		
Foreign currency conversion gains		-	96
Foreign currency conversion losses		-	475
<b>Item total</b>		-	<b>379-</b>

## Value adjustments of financial assets and liabilities

During the year, write-downs were made both to the value of financial fixed assets and to securities in current assets that do not constitute equity investments.

In particular: equity investments in subsidiaries were written down by EUR 38,434; the value of marketable securities recorded under current assets was aligned with the quotations at year-end, thus incurring a total write-down of EUR 19,107, which was affected by the particular volatility of the financial markets.

## Amount and nature of individual income/cost items of exceptional size or incidence

During the year, there were no revenue or cost items of exceptional magnitude or incidence.



## Current, deferred and prepaid income taxes for the year

The company allocated taxes for the year on the basis of the application of current tax regulations. Current taxes refer to the taxes relating to the financial year as stated in the relevant tax returns; taxes relating to previous financial years include direct taxation for previous years, including interest and fines, and also refer to the positive (or negative) difference between the amount due further to settlement of a tax dispute or assessment with respect to the value of the provision set aside in previous years. Finally, the deferred and prepaid taxes refer to income or cost items taxed or deductible in financial years other than that in which they appear in the company's standard accounts.

As previously mentioned, it should be noted that the Company participates as the consolidating company, together with the subsidiary Milano Sviluppo S.r.l., in the payment of the corporate income tax (IRES) under the National Tax Consolidation.

### Taxes from previous financial years

Taxes related to previous years, which are present in the financial statements of the previous year, refer to the alignment of the estimated corporate income tax (IRES) recognised in the previous financial statements with the values emerging from the respective income tax return.

### Deferred and prepaid taxes

This item includes the impact of deferred taxation on these Financial Statements. This is attributable to temporary differences between the values attributed to an asset or liability according to statutory criteria and the corresponding values recognised for tax purposes.

The company determined the deferred taxation with reference to corporate income tax (IRES).

Prepaid and deferred taxes were calculated using the following rates, respectively:

Taxes	Rates
CORPORATE INCOME TAX (IRES)	24%

In the following schedules, the following is analytically indicated:

- a description of the temporary differences that led to the recognition of deferred and prepaid taxes, specifying the rate applied and the changes from the previous year, and the amounts credited or debited to the Income Statement or Shareholders' Equity;
- the amount of prepaid taxes recognised in the Financial Statements pertaining to losses for the year or previous years and the reasons for recognition, the amount not yet recognised and the reasons for non-recognition;
- the items excluded from the calculation and the reasons for this.

## Calculation of deferred and prepaid taxes and consequent effects

	CORPORATE INCOME TAX (IRES)
<b>A) Temporary differences</b>	
Total taxable timing differences	4,089,442
Net temporary differences	4,089,442
<b>B) Tax effects</b>	
Provision for deferred (prepaid) taxes at year start	(981,466)
Provision for deferred (prepaid) taxes at year end	(981,466)

## Detail of deductible temporary differences

Description	Amount at the end of the previous year	Amount at year end	IRES rate	IRES tax effect
Taxed provision for doubtful accounts	2,989,442	2,989,442	24.00%	717,466
Provision for litigation risks	1,100,000	1,100,000	24.00%	264,000
<b>Total</b>	<b>4,089,442</b>	<b>4,089,442</b>	<b>24.00%</b>	<b>981,466</b>

## **Notes to the financial statements, cash flow statement**

The company' has drawn up its cash flow statement, the document containing the key figures which link the variations in the company's assets during the year with the changes in its financial situation; it highlights the values relating to the financial resources the company has required during the year, and the relevant investments.

In accordance with the accounting standard OIC 10, the indirect method was used, reconstructing the cash flow on the basis of the result for the year of the non-monetary items.

## **Notes to the financial statements, other information**

The other information required by the Italian Civil Code is provided below.

### **Workforce figures**

The table below shows the average number of employees, broken down by category and calculated considering the daily average.

	Average number
Managers	7
Executives	22
White-collar workers	110
Blue-collar workers	3
Total employees	142

The change in the number of employees shown compared to the previous year reflects the development and growth policies previously planned (based on the growth targets set).

### **Fees, advances and receivables to directors and auditors and commitments made on their behalf**

The following table sets out the disclosures required by Article 2427, No. 16 of the Italian Civil Code, specifying that there are no advances or receivables and no commitments have been undertaken on behalf of the Administrative Body as a result of guarantees of any kind given.

	Directors	Statutory Auditors
Fees	540,000	39,000

### **Fees to the statutory auditor or auditing firm**

The table below specifies the remuneration payable to the auditing firm, subdivided by the type of services rendered.

	Value
Statutory audit of annual accounts	114,537
Total fees payable to the external auditor or auditing firm	114,537

Your Company on 23/03/2022 entrusted the auditing of the financial statements to the Auditing Company EY S.p.A., and so until the approval of the financial statements for the year ending 30/06/2024.

### **Categories of shares issued by the Company**

The following table shows the number and nominal value of the company's shares, as well as any movements during the year.

Description	Opening balance, number	Opening balance, face value	Closing balance, number	Closing balance, face value
Ordinary shares	10,050,000	10,050,000	10,050,000	10,050,000

The share capital, totalling EUR 10,050,000, is divided into 5,025,000 category A shares and 5,025,000 category B shares, carrying the rights provided for in the articles of association.

## Securities issued by the company

The Company has not issued any securities or similar values considered in the forecast as per Art. 2427 no. 18 of the Italian Civil Code.

## Details of the other financial instruments issued by the Company

The company has not issued any other financial instruments pursuant to article 2346 para. 6 of the Italian Civil Code.

## Commitments, guarantees and contingent liabilities not resulting from the statement of financial position

The following table shows the disclosures required by Article 2427 No. 9 of the Italian Civil Code:

	Amount
Contingent liabilities	135,015,901

The amount of EUR 9,477,379 relates to insurance guarantees provided directly by the company, mainly to municipalities for the completion of urbanisation works and/or for other obligations assumed towards the guaranteed party and to be performed in the future.

The amount of EUR 101,701,801 relates to bank guarantees provided by the Company to third parties by correspondent banks, for obligations mainly related to deposits, collected down payments, and earnest payments to guarantee the exact performance of services under the contracts. Of these, the amount of EUR 14,336,093 is backed by the counter-guarantee of SACE S.p.A..

The amount of EUR 4,796,685 relates to insurance guarantees given to third parties, in the interest of the company, which acts as co-obligor, also mainly to municipalities as specified above.

The amount of EUR 18,350,000 relates to a guarantee issued by the Company, as co-obligor, in favour of the subsidiary FABRICA X S.r.l. in connection with projects initiated by said company.

## Information about assets and loans earmarked for one specific transaction

### Assets earmarked for one specific transaction

It is certified that at the accounts closing date the company did not hold any assets earmarked for one specific transaction as defined by art. 2427 (20) of the Italian Civil Code.

### Loans intended for specific transactions

It is certified that at the accounts closing date there were no loans allocated to a specific deal, as per point 21 of art. 2427 of the Italian Civil Code.

## Information about transactions with related parties

Transactions with related parties were carried out at arm's length with the exception of non-interest-bearing loans granted to subsidiaries, which were granted in order to avoid the use of more costly forms of funding. With regard to transactions with the shareholder Bentallgreenoak Europe IV TB LUX S.a.r.l., please refer to the specific comments in the Management report.

## Information relating to off-balance sheet agreements

Pursuant to Article 2427, number 22-ter, it should be noted that the Company currently has the following finance lease agreements in place:

- contract no. A1B84255, signed on 25/02/2020 with "Bnp Paribas Lease Group SA", expiring on 24/01/2025, concerning a Manitou MRT 2550 rotating telescopic lift. The amount of the remaining instalments as at 30/06/2023 amounts to EUR 53,303;
- contract no. A1B99258, signed on 27/05/2020 with "Bnp Paribas Lease Group SA", expiring on 26/04/2025, concerning a Manitou MRT 2150 rotating telescopic lift. The amount of the remaining instalments as at 30/06/2023

amounts to EUR 59,616;

- contract no. 1164446/1, signed on 01/12/2020 with "Alba Leasing Spa", expiring on 30/11/2023, concerning an AUDI car. The amount of the remaining instalments as at 30/06/2023 amounts to EUR 3,528.

During the year, there were no further off-Statement of Financial Position agreements.

## Significant facts occurring after the year end

With reference to art. 2427, point 22-quater, of the Italian Civil Code, no significant events occurring after the end of the year with major repercussions for the company's capital, financial or trading performance are reported.

In relation to the conflict between Russia and Ukraine, it should be noted that the company does not operate in either the Russian or Ukrainian markets, and is therefore not directly affected by the conflict other than, like everyone else, by the effects of rising commodity costs including energy and gas. The company endeavoured to mitigate them as far as possible.

The gradual rise in inflation has prompted the world's major central banks to intervene with repeated interest rate hikes aimed at slowing down price growth. Your company essentially suffers from these dynamics due to the higher cost of money on bank loans taken out.

For any further details, also with regard to the analysis of the financial risk linked to the increase in interest rates, please refer to what is more appropriately indicated in the Management report.

## Information concerning financial derivative instruments as required by art. 2427-b of the Italian Civil Code

As already exhaustively explained in previous sections of the Notes to the Financial Statements, to which reference should be made, the company has two interest rate risk hedging transactions in place. Based on market evidence, the fair value (MTM) is positive and equal to EUR 558,598; it has therefore been recognised as an asset in the Statement of Financial Position, under financial fixed assets in Item B) III 4), in accordance with the relevant accounting standard (OIC 32).

## Summary financial statements of the company that exercises management and coordination

Pursuant to Article 2497-bis, paragraph 4 of the Italian Civil Code, it is hereby certified that the company is not subject to management and coordination by others.

## Information pursuant to Art. 1, paragraph 125, of law no. 124 of 4 August 2017

In relation to the provisions of Article 1, paragraph 125-bis of Law 124/2017, concerning the obligation to provide evidence in the notes to the financial statements of any sums of money received from public administrations and the entities referred to in paragraph 125-bis of the same article during the financial year by way of grants, subsidies, benefits, contributions or aid, in cash or in kind, not of a general nature and not resulting from consideration, remuneration or compensation of any kind, the Company informs that it has benefited from the following measures

PROVIDER	REASON	AMOUNT
Italian State	Investment tax credit for ordinary capital goods acquired and/or put into operation in the year 2022 (Law 178/2020)	4,815
Italian State	Tax credits for "non-energy-intensive" and "non-gas-intensive" companies for the purchase of electricity and gas for Q2 2022 (Decree-Law 21/2022) - Q3 2022 (Decree-Law 115 /2022) - October and November 2022 (Decree-Law 144/2022), December 2022 (Decree-Law 176/2022) and Q1 2023 (Law 197/2022)	143,515

## **Proposed allocation of profits or cover of losses**

Dear Shareholders, in light of the foregoing, the Board of Directors proposes to allocate the profit for the year, amounting to EUR 30,491,438.52, entirely to increase the Extraordinary Reserve.

## **Notes to the financial statements, final part**

Dear Shareholders, we confirm that these Financial Statements, consisting of the Statement of Financial Position, Income Statement, Cash Flow Statement and Notes to the Financial Statements, provide a true, correct indication of the company's assets and liabilities and financial situation, and the operating result for the year, and are consistent with the company's accounts. We would therefore ask you to approve the draft Financial Statements for the year ended 30/06/2023, together with the proposed allocation of the year's result, as prepared by the Administrative Body.

These Financial Statements are true and accurate and comply with the bookkeeping entries

Castelletto Sopra Ticino, 25/09/2023

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN

(Francesco Ostuni)

**TECHBAU S.p.A.**

**Joint stock company**

Registered office in Milan - Piazza Giovine Italia 3

- Share capital EUR 10,050,000.00 fully paid-up

Tax code, VAT number and Milan Monza Brianza Lodi Chamber  
of Commerce Companies Register number  
06336690968

**MANAGEMENT REPORT FOR THE YEAR ENDED 30.06.2023**

Dear Shareholders,

the financial statements for the year ended 30/06/2023 show a net profit of EUR 30.5 million (EUR 19.4 million in the previous year), depreciation and amortisation for the year amounted to EUR 0.7 million (EUR 0.7 million in the previous year).

The improvement in the operating result is the outcome of a positive year which, however, was not without difficulties. As you were already informed in the report on the financial year ended 30/06/2022, the period under review was conditioned by significant increases in the costs of many of the factors of production, increases that were then generalised and led to an inflationary pressure that, depending on the economic sectors, resulted in average price increases ranging from 7% to 12/13%. Another element linked to rising inflation has been the rise in interest rates, a rise that has had a significant impact on strategic investment choices, especially in certain sectors of the real estate market, where investments are often backed by mutual funds, which must necessarily take the financial profile of the entire transaction into the utmost account.

Against this backdrop, your Company has resolutely pursued its development strategies, seeking to negotiate, where possible, at least partial recoveries of the higher costs incurred and continuing to seek greater efficiency in all processes.

In addition, through some subsidiaries, real estate transactions were developed with other shareholders, which also led to the development of your company's typical construction activity.

Overall, the value of production rose from EUR 300.5 million to EUR 384.1 million, an increase of just under 30%. We would like to remind you that the most significant figure to be evaluated with regard to the company's economic performance is, precisely, the value of production, since turnover and inventories (i.e. suspended revenues) are interrelated and, taken individually, are only a partial indication of the company's performance. Sales, in fact, went from EUR 511.2 million to EUR 287.7 million, while the change in inventories, negative in the previous year by as much as EUR 218.8 million, is positive in the current year by as much as EUR 92.7 million. Other revenues and income also decreased from EUR 8.1 million to EUR 3.7 million; the reduction is attributable to the non-ordinary circumstance of the sale of rights in rem in the amount of EUR 4.4 million in the financial

year 2021/2022.

The increase in the value of production was determined, almost entirely, by the growth in volumes, since the price level, although increased (by 3-4% on average), is affected by the typical characteristic of the sector in which your Company operates, in which contracts tend to keep the consideration constant, both in the case of tender contracts and, even more so, in the case of the sale of real estate.

As we have just mentioned, some activities - even of a quite diversified nature - were carried out through parent companies and we will give you an account of this in another section of this report. On the other hand, we sold the company "San Siro Benessere S.r.l." during the year due to difficulties in the execution of the contract, precisely in relation to the sharp increase in costs, concentrated mainly in the second half of 2022. The sale of the equity investment generated a capital gain of just under EUR 0.5 million.

The growth in unit prices, which we mentioned earlier, also influenced the costs of operation. Purchases of raw materials and miscellaneous construction materials rose from EUR 94.3 million to EUR 98.7 million, an increase of about 4%, almost entirely driven by unit price increases. Costs for services increased from EUR 163.6 million to EUR 233.3 million (+43%) and are all related to the increase in production. The main item under review is third-party processing, which increased from EUR 135.1 million to EUR 207.9 million. Contrary to what was mentioned above for the item '*purchases*', the increase in this item was almost entirely due to the increase in volumes. Unit prices are difficult to compare, but are believed to have risen by between 4% and 7%. Energy costs also recorded significant increases (from EUR 1.0 million to EUR 1.5 million), only slightly offset by tax credits granted by various government decrees during the year, from which the company benefited in the amount of EUR 0.14 million. On the other hand, the significant increase in costs for third-party work incorporated some expenses typical of the production process and, in fact, technical consultancy expenses fell from EUR 16.2 million to EUR 10.9 million.

Costs relevant to the use of third-party assets increased by 23.7% due to higher hires and leases related to the development of production activities.

Personnel expenses increased by just under 20% (from EUR 10.7 million to EUR 12.8 million). Also in the year under review, the increase was attributable to both the increase in personnel and the increase in some salaries. The Notes to the Financial Statements provide more detailed information on this item. For our part, we consider it appropriate to emphasise your company's ongoing commitment and attention to the training and professionalism of workers, including in the area of occupational safety and accident prevention.

The growth of the workforce is a substantial part of the ongoing development process. Relations with workers and trade unions are cooperative and positive.

Depreciation, amortisation and write-downs decreased from EUR 1.9 million to EUR 1.1 million.



Depreciation and amortisation remained essentially unchanged (EUR 0.68 million), while allocations for write-downs decreased from EUR 1.2 million to EUR 0.4 million.

Other operating expenses increased from EUR 1.4 million to EUR 1.8 million as a result of generalised and correlated increases in the value of production.

Income from equity investments almost doubled from EUR 6.7 million to EUR 12.2 million. They result from the conclusion of a number of financial transactions, but always with underlying real estate transactions, carried out through investee companies, which generated positive results. We will provide further information elsewhere in this report.

The financial management then recognises income from certain securities investments and interest accrued on bank accounts or received from third parties.

Interest expenses and other financial charges remained essentially unchanged, although bank interest increased significantly due to higher rates, while some miscellaneous financial charges fell to zero.

As a result of the higher result, income taxes for the year increased from EUR 8.3 million to EUR 11.2 million.

## **Investments**

The investments made during the year concerned:

- **intangible fixed assets:** the small accounting changes are shown in the Notes to the financial statements; the reduction is attributable to the amortisation process.

- **Tangible fixed assets:** also for this item, there are no significant changes and the decrease is attributable to the depreciation process.

- **Financial fixed assets:** financial fixed assets increased from EUR 6.6 million to EUR 9.6 million.

During the year, as already mentioned, a shareholding was disposed of in the company 'San Siro Benessere S.r.l.', while a controlling shareholding was acquired in the company "Castelli Holding S.r.l." (a company formerly incorporated under Luxembourg law, transferred to Italy at the turn of February/March 2023) and an equity investment was also acquired in the listed company "Abitare In S.p.A." ( 3.3 million). The investment made in the company "Castelli Holding S.r.l." is aimed at realising an important transaction through the company "Progetto La Vigna S.p.A.", wholly owned by the same "Castelli Holding S.r.l." and related to residential constructions in Rome.

In the last quarter of the year under review, the company "Aurelia Garden S.p.A." (formerly TB04 S.r.l.) incorporated the company "Castelli Holding S.r.l." and the company "Progetto La Vigna S.p.A.", thus directly entrenching in your Company the control of the above-mentioned real estate operation in Rome.

All of the above investments were made using your company's self-financing capacity.

## **Financial Structure**

The cash flow statement shows the dynamics of cash flows; your Company's structure is balanced and is in line with the Company's development plans and is progressively and significantly improving. Total short-term debt is covered by the sum of receivables, cash and cash equivalents and, not least, inventories. I should like to remind you that for your company's typical business, inventories represent actual suspended revenues, since they relate to contract work in progress or preliminary sales contracts.

Financial management is a strategic success factor for your company and particular attention is paid to it.

The bank debt, as also indicated in the Notes to the Financial Statements, is largely related to the construction sites in place and decreased compared to the previous year's debt.

Tax payables rose from EUR 10.7 million to EUR 12.5 million, and it should be noted that they have been (or will be) paid within their due date.

## **Activities carried out by subsidiary companies**

Below we provide you with information on the activities of the subsidiaries, limiting ourselves to commenting on those that carried out significant activities, and/or were even indirectly involved in the company's business.

### **Subsidiary companies**

- Logi-tech S.r.l.: there are no changes from the past; the subsidiary is evaluating some interesting real estate transactions to be developed.

The financial year closed with a slight loss.

- Milano Sviluppo S.r.l.: the subsidiary, which owns an interesting property in the Ticino Park, started negotiations to sell it to the Park Authority. The relevant surveys and analyses are in progress. The financial year ended 30/06/2023 shows a slight loss.

- Techbau Green Energy S.r.l.: During the year, the subsidiary TBGE S.r.l. acquired its first electricity workshop licence and is implementing its structure to develop its core business in the construction and operation of plants for the production of electricity from alternative sources.

The slightly loss-making result is a consequence of this start-up phase.

- Fabrica X S.r.l.: this subsidiary, operating specifically in the construction of student halls of residence, continued its activities in accordance with its programme and the contracts signed. The loss incurred is solely attributable to the fact that some modest operating costs are not attributable to the value of inventories and therefore have a negative impact on the income statement. They will

be fully absorbed at the time of realisation of the building under construction.

We would like to remind you that, from the outset, the contract for the construction of the student residence was awarded to your Company and is regulated entirely at market prices, as is any other relationship with the subsidiary.

- Castore S.a.s. di Capital Solution: the company in which Capital Solution holds an interest of just under 80% continued to act as a vehicle in the securitisation transaction involving the company Rubattino 87 S.r.l..

An additional profit distribution of EUR 5.1 million was made during the year.

Furthermore, the predecessor company from which the various real estate transactions originated, Rubattino 87 S.r.l., was put up for sale and, since it still had some real estate transactions to be realised, taking into account the significant interests of your Company, 100% of that equity investment (Rubattino 87 S.r.l.) was acquired. Castore S.a.s. closed the financial year as at 31/03/2023 with a positive result of EUR 6.3 million (subject to distribution as mentioned above) and we have reason to believe that the financial year currently underway will also result in a positive outcome.

- Rubattino 87 S.r.l.: as mentioned, the company was acquired during the financial year and the purchase price (EUR 70,000.00) is lower than the shareholders' equity as shown in the financial statements for the year ended 30/06/2023. As mentioned above, the subsidiary has a series of asset disposals underway - as part of a debt restructuring procedure pursuant to Article 67, paragraph 3 of the Italian Finance Law - which also involve a number of significant real estate transactions. Since the outcome of these operations will determine the positive result for the subsidiary Castore S.a.s., mentioned above, and Rubattino 87 S.r.l. lifted its state of liquidation and is able to usefully resume its core business in construction, thus enabling other lines of development for your company, it was decided to seize the opportunity emerged and acquire 100% of the shares.

The purchase took place last December and a close collaboration with the subsidiary was subsequently initiated to optimise the final steps of the ongoing debt restructuring, which is expected to be completed within the current financial year.

The subsidiary closed its financial year as of 30/06/2023 with a loss of EUR 331,401.00, a loss to be attributed to the complex operations for the execution of the oft-mentioned debt restructuring and therefore with a relative influence on the future development potential of this company, which we instead consider positive.

- Castelli Holding S.r.l./Aurelia Garden S.p.A.: the investees in question, as we have already mentioned, must be considered together. In fact, your Company holds 60% of both of the

aforementioned companies and, at the close of the financial year - 30/06/2023 - a merger transaction was underway by virtue of which the company "Aurelia Garden S.p.A." (incorporated company) resolved to incorporate the company "Castelli Holding S.r.l." (first incorporated one); the latter held 100% of the company "Progetto La Vigna S.p.A.", which was also incorporated (second incorporated one) by "Aurelia Garden S.p.A.". The merger by incorporation was finalised on 03/07/2023 and at the end of this transaction the real estate complex in Rome started by the second incorporated company "Progetto La Vigna S.p.A." was directly acquired by "Aurelia Garden S.p.A.". The elimination of redundant structures has enabled and will enable greater efficiency in the management of that important operation.

The company "Aurelia Garden S.p.A." closed its financial year as at 30/06/2023 (the last approved financial statements) with a modest loss, which was mainly due to the preparatory stages of the real estate transaction we mentioned above. The company "Castelli Holding S.r.l." closed the year ended 30/06/2023 with a modest profit.

- Corte dei Principi S.r.l.: the company results from the change of name of the pre-existing company TB10 S.r.l. The company Corte dei Principi S.r.l. has the function of developing real estate operations whose construction is then entrusted to your company. New shareholders are expected to invest in the company.

At the close of the financial year, construction operations had not yet commenced.

- Via Bombay N.1 S.r.l.: This company was previously named TB11 S.r.l. and during the year it changed its name to Via Bombay N.1 S.r.l. and resolved to increase its share capital from EUR 10,000.00 to EUR 19,607.84, expanding its shareholding structure. As mentioned for other subsidiaries, it is developing a residential real estate operation in Milan, and the aforementioned transactions are preparatory to the development of this business.

The subsidiary closed the year ended 30/06/2023 with a modest loss determined, precisely, by the impossibility of considering certain cost items, which were extremely modest, as suspended revenues (inventories).

- Gallarate Sviluppo S.r.l.: the subsidiary under review had the function of developing a real estate area in the municipality of Gallarate (hence the company name); unfortunately, all efforts made did not yield positive results; indeed, the outlook showed a significant potential increase in costs with little possibility of recovery. For this reason, the subsidiary finally decided to sell that area, even though this meant realising a modest loss. Following this sale, the subsidiary is considering whether to continue with its core business or to dissolve itself.

### **Other subsidiaries**

The other subsidiaries remained temporarily idle, waiting to seize market opportunities.

For some of them, modest payments (a few thousand euros) were made to support the administrative activities of the companies themselves.

### **Affiliated companies**

- MTM Hotels S.r.l.: the hotel management company took full advantage of its competitive advantages and, after periods of difficulty induced by the Covid19 pandemic, finally achieved a result in the financial year ended 31/12/2022 consistent with the efforts made: the profit achieved was EUR 294,373.00 net of amortisation/depreciation and write-downs in the amount of EUR 481,791.00.

It should be noted that the affiliated company in question intends to focus its business on the hotel business and in this hypothesis, following a planned amendment to the company's Articles of Association, the opportunity to liquidate the equity investment - also by means of withdrawal in accordance with the law - is being considered.

This could take place in the current financial year.

- SP Techbau Pec 3 LLC: the affiliated company under U.S. law (I would like to remind you that this is a company without share capital) concluded a major real estate transaction and distributed a significant dividend, which was booked under income from equity investments.

It has other real estate transactions underway with positive results, so there are expectations of further dividends.

- German branch: the branch established in Germany to conduct business in that country has limited its activities to the management of the ongoing litigation. We would like to point out that any losses arising from this litigation have been prudently recognised by means of appropriate provisions for impairment and/or risk provisions.

We are therefore awaiting the decisions to be taken by the Judicial Authority.

### **Other equity investments**

During the year, a 2.35% shareholding was acquired in the Italian company "Abitare In S.p.A." listed on Euronext Star Milan. This equity investment was booked as fixed asset because, in addition to its function as a financial investment, it had and still has the purpose of participating in the capital of one of the leading economic operators in the real estate sales sector. The equity investment also serves the objectives of diversification and development of your company's core business.

### **Transactions with related parties**

We have already pointed out that all transactions with related parties were regulated at market conditions; in some cases, interest-free loans were made in relation to the purpose of the loan itself and with the primary objective of boosting the development not only of the subsidiary company but also of this company.

Net of financial positions, the other significant transactions concerned contracts for the construction of the Novate Milanese building site (construction of a student residence and works for the Municipality of Novate Milanese) and real estate transactions carried out with the company "Progetto La Vigna S.p.A."), as well as with the company "Via Bombay N. 1 S.r.l."

On the other hand, as regards relations with the 50/50 partner "BGO", we confirm that they are regulated at market prices, determined for each individual transaction taking into account all the components related to the transaction itself: commercial, financial, risk.

### **Economic indicators**

In order to provide a concise picture of the company's performance, below are some indicators considered significant.

*(Values per thousand)*

<b>Indicator</b>	<b>Year 2022/2023</b>	<b>Year 2021/2022</b>
Value of production	EUR 384,164	€ 300,522
EBITDA	EUR 32,329	€ 26,237
EBITDA / Value of production	8.4%	8.73%
Profit for the year	EUR 30,491	EUR 19,415
Operating Profit/Value of Production	7.9%	6.46%
Liquidity ratio (quick ratio)	0.31	0.44
Current assets/Current liabilities	1.13	1.14

### **Research and development**

The research and development activities carried out by your company are specifically related to the various construction sites, which constitute its core business. Much attention is paid to the search for technical solutions and functional models for particular and generalised improvements of the entire activity. Much effort is also devoted to the development of photovoltaic plants through the company 'Techbau Green Energy S.r.l.', which we reported on earlier.

We have also undertaken sustainability assessments of both materials and processes, including the design phase.

### **Other risks referred to in Art. 2428 para. 6b) of the Italian Civil Code**

Techbau maintains and continuously develops an adequate internal control and risk management system for its core business; it consists of: i) a set of tools, organisational structures, company procedures and systematic checks that are useful and functional for verifying production processes, materials used and reliability of the information acquired, as well as to constantly check the full compliance with laws and regulations; ii) best practice procedures in the sector.

With regard more specifically to the company risks and their containment measures, we would like to point out the following:

- Price risk: price risk has to be determined in relation to the activity carried out and is considered moderate in this respect. In fact, the various real estate transactions, as well as works contracts, are initiated at the end of a carefully examined and evaluated contract, which implies certainty about the prices of the job orders.

- Financial risks: in the financial sphere, the risks to which your Company is most exposed concern: *i)* fluctuations in interest rates; *ii)* the credit risk due to counterparty default; *iii)* the so-called liquidity risk (insufficient financial resources to meet short-term commitments); *iv)* the risks linked to the complex credit mechanism for the issue of guarantees normally required in the sector.

The management of the risks listed above is active and is based on the careful management of relations with correspondent banks aimed at the adoption of optimal financial structures in relation to the activity carried out. The ratio of financial charges to the value of production (less than 1%) is an indication of the efficiency of the management of this area of risk; we believe that the credit risk is lower than the average for the sector in relation to the type of primary clientele; the liquidity risk is contained through careful treasury planning and the maintenance of liquidity reserves functional to the Company's short-term commitments; the risks connected with the issue of guarantees required by the core business are linked to statistical checks and it is precisely as a result of this measurement parameter that we have reason to believe that they are modest.

Finally, the evolution of tax laws and, more generally, of the rules and regulations related to your Company's sphere of activity is constantly monitored, as well as the verification of operational compliance.

### **Adoption of the organisational, management and control model pursuant to Legislative Decree 231/2001 and the Code of Ethics**

The Company has adopted the organisation, management and control model pursuant to Law 231/2001, as amended, and the Supervisory Body is also operational. In this regard, there are no particular notes to report.

## **Privacy**

Pursuant to paragraph 26, Annex B, of Legislative Decree No. 196 of 30 June 2003, the Company has updated its information security policy document, in light of the provisions of the technical regulations on minimum security measures set out in the aforementioned Legislative Decree.

## **Business outlook**

The current financial year remains within the guidelines of the corporate budget, which envisages further development of the core business, both direct and indirect. All operations in place as at 30/06/2023 are proceeding on schedule and comply with the planned and pursued margin parameters.

Much attention is paid to the formation of an adequate workforce, both in terms of quality and quantity. Therefore, recruitment will also continue in the current year.

As far as the financial aspects are concerned, the current rise in interest rates is certainly not favourable for the construction sector; however, the solidity and structure of your company allow you to transform the financial aspects related to the various real estate operations in place into competitive advantages.

During these first months, there were also no negative elements that significantly affected the company's development plans and expected results for the current year.

## **Conclusions**

Dear Shareholders,

We believe we have fully informed you on the performance of the financial year ended 30/06/2023 and invite you to approve the financial statements examined above and to allocate the profit realised as proposed in the Notes to the financial statements.

Castelletto Ticino, 25 September 2023

TECHBAU S.P.A.  
The Chairman of the  
Board of Directors  
(Francesco Ostuni)