

# Half Year Financial Report 2023





## **RENCO**group

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# Renco

## Half-yearly Financial Report 2023

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## Corporate Bodies

### Board of Directors<sup>1</sup>

First Name and Surname	Office
GIOVANNI GASPARINI	Chairman
LORENZO PASSERI	Director
GIOVANNI FREZZOTTI	Director

### Board of Statutory Auditors<sup>2</sup>

First Name and Surname	Office
ORIANA SILVESTRELLI	Chairman
DANIELE CAPECCI	Standing Auditor
ROBERTO LAURI	Standing Auditor
GILBERTO CASALI	Alternate Auditor
DARIO CIARMATORI	Alternate Auditor

### Auditing Firm<sup>3</sup>

Deloitte & Touche S.p.A.

<sup>1</sup> The Board of Directors was appointed by the Assembly of 18 May 2021 and will remain in office until the date of approval of the financial statements closed on 31 December 2023.

<sup>2</sup> The Board of Statutory Auditors was appointed by the Assembly of 23 May 2022 and will remain in office until the date of the Assembly called to approve the financial statements closed on 31 December 2024.

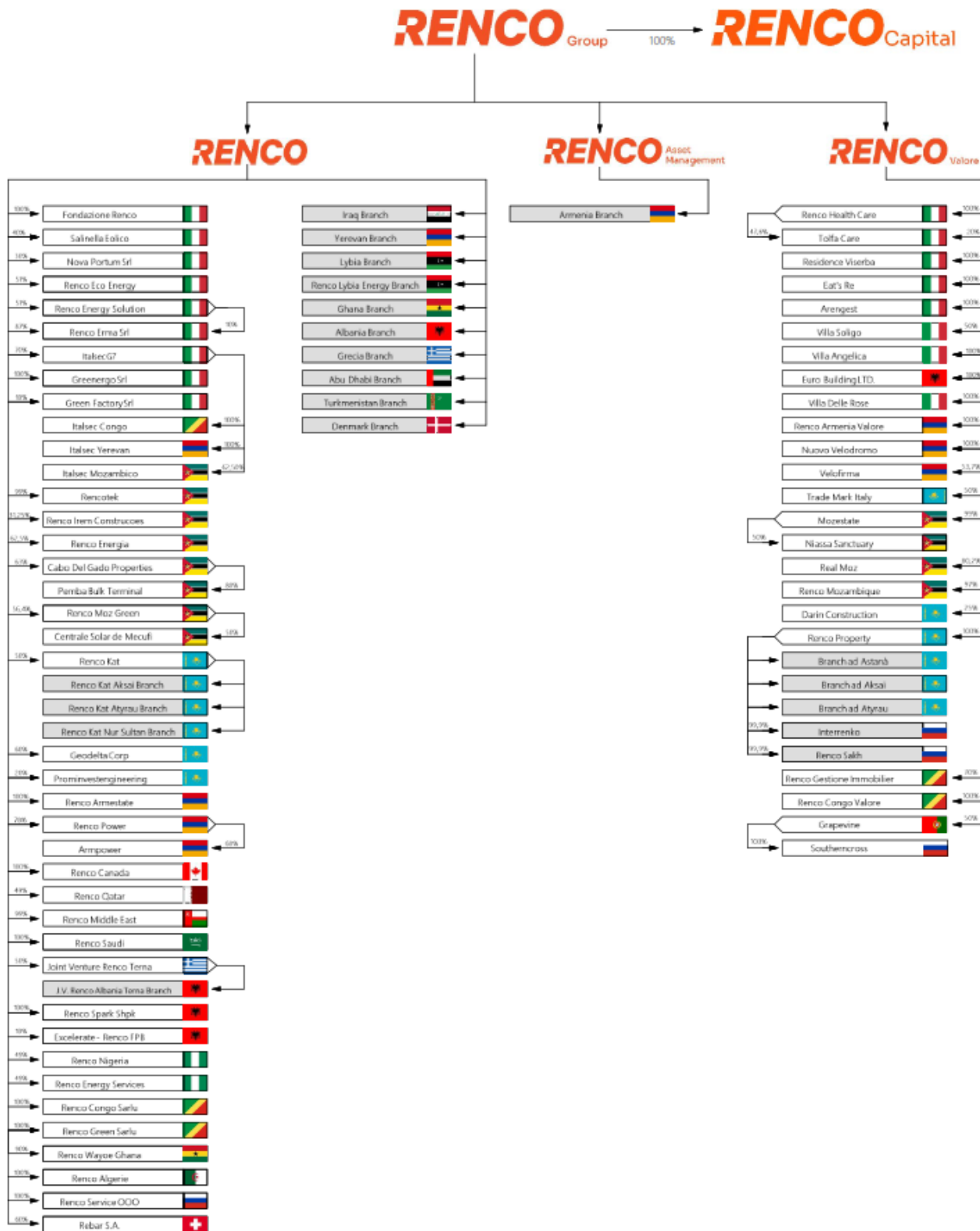
<sup>3</sup> The Shareholders' Meeting of 23 May 2022 resolved to appoint Deloitte & Touche S.p.A. As the independent auditor for the 2022-2024 financial years.

## Participatory structure of the Renco Group as at 30 June 2023

The "Renco Group", of which Renco Group S.p.A. is the parent company, is an important Italian company that carries out General Contracting activities in the Energy market, and Asset Management. The Group's activity is organised into two significant sub-holdings: Renco S.p.A., which controls several business lines which include the Energy Business Line, the Buildings Business Line and the Services Business Line; Renco Valore S.p.A., which owns the Group's real estate properties which are managed by Renco Asset Management S.r.l., both identified in the Asset Management Business Line.

Below are the companies belonging to the Renco Group that fall within the consolidation area<sup>1</sup>:

<sup>1</sup> For full detail of all Group companies, reference should be made to Annexes 1, 2 and 3 of the Explanatory Notes to the Half-yearly Consolidated Financial Statements.



Since the previous year, the following changes have occurred in the Group's structure:

- On 22 March 2023, the sale of Real Estate Management S.r.l. was completed. The company that owns Palazzo Castri 1874, a four-star hotel with 58 rooms located in Piazza dell 'Indipendenza in Florence, was sold at a price of Euro 28 million, net of net working capital and net financial position, calculated at the closing date. Real Estate Management S.r.l. was established ad hoc in 2013 for 30% by Renco Real Estate S.r.l. (now Renco Valore S.p.A.) and 70% from Porto Via LP (now Portovia Limited) with the aim of investing in the acquisition, relaunch and management of hotel facilities in Italian art cities. In 2013, the company bought the Palazzo Castri 1874 at auction by judicial procedure and began renovation work, inaugurating the hotel in May 2015. In the period 2015-2019, the turnover of Palazzo Castri 1874 grew steadily, reaching a peak of Euro 4 million a year, with an EBITDA margin of around 40%.

The sale of Real Estate Management S.r.l. represents an important step in the industrial strategy of Renco Valore S.p.A. and in its acquisition and sale of real estate properties in Italy and abroad. With this further transaction, Renco Valore S.p.A. confirms itself as an important operator in the Italian and foreign real estate sector, and confirms its ability to generate value for its shareholders.

Following the sale, Renco Valore S.p.A. recorded a capital gain of approximately Euro 5 million;

- Renco Valore S.p.A. acquired control of Tolfa Care S.r.l. Initially, this was achieved through the acquisition of a further 10% of the shares of Renco Health Care S.r.l., thus bringing Renco Valore S.p.A. to have total control over the subsidiary. Subsequently, Renco Valore S.p.A. directly acquired a further 20% of the shares of Tolfa Care S.r.l. As a result, Renco Valore S.p.A.'s total shareholding, both direct and indirect, increased from 42.75% to 67.6%. This resulted in the inclusion of Tolfa Care S.r.l. within the scope of consolidation of Renco Group with the line-by-line consolidation method. The excess of the acquisition cost compared to the

percentage due to the Group of the company's net assets was attributed to the structure, the property, for Euro 1,508 thousand, with recognition of deferred tax liabilities on the allocated value, for Euro 584 thousand.

Tolfa Care S.r.l. is a company that owns the Residence called Quinta Stella, a home for the elderly including an RSA (Health Care Residence) and a Private Retirement Home. The structure is located in the municipality of Tolfa, in the province of Rome, and is a residence with a total accommodation capacity of 97 beds, of which 58 are intended for RSA and 39 for private retirement homes;

- Renco Valore S.p.A. established Eurobuilding ShPK, a company under Albanian law, with the aim of seizing the opportunities present in the Albanian market in the civil construction and real estate development sector;
- finally Renco S.p.A. deemed it appropriate to start the liquidation procedures of a number of companies that are no longer strategic and/or are no longer profitable for the Group. The companies are Renco Service 000, Greenergo S.r.l., Renco Ghana Branch, Renco Abu Dhabi Branch and Renco Eco Energy S.r.l.

**PREAMBLE**

This Report on operations refers to the consolidated financial statements of Renco Group S.p.A. (hereinafter also the "Group", "Renco" or "Renco Group").

The report should be read together with the financial statements and the related explanatory notes that constitute the consolidated financial statements of the Renco S.p.A. Group as at 30 June 2023.

Unless otherwise specified, all amounts entered in this report are presented in thousands of Euro.

**METHODOLOGICAL NOTE**

All comments and comparisons below in this report are made with reference to the economic and financial data for the 2023 half-year compared to the 2022 financial year for the balance sheet and the 2022 half-year for the economic one, unless otherwise specified. All the figures in the report on operations and in the related tables are expressed in thousands of Euro and all the related comments in the "Explanatory Notes" are also expressed in thousands of Euro. All percentage ratios (margins and deviations) are calculated with reference to values expressed in thousands of Euro.

In the comments, the data referring to the previous year are indicated in brackets.

The 2022 half-yearly income statement data have been restated following the full consolidation of the Armenian company, Armpower, under joint control with Siemens. For a better understanding of the effects, please refer to the paragraph "Change in the Armpower consolidation criterion" included in the Explanatory Notes to the consolidated financial statements.



## SITUATION OF THE GROUP AND OPERATING PERFORMANCE

### Economic analysis

Income statement	30/06/2023	%	30/06/2022	%	% Change
Revenues from sales	69,509	25.43%	72,979	42.14%	-4.75%
Changes in inventories of WIP products	192,234	70.32%	88,956	51.36%	116.10%
Increase on internal works capitalised	10,166	3.72%	10,521	6.07%	-3.37%
Other operating revenues	1,469	0.54%	733	0.42%	100.41%
<b>Value of Production</b>	<b>273,378</b>	<b>100.00%</b>	<b>173,189</b>	<b>100.00%</b>	<b>57.85%</b>
Goods and consumable materials	(90,789)	-33.21%	(44,743)	-25.83%	102.91%
Costs for services	(117,790)	-43.09%	(71,267)	-41.15%	65.28%
Personnel costs	(34,863)	-12.75%	(37,032)	-21.38%	-5.86%
Other operating costs	(5,507)	-2.01%	(8,651)	-5.00%	-36.34%
<b>Operating costs</b>	<b>(248,949)</b>	<b>-91.06%</b>	<b>(161,693)</b>	<b>-93.36%</b>	<b>53.96%</b>
<b>Gross operating result (EBITDA)</b>	<b>24,429</b>	<b>8.94%</b>	<b>11,496</b>	<b>6.64%</b>	<b>112.50%</b>
Amortisation, Depreciation and write-downs	(10,141)	-3.71%	(7,551)	-4.36%	34.30%
Provisions for risks and guarantees	-	0.00%	-	0.00%	-
<b>Operating result (EBIT)</b>	<b>14,288</b>	<b>5.23%</b>	<b>3,945</b>	<b>2.28%</b>	<b>262.18%</b>
Income from equity investments	4,993	1.83%	5	0.00%	99760.00%
Other financial income	3,901	1.43%	392	0.23%	895.15%
Interest and other charges	(11,955)	-4.37%	(7,337)	-4.24%	62.94%
Foreign exchange gains and (losses)	(169)	-0.06%	1,708	0.99%	-109.89%
Adjustments to equity investments	-	0.00%	-	0.00%	-
<b>Profit before taxes</b>	<b>11,058</b>	<b>4.04%</b>	<b>(1,287)</b>	<b>-0.74%</b>	<b>-959.21%</b>
Income taxes	(3,936)	-1.44%	(1,374)	-0.79%	186.46%
Deferred and (prepaid) taxes	(394)	-0.14%	3,369	1.95%	-111.69%
<b>Profit (loss) for the year</b>	<b>6,729</b>	<b>2.46%</b>	<b>706</b>	<b>0.41%</b>	<b>853.12%</b>

The production value for the 2023 half-year is equal to Euro 273.4 million, compared to Euro 173.2 million in the 2022 half-year, with an overall increase of Euro 100.2 million, recording a +58% on the previous period.

The Energy Business Line contributed Euro 76.5 million to the value of production (Euro 77.5 million in the first half of 2022); the Services Business Line with Euro 17.9 million (Euro 31.5 million in the first half of 2022); the Buildings Business Line with Euro 162.3 million (Euro 46.1 million in the first half of 2022) and the Asset Management Business Line with Euro 16.7 million (Euro 18.1 million in the first half of 2022).

The production value of BL Buildings was significantly characterised by the orders relating to the construction of the "Superbonus 110" and aqueduct line ("Waterline") works in Kazakhstan.

BL Buildings increased the production value compared to the previous half-year by Euro 116.3 million (+252%) due to the combined effect of the increases in progress recorded on the Waterline and Superbonus 110 contracts.

The Armenian company Armpower made a significant contribution to BL Energia with a production value of Euro 32.6 million (Euro 21.6 million in the previous period).

The Ebitda at 30 June 2023 was positive at Euro 24.4 million, compared to a positive Euro 11.5 million in the previous half-year. The incidence of Ebitda vs. third parties was 9.3% at 30 June 2023 (7.1% at 30 June 2022).

Depreciation and amortisation recorded an increase of Euro 2.6 million in the period, rising from Euro 7.6 million at 30 June 2022 to Euro 10.1 million at 30 June 2023. Depreciation of tangible assets, equal to Euro

9.3 million, increased by Euro 2.9 million, while the amortisation of intangible assets recorded a slight increase of Euro 0.1 million.

The operating result for the first half of 2023 was equal to Euro 14.3 million compared to Euro 3.9 million in the previous half-year, with an improvement in the impact on the value of production which rose from 6.6% to 8.9 %.

Income from equity investments amounted to Euro 5 million and refers solely to the capital gain deriving from the sale of the investment in the associated company Real Estate Management, as better described in the previous paragraph commenting on the Group Structure.

The economic components of a financial nature express a balance of financial charges, excluding

exchange effects, of Euro 8.1 million (Euro 6.9 million in the first half of 2022), an increase of Euro 1.1 million both due to the increase in cost of funding recorded in 2023 following the increase in interest rates and as a result of the decrease in the transfer price of tax credits deriving from Superbonus 110. The item contains Euro 3.9 million of financial interests relating to the subsidiary Armpower.

The item Profits and losses on exchange rates presents a negative balance of Euro 169 thousand (positive Euro 1.7 million in the half-year of 2022).

The management dynamics indicated above generate a pre-tax result of Euro 11.1 million positive and a net positive result of Euro 6.7 million.

The tax rate stands at 39%.

Group order book

The Renco Group's Order Book amounts to Euro 3,577.8 million, with a backlog of Euro 2,701.3 million.



JOB	COUNTRY	CLIENT	CONTRACT VALUE (€/Mil)	YEAR END	TO BE PRODUCED
CASSIOPEIA	ITALY	ENI	21.3	2024	6.5
EVERDRUP COMPRESSION STATION	DENMARK	ENERGYNET	111.2	2023	0.8
PHOTOVOLTAIC MOZAMBIQUE EPC	MOZAMBIQUE	CSM	26.1	2024	25.6
PHOTOVOLTAIC MOZAMBIQUE OPERATION	MOZAMBIQUE	NATIONAL ELECTRICITY AUTHORITY	123.9	2048	123.9
SALINELLA EOLICO	ITALY	SALINELLA	37.0	2024	8.9
SRG - SOLAR MAINTENANCE	ITALY	SNAM	2.0	2024	1.5
GTCPP EXPANSION BAKU	AZERBAIJAN	LLAMREI	4.8	2023	0.3
BARGE ALBANIA	ALBANIA	JV	21.6	2023	2.2
ELECTRIC POWER STATION MESSINA	ITALY	SNAM RETE GAS	10.9	2026	8.3
ELECTRIC POWER STATION MALBORGHETTO	ITALY	SNAM RETE GAS	11.0	2026	8.4
ELECTRIC POWER STATION POGGIO RENATICO	ITALY	SNAM RETE GAS	10.9	2026	10.4
YEREVAN CCGT MANAGEMENT	ARMENIA	NATIONAL ELECTRICITY AUTHORITY	1,350.0	2047	1,269.4
PORT OF RAVENNA EPC	ITALY	ADRIATIC SEA PORT AUTHORITY	44.6	2025	44.5
28 MW PHOTOVOLTAIC PLANT + 2MW HYDROGEN COUNTRY	ITALY	GREEN ENERGY	51.2	2025	51.1
CASSIOPEIA	ITALY	ENI	21.3	2024	6.5
<b>TOTAL ENERGY</b>			<b>1,826.5</b>		<b>1,561.9</b>

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JOB	COUNTRY	CLIENT	CONTRACT VALUE (€/Mil)	YEAR END	TO BE PRODUCED
JV CCS FIELD	MOZAMBIQUE	CCS	78.1	2024	26.8
CCS JV					
TEMPORARY BUILDINGS	MOZAMBIQUE	CCS	49.2	2024	26.7
110 SUPERBONUS WORKS	ITALY	OTHERS	287.3	2023	72.2
LIBYAN HOSPITAL - Al Zawiya	LIBYA	MINISTRY OF HEALTH	62.0	2025	62.0
ACBA HEADQUARTERS	ARMENIA	ACBA BANK	23.0	2025	22.1
WATERLINE KAZAKHSTAN	KAZAKHSTAN	WATERLINE	212.0	2023	112.0
MILAN UNIVERSITY CONSTRUCTION	ITALY	UNIMI	340.0	2026	340.0
PONENETE ACADEMIC HUB	ITALY	GENOA METROPOLITAN CITY	15.6	2025	15.6
NEW MUNICIPAL SWIMMING POOL	ITALY	MUNICIPALITY OF SESTO FIORENTINO	6.1	2025	6.1
RECOVERY AND RENOVATION OF MUNICIPAL BUILDINGS	ITALY	CAPITAL ROME METROPOLITAN CITY	8.5	2025	8.5
RENOVATION VIA BONCOMPAGNI - ROME	ITALY	SAVILLS	90.0	2026	90.0
GROUP BUILDINGS			235.0	2027	215.5
OTHERS			6.1		1.2
<b>TOTAL BUILDINGS</b>			<b>1,412.9</b>		<b>998.6</b>



**BUILDINGS**



**SERVICES**

JOB	COUNTRY	CLIENT	CONTRACT VALUE (€/Mil)	YEAR END	TO BE PRODUCED
ENI CONGO PERSONNEL	CONGO	ENI CONGO	89.6	2023	0.7
BAKER HUGES	WORLD	BAKER HUGES	107.1	2025	53.0
NCOC	KAZAKHSTAN	NCOC	31.2	2024	9.1

BARGE ALBANIA	ALBANIA	JV	25.6	2025	24.3
OTHERS	WORLD	OTHERS	24.9		10.3
<b>TOTAL SERVICES</b>			<b>278.4</b>		<b>97.4</b>

JOB	COUNTRY	CLIENT	CONTRACT VALUE (€/Mil)	YEAR END	TO BE PRODUCED
RENCO PROPERTIES'S HOLDING CONTRACTS	VARIOUS		60.0	2026	43.4
<b>TOTAL ASSET MANAGEMENT</b>			<b>60.0</b>		<b>43.4</b>



TOTAL PORTAGOGLIO

CONTRACT VALUE (€/Mil)

3,577.8

TO BE PRODUCED

2,701.3

Distribution of assets by geographic area

The breakdown of the value of production by geographic area is summarised below:

Geographic area	30.06.2022	%	30.06.2023	%	Change	Change %
Italy	60,692	35.0%	101,599	37.2%	40,907	67.4%
European Union	30,159	17.4%	20,464	7.5%	(9,695)	-32.1%
Eurasian Economic Union	39,110	22.6%	123,755	45.3%	84,645	216.4%
Africa	34,174	19.7%	20,802	7.6%	(13,372)	-39.1%
Middle East	6,625	3.8%	3,270	1.2%	(3,355)	-50.6%
Other	2,429	1.4%	3,487	1.3%	1,058	43.6%
<b>Total</b>	<b>173,189</b>	<b>100.0%</b>	<b>273,378</b>	<b>100.0%</b>	<b>100,189</b>	<b>57.8%</b>

The table above shows the absolute value and percentage weight of production by geographic area.

## FINANCIAL ASPECTS OF OPERATIONS

Restated balance sheet	30/06/2023	31/12/2022	Change
Inventories	636,271	443,727	192,544
Current trade receivables	89,631	96,904	(7,273)
Current tax assets	26,512	15,185	11,327
Prepaid tax assets	18,828	18,603	225
Assets intended for sale	-	1,371	(1,371)
Other current assets	33,689	12,991	20,698
<b>(A) Current assets</b>	<b>804,931</b>	<b>588,781</b>	<b>216,150</b>
Current trade payables	146,737	158,189	(11,452)
Advances	596,765	421,205	175,560
Current tax liabilities	8,001	6,673	1,328
Other current liabilities	18,517	14,309	4,208
<b>(B) Current liabilities</b>	<b>770,020</b>	<b>600,376</b>	<b>169,644</b>
<b>(A-B) Net working capital</b>	<b>34,911</b>	<b>(11,595)</b>	<b>46,506</b>
Tangible fixed assets and usage rights	376,676	374,274	2,402
Intangible fixed assets and goodwill	10,016	9,869	147
Non-current tax assets	27	27	-
Non-current financial assets	18,174	20,825	(2,651)
Other non-current assets	10,594	12,061	(1,467)
<b>(C) Non-current assets</b>	<b>415,487</b>	<b>417,058</b>	<b>(1,569)</b>
Employee benefits	1,673	2,015	(342)
Long-term provisions	92	2,757	(2,665)
Financial liabilities to shareholders	5,344	5,344	-
Deferred tax liabilities	18,761	18,013	748
Other non-current liabilities	1,558	2,161	(603)
<b>(D) Non-current liabilities</b>	<b>27,428</b>	<b>30,289</b>	<b>(2,862)</b>
<b>(E) Fixed capital</b>	<b>388,059</b>	<b>386,769</b>	<b>1,293</b>
<b>(NWC+Fixed capital) Net invested capital</b>	<b>422,970</b>	<b>375,174</b>	<b>47,796</b>
Share capital	9,013	9,013	-
Reserves	85,373	87,690	(2,317)
Treasury share held in portfolio	(3,609)	(3,609)	-
Undivided profits	115,910	107,377	8,533
Net profit for the year	6,729	9,118	(2,389)
<b>(SE) Total shareholders' equity</b>	<b>213,416</b>	<b>209,589</b>	<b>3,827</b>
Other non-trade receivables <sup>4</sup>	(8,847)	(9,154)	307
Cash and cash equivalents	(60,355)	(100,542)	40,187
Current financial assets <sup>5</sup>	(28,067)	(23,475)	(4,592)
Non-current financial assets <sup>5</sup>	(12,451)	(13,223)	772
Current financial liabilities	118,032	90,050	27,982

<sup>4</sup> The item includes receivables deriving from the sale of equity investments, included in the "Other receivables".

<sup>5</sup> The item includes financial receivables from associated companies, for more information please refer to the section "(3) Financial fixed assets" of the Consolidated Explanatory Notes.

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Non-current financial liabilities	148,580	166,595	(18,015)
Current liabilities to other lenders	1,354	962	392
Non-current liabilities to other lenders	15,709	12,825	2,884
Current bond loan	7,378	13,257	(5,879)
Non-current bond loan	28,220	28,292	(72)
<b>(NFP) Net financial position</b>	<b>209,553</b>	<b>165,587</b>	<b>43,966</b>
<b>(SE+NFP) Total sources</b>	<b>422,970</b>	<b>375,174</b>	<b>47,796</b>

The reclassified balance sheet represents a useful disclosure because it shows the sources of financial resources, divided between own and third-party assets, and their use in fixed capital and working capital.

Net working capital stands at Euro 34.9 million and during the period it absorbed liquidity for Euro 46.5 million, due to the joint effect of the increase in inventories net of advances (for Euro 17 million) and the increase in commercial and tax receivables (for Euro 23.6 million). The latter are attributable to the Superbonus 110% activity, and will be entirely sold in July 2023. Finally, the decrease in trade and other payables of Euro 6 million had an impact.

Fixed capital remains substantially in line compared to 31 December 2022.

The capital structure of the Renco Group as of 30 June 2023 confirms the coverage of financial debt, with a total net equity of approximately Euro 213.4 million and a net financial position of Euro 209.6 million.

Financial debt to banks increased from Euro 256.6 million as of 31 December 2022 to Euro 266.6 million as of 30 June 2023, of which 88.1 million is *non-recourse* debt taken out in project financing logics by Armpower C.j.s.c. The portion of current debt (within 12 months) is equal to Euro 118 million while the portion of non-current debt (beyond 12 months) is Euro 148.6 million.

Cash and cash equivalents at 30 June 2023 amounted to Euro 60.4 million (Euro 100.5 million at 31 December 2022).

The Net Financial Position at the end of the period was negative for Euro 209.6 million compared to negative Euro 165.6 million at the end of 2022, with a decrease in the period of Euro 44 million. The change in the Net Financial Position in the first half of the year does not present any exceptional elements and is attributable to a dual effect linked to the seasonality of the activities performed by the Group's companies and to the increase in net working capital influenced by the strong increase in production for the period, which will be reabsorbed in the second half of the year.

## INDUSTRIAL POLICY

### Renco Group S.p.A.

In order to mitigate the risks inherent to EPC business, especially at a time of shrinking investments with a consequent increase in competitiveness among companies Renco S.p.A. has made important corrections to its industrial strategy.

The objective is to concentrate EPC contractor business in areas of activity characterised by a high level of margins.

The first strategic line is represented by the decision to participate exclusively in tenders for the implementation of highly complex projects in the countries where the Group operates, for which Renco S.p.A.'s knowledge of the local market and references represent an important competitive advantage.

The second strategic line pursued is to strengthen, as gradually as necessary, participation in project financing/private public partnership initiatives where Renco contributes with its own finances to the realization of customer projects. The need to bring funding to the project selects the companies that can participate in the initiatives. The most striking example of this new strategic line is represented by the construction in JV with Siemens of the 250 MW combined cycle gas plant built in Yerevan in Armenia.

These initiatives, aimed at ensuring higher margins in the EPC phase, guarantee consistent revenue flows also for the entire period of operation.

The third strategic line is represented by the decision to make investments in collateral activities in support of projects related to the realm of gas and energy production. An example of these activities is represented by the "Jetty" and the logistic base of Pemba to manage transport and storage activities for materials for the Palma plants. These investments guarantee a revenue flow over time and at the same time ensure a high return on invested

capital. Projects related to the construction of wind farms or the sale of energy to corporate customers fall within the same rationale.

### Renco Valore Group S.p.A.

All Renco Valore's properties around the world are characterised by the high utility of the constructions and for the high quality of the services that are provided in them.

It is this quality that differentiates Renco properties from those of local operators. And it is precisely because of the quality that international customers prefer to turn to our group.

Even in the most disadvantaged countries buildings of great architectural value are built, using Italian materials for the finishes and low energy consumption; an aspect, this one, that is particularly relevant in some environments where temperatures can fluctuate by up to 80 degrees Celsius.

Another strong point of Renco's real estate assets is constant maintenance. All properties are supported by computer-aided scheduled maintenance. This level of maintenance gives our international customers the opportunity to enjoy buildings that maintain their level of efficiency over time.

The office buildings are leased exclusively under long-term contracts to major customers such as embassies, banks, international organisations and energy companies.

Hotels are mainly aimed at the business market and only in some cases at the tourist market.

Finally, both of the above Groups are increasingly focused on 'green', in terms of power generation as well as building energy efficiency projects.

## DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED



In carrying out its activities, the Group is exposed to risks and uncertainties, deriving from exogenous factors related to the general or specific macroeconomic context of the activity sectors in which it operates, as well as risks deriving from strategic choices and internal operating risks.

The identification and mitigation of these risks has been systematically carried out, allowing for timely monitoring and management of the risks occurring.

With reference to risk management, the Group has centralised management of the risks themselves, while leaving the identification, monitoring and mitigation of the same to functional responsibilities, also in order to be able to better measure the impact of each risk on business continuity, reducing its occurrence and/or containing its impact depending on the determining factor.

In the context of business risks, the main risks identified, monitored and managed by the Group are the following:

- strategic risks;
- risks arising from exogenous variables;
- risk related to competitiveness;
- risks associated with the evolution of the general economic framework;
- risk related to financial management;
- risks related to the activation of partnerships.

### **Strategic risks**

The Renco group is committed to the development of its characteristic activities with a strategic and thoughtful approach. This involves a series of well-considered activities, including targeted investments, acquisitions and, if necessary, divestments, all within the framework of a corporate portfolio management strategy aimed at optimising its performance and maintaining constant alignment with the evolution of the competitive context. The primary objective of such efforts is to achieve sustainable success, which not only creates value for the wide range of stakeholders involved, but also significantly contributes to guiding the country through the transition to a more sustainable and efficient form from an energy point of view.

The implementation of these initiatives is of fundamental importance for the Renco group as it represents the core of its commitment to consolidate and expand key activities and to maintain a strong and reliable reputation in the markets in which it operates. However, it is important to underline that direct investments, although crucial, share an intrinsic nature characterised by a number of risks, including the possibility of increased operational and investment costs as well as the possibility of delays in the activation of operations commercial. Such delays may arise from factors such as complexities in authorisation procedures or unexpected and destabilising events, for example the COVID-19 pandemic or geopolitical tensions such as the conflict between Russia and the Ukraine. The latter may have negative impacts on the

profitability and effectiveness of the initiatives themselves.

Conversely, the development strategy through acquisitions requires a careful evaluation of the opportunities available on the market, with the aim of selecting those that best suit the group's core business. The timely identification of such opportunities and the synergistic integration of the acquired assets into existing activities represent critical elements of success in this area. In order to mitigate the risks associated with these complex operations, the company has developed a series of internal processes that span every phase, from initial analysis to conclusion of the operation. These processes include procedures, due diligence analyses, binding contracts, multi-level internal approvals, project management and project control activities, all with the aim of ensuring prudent management and effective mitigation of risks associated with operations.

### **Risks arising from Exogenous Variables**

The Group operates internationally and is therefore exposed to the risk deriving from the fluctuation of the exchange rates of the foreign currencies with which the Group operates, especially with respect to the Kazakh Tenge, the Armenian Dram, the Rouble and the USD. Currency risk arises from future business transactions, assets and liabilities recorded in the financial statements. Management's policy provides that the Group sometimes manages its exposure to currency risk by resorting, at times, to

hedging contracts to offset potential losses or gains that may be incurred by forward sales. The approach is to cover the expected cash flows in the main settlement currency of the Group's operations: Euro. The Group is exposed to Country risk by operating in "emerging" markets and countries; the continuous monitoring of local situations of reference and the consistent presence of managerial staff trained in Renco S.p.A. allows constant control over the situation. In any case, the same diversification of the markets in which the Group operates represents a precise risk containment strategy.

#### **Risk related to competitiveness**

The Group operates on open, unregulated markets, not protected by any tariff barrier, or administered regime, or public concession, with the exclusion of the photovoltaic business that is partially linked to the existence of incentive policies promoted by local governments. Markets are highly competitive in terms of product and service quality, innovation, price competitiveness, reliability and customer service.

In some markets and services, the Group faces very aggressive competitors, some of which are large operators and may have superior resources or more competitive cost positions, both in terms of economies of scale and cost of factors, allowing them to implement aggressive pricing policies.

The success of the Group's activities will depend on the ability to target its efforts on specific industry sectors, focusing on solving technological problems and customer service, in order to provide superior value to customers in the market niches in which it competes.

#### **Risks associated with the evolution of the general economic framework**

The performance of the sector in which the Group operates is related to the general economic framework and therefore any negative economic downturn or recession periods may result in a consequent reduction in the demand for the products and services offered.

The Group operates through its subsidiaries in many international markets, such as in particular Africa, Middle East, CIS countries as well as in European countries; this widespread geographical presence allows the Group as a whole to mitigate the effects of the recession phase, which has affected mainly the countries of the Eurozone and Italy. The diversification of the markets in which the Group

operates and of the products and services that the Group offers mitigates and reduces exposure to cyclical trends in certain markets. However it cannot be excluded that such cyclical trends may have a significant impact on the Group's business and economic and financial situation.

#### **Risk related to financial management**

The Group has a financial situation characterised by the presence of controlled current financial debt, in line with the growth in the volume of assets produced. This results in a positive net working capital without any sign of financial stress.

In exercising its activity, the Group is exposed to various financial or similar risks (liquidity, exchange rate, interest and credit).

With regard to the information required by art. 2428 of the ITALIAN CIVIL CODE no. 3 no. 6 bis, the following is specified.

#### **Liquidity risk**

As of 30 June 2023, the Group has total bank credit lines granted for approximately Euro 371.9 million (Euro 396 million as of 31 December 2022), of which Euro 168.8 million (Euro 171 million as of 31 December 2022) relating to Signature loans, and pursues a policy of careful management of liquidity risk.

At Group level, the correct and timely planning of short-term cash flows ensures to meet future financial commitments, through the availability of provisions generated by current activities and through the use of an adequate amount of committed credit lines.

The bank loans currently granted to the Group, the cash and cash equivalents and the liquidity generated by ordinary activities, are therefore deemed to be adequate and such as to allow meeting obligations in a timely manner and at the due dates. Liquidity is managed by the company through the use of various type of short-term or easily collectable assets.

The Cerved company conducted the periodic review of the *rating* of Renco Group S.p.A. in September 2023 and confirmed the A3.1 rating with the *rating communication* dated 27 September 2023.

#### **Exchange rate risk**

The Group operates internationally and is therefore exposed to the risk deriving from the fluctuation of

the exchange rates of the foreign currencies with which the Group operates, especially with respect to the Kazakh Tenge, the Armenian Dram, the Rouble and the USD. The Group's policy is based on a correct assessment of foreign exchange risks arising from future business and financial transactions settled in currencies other than the Euro, and is aimed at stabilising the expected flows in Euro through the use of derivative instruments and the conclusion of forward sales contracts.

Finally, the Group, through its currency current accounts, hedges against the risk of fluctuations in exchange rates with certain foreign currencies with a natural hedging logic.

### **Credit risk**

The Group's credit risk is mainly attributable to the amount of trade receivables from its customers, which are mainly large Oil Companies, high profile international operators and institutional actors.

The credit management functions establish the quality of the client, considering his financial position, past experience and other factors. In any case, the high standing of the commercial counterparties with which Renco operates results in a credit risk for customer exposure of limited amount.

Provisions for bad debts made by the Group companies accurately reflect the actual credit risks through the targeted quantification of the provision. Following the continuation of the current economic situation, the Group has improved its control over credit risks through the strengthening of monitoring and reporting procedures, in order to promptly identify possible countermeasures against the causes identified. To control credit risk, methodologies for the monitoring and control of credits have been defined in addition to the definition of strategies to reduce credit exposure, including the analysis of the solvency of customers during the acquisition phase and the management of the legal litigation of credits related to the services provided.

### **Interest rate risk**

Interest rate risk refers to the possible effects in the income statement that could result from any fluctuations in interest rates on Group loans.

The amount of the company's variable rate debt not covered by interest rate risk represents the main risk component for the negative impact resulting from an increase in market interest rates. The interest rate risk to which the company is exposed originates mainly from medium to long-term financial payables.

The Renco Group's risk management policy aims to achieve a properly balanced debt structure in order to reduce the amount of financial payables subject to changes in interest rates and at the same time to contain the cost of the funding.

For medium and long-term loans, at 30 June 2023 the company has Interest Rate Swap and Interest Rate Cap transactions with financial counterparties of primary standing for a total notional amount of Euro 141.8 million. These derivative instruments allow to hedge against the risk of interest rate growth by converting this share of variable-rate loans into a fixed rate.

As of 30 June 2023, at Group level, 75.7% of gross medium-long term debt to third parties is at a fixed rate (81.1% as at 31 December 2022) while 24.3% is at a variable rate (18.9% as of 31 December 2022).

### **Risks associated with the activation of partnerships**

The increasing complexity of the works implemented and/or conditions for risk sharing opportunities make it increasingly common to use of management models for certain investments and orders in partnership with other operators in the reference sector. This approach facilitates entering into new countries and/or sectors but, at the same time, determines potential risks and complexities related to cultural and organizational integration with partners which, in the worst case scenario, could even lead to a discrepancy between the vision of the Group and that of the partnership. There are also further critical issues related to exposure to the economic and financial situations of the partners. The management of this type of risk is guaranteed through an effective allocation of roles and responsibilities within the individual strategic initiatives, as well as a correct application of the process of defining and subsequent managing contracts and any shareholder agreements.

The Group has no existing investments in significant financial assets.

**INFORMATION PURSUANT TO ART.2428 N.6 BIS**

**COMPANY OBJECTIVES AND POLICIES REGARDING FINANCIAL RISK MANAGEMENT**

The Group pursues the objective of containing financial risks, through hedging transactions with derivatives and through a control system managed by the Administrative Department.

The corporate hedging policy of financial risks consists of: hedging foreign exchange risks on purchases and sales through the stipulation of derivative financial instruments without speculative purposes; hedging credit risks through the periodic verification of the reliability of customers and insurance programs for guaranteeing trade receivables.

With reference to debt towards the banking system, interest rate fluctuations affect the market value of the Group's financial assets and liabilities and net financial charges. The Group's policy is to strive to maintain a ratio between fixed and variable rate exposure such as to minimise the risk arising from fluctuating in interest rates while still reaping the benefits of the particularly favourable situation in terms of low interest rates. In order to maintain this balance, the Group has entered into derivative contracts, typically interest rate swaps.

**TREASURY SHARES AND SHARES/HOLDINGS IN PARENT COMPANIES**

In compliance with points 3) and 4), c.2, art. 2428 of the Civil Code, we provide an appropriate summary table of the data relating to the treasury share held by the ultimate parent of the group Renco Group S.p.A., highlighting the changes that occurred during the year and we inform you that the same Company did not hold stocks and/or shares of parent companies during the year.

With reference to treasury shares recognised as a reduction in shareholders' equity, it should be noted that they were purchased partly in 2010 and partly in 2012. As of 30.06.2022, the Parent Company held 36,050 shares equal to a par value of 360,500 representing 4% of its share capital; the percentage share held complies with the legal constraints set forth by Articles 2357 and 2357-bis of the Code.

Description	No. of shares held at the beginning of the year	No. of new shares sold/cancelled during the year	No. of new shares subscribed during the year	Par value of the new shares subscribed during the year
SHARES:				
-Treasury shares	36,050			
<b>Total</b>	<b>36,050</b>			

## FORESEEABLE BUSINESS OUTLOOK

The first half of 2023 ended with a sharply increased production value compared to the previous half-year, consolidating the Group's growth process. This first phase of the year was also characterised by the persistence of events external to management which had a strong impact on the global economy and on the financial markets. The result of the semester reaffirms the company's strong ability to adapt to market changes by pursuing the objectives of a clear corporate strategy in a complex and constantly evolving international and local context.

In the half-year in question the Group produced Euro 273 million with an EBITDA of Euro 24 million, marking a growth in the value of production to third parties of 62% in the period compared to the previous year. In line with the business plan, growth was fueled by a continuous process of focusing on more profitable markets and activities, characterised by lower risk profiles and continuous income flows, compared to the traditional role of the EPC.

As planned, work related to the energy efficiency of Italian real estate assets increased over the period, work that falls within the so-called "Superbonus 110" legislation. In this context, the Group plans to complete all activities by the 2023 financial year, as required by current legislation, and to fully disinvest all tax credits accrued using the ceiling already contracted with various Italian financial institutions. It is important to underline how the Superbonus 110% activity has given significant visibility to the Group in the Italian market, favouring the acquisition of important orders already in the second half of 2023 for a total value of Euro 440 million (entry of the group into the private vehicle which will build the five scientific pavilions of the University of Milan according to *project-financing* logics and the acquisition of the redevelopment works in Rome on behalf of the Savills fund). In fact, with these acquisitions in the Italian market, Renco, borrowing the important *know-how* acquired abroad in the energy sector, fully positions itself in the segment of developers and constructors of complex buildings with high technological content, with keen attention to sustainability.

The order backlog is therefore growing and stands at Euro 3,588 million, of which Euro 2,701 million is still to be completed as of 30 June 2023. Development activities in the project logic of wind and photovoltaic systems (Salinella S.r.l., Central Solar de Mecufi) and building interventions with a high level of energy efficiency certified by independent third-party bodies (Residence Viserba) are growing in importance. At the same time, Renco's commitment to the gas industry remains important, a significant component in the global energy transition process and an increasingly precious commodity for industrialised countries and in particular for Europe, in achieving energy security objectives.

Although the persistence of hostilities in the Ukraine, force majeure in Mozambique and recent developments in Armenia highlight the risks to which the Group is subject in these geographical areas, it should be highlighted that the order book presents a high geographical diversification and the production to be performed in Italy is Euro 829 million, equal to 31% of the total order book. Furthermore, the Group operates in the afore-mentioned risk countries exclusively under procurement contracts with world *leaders* in the energy sector, which indemnify the company from political, currency and security risks throughout the execution of the works. At the same time, where the Group has made important investments, such as in Armenia, specific insurance policies have been taken out to cover political risk (*harassment and political violence*), guaranteeing the recovery of the invested capital.

As planned, the Group's net debt grew following both the completion of two important investments such as the Yerevan power plant and the port of Pemba, and the growth recorded in the period by the Services and Buildings Business Lines. The generating of income from these investments and other assets already owned by the Group, such as the Viserba residence land, will contribute to the future reduction of indebtedness.

Consistent with the management performance of previous years, the liquidity absorption of the first half of the year, a consequence of the expansion of working capital mainly due to the Superbonus 110 orders, will then be recovered in the second part of the year.

Despite the difficult macroeconomic context, the results for the first half of 2023 confirm the Group's strong growth process. Recent changes in energy policies around the world have created important opportunities in the market in which the Group operates, especially in the gas market, and have increased Renco's competitive advantages in Europe, in specific countries in the MENA area (Middle East, North Africa), in Mozambique, Congo, Kazakhstan, Libya and Albania, validating the role that the Group will have in the implementation of the energy security strategies of these countries and in the energy process and transition.

On behalf of the Board of Directors  
The Chairman

Giovanni Gasparini

# Financial statements Half-yearly consolidated report to 30 June 2023

## 1 HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Financial statements formats

Significant Activities of the Group

Preparation Criteria

Scope and methods of consolidation and significant events during the year

Consolidation criteria

Measurement criteria

Disclosure of financial statements items

Other information

## Balance sheet assets

(€ thousand)	30.06.2023	31.12.2022
<b>A) Called up share capital not paid</b>		
I) Called up share capital not paid	2	2
II) (portion called)	-	-
<b>Total called up share capital not paid</b>	<b>2</b>	<b>2</b>
<b>B) Fixed assets</b>		
<i>I) Intangible fixed assets</i>		
1) Start-up and expansion costs	450	513
2) Development costs	2,436	1,607
3) Industrial patent and intellectual property rights	2,472	2,763
4) Concessions, licenses, trademarks and similar rights	11	22
6) Fixed assets in progress and advances	4,464	4,958
7) Other ...	183	6
<b>Total intangible fixed assets</b>	<b>10,016</b>	<b>9,869</b>
<i>II) Tangible fixed assets</i>		
1) Land and buildings	320,432	323,063
2) Plants and machinery	7,581	9,087
3) Industrial and commercial equipment	8,252	8,608
4) Other assets	5,421	6,013
5) Fixed assets in progress and advances	34,990	27,503
<b>Total tangible fixed assets</b>	<b>376,676</b>	<b>374,274</b>
<i>III) Financial fixed assets</i>		
1) Equity investments in:		
a) Subsidiaries	78	67
b) Associated companies	1,134	1,810
d bis) Other companies	4,831	3,599
<b>Total Equity investments</b>	<b>6,043</b>	<b>5,476</b>
2) Receivables		
a) From subsidiaries		
1) Within 12 months	31	20
2) Beyond 12 months	-	-
b) From associated companies		
1) Within 12 months	28,067	23,475
2) Beyond 12 months	12,451	13,223
d bis) From others		
1) Within 12 months	-	-
2) Beyond 12 months	25	26
<b>Total Receivables</b>	<b>40,574</b>	<b>36,744</b>
3) Other securities	-	-
4) Active derivative financial instruments	12,075	15,303
<b>Total Fixed Assets</b>	<b>445,385</b>	<b>441,666</b>



(€ thousand)	30.06.2023	31.12.2022
<b>C) Current assets</b>		
<i>I) Inventories</i>		
1) Raw materials, ancillary materials and consumables	4,613	3,518
2) Product in progress and semi-finished products	36,335	32,064
3) Contract work in progress	582,081	395,497
4) Finished products and goods	13,242	12,648
5) Advances	-	-
<b>Total Inventories</b>	<b>636,271</b>	<b>443,728</b>
<i>II) Receivables</i>		
1) From customers		
1) Due within 12 months	78,200	85,354
2) Due beyond 12 months	-	-
2) From unconsolidated subsidiary companies		
1) Due within 12 months	506	-
2) Due beyond 12 months	-	-
3) From associated companies		
1) Due within 12 months	11,431	11,550
2) Due beyond 12 months	-	-
5 bis) For tax receivables		
1) Due within 12 months	26,512	15,185
2) Due beyond 12 months	27	27
5 ter) For prepaid taxes		
1) Due within 12 months	18,828	18,603
2) Due beyond 12 months	-	-
5 quater) From others		
1) Due within 12 months	39,815	18,747
2) Due beyond 12 months	10,594	12,061
<b>Total Receivables</b>	<b>185,407</b>	<b>161,527</b>
<i>III) Financial assets other than fixed assets</i>		
2) Equity investments in associated companies	-	1,371
<i>IV) Cash and cash equivalents</i>		
1) Current bank accounts and post-office deposits	59,853	100,186
2) Cheques	-	-
3) Cash in hand and other valuables	502	356
<b>Total cash and cash equivalents</b>	<b>60,355</b>	<b>100,542</b>
<b>Total current assets</b>	<b>882,033</b>	<b>707,167</b>
<b>D) Accruals and deferrals</b>	<b>2,721</b>	<b>3,398</b>
<b>Total Assets</b>	<b>1,330,139</b>	<b>1,152,232</b>

## Balance sheet liabilities

(€ thousand)	30.06.2023	31.12.2022
<b>A) Shareholders' equity</b>		
I) Share Capital	9,013	9,013
II) Share premium reserve	25,987	25,987
III) Revaluation reserves	4,697	4,697
IV) Legal reserve	1,503	1,503
V) Statutory reserves	-	-
VI) Other reserves	33,889	32,900
- Extraordinary reserve	21,916	21,916
- Capital contributions	25,026	25,026
- Conversion reserves from foreign consolidation	(20,248)	(20,569)
- Consolidation reserve	7,195	6,526
VII) Reserve for hedging of expected cash flows	9,601	14,201
VIII) Retained earnings (accumulated losses)	115,910	107,377
IX) Profit (Loss) for the year	1,692	8,533
X) Negative reserve for treasury shares in portfolio	(3,609)	(3,609)
Total shareholders' equity	198,682	200,601
Minority interest		
Share capital and reserves of minority interests	9,697	8,403
Profit (Loss) of minority interests	5,037	585
Total Minority interests	14,734	8,988
<b>Total Group Shareholders' equity</b>	<b>213.416</b>	<b>209,589</b>
<b>B) Provisions for risks and charges</b>		
1) Pension funds and similar obligations	-	-
2) Provisions for taxes, including deferred taxes	18,761	18,013
3) Passive derivative financial instruments	-	-
4) Others	92	2,757
<b>Total Provisions for risks and charges</b>	<b>18,853</b>	<b>20,770</b>
<b>C) Employee severance indemnity</b>	<b>1,673</b>	<b>2,015</b>
<b>D) Payables</b>		
1) Bonds		
1) Within 12 months	7,378	13,257
2) Beyond 12 months	28,220	28,292
3) Payables to shareholders for loans		
1) Within 12 months	5,344	5,344
2) Beyond 12 months	-	-
4) Payables to banks		
1) Within 12 months	118,032	90,050
2) Beyond 12 months	148,580	166,595
5) Payables to other lenders		
1) Within 12 months	1,354	962
2) Beyond 12 months	15,709	12,825
6) Advances		
1) Within 12 months	482,811	313,019
2) Beyond 12 months	113,954	108,186

(€ thousand)	30.06.2023	31.12.2022
7) Payables to suppliers		
1) Within 12 months	136,822	148,116
2) Beyond 12 months	-	-
9) Payables due to subsidiaries		
1) Within 12 months	87	86
2) Beyond 12 months	0	0
10) Payables due to associated companies		
1) Within 12 months	9,828	9,987
2) Beyond 12 months	-	-
11 bis) Payables to companies subject to control by parent companies	24	
12) Tax payables		
1) Within 12 months	8,001	6,673
2) Beyond 12 months	85555	1,232
13) Payables to social security and welfare institutions		
1) Within 12 months	1,496	2,692
2) Beyond 12 months	-	-
14) Other payables		
1) Within 12 months	14,894	9,915
2) Beyond 12 months	703	929
<b>Total Payables</b>	<b>1,094,068</b>	<b>918,160</b>
<b>E) Accruals and deferrals</b>	<b>2,127</b>	<b>1,702</b>
<b>Total Liabilities</b>	<b>1,330,139</b>	<b>1,152,232</b>

## Income statement

(€ thousand)	30.06.2023	30.06.2022
<b>A) Value of production</b>		
1) Revenues from sales and services	69,509	72,979
2) Change in inventories of products in progress, semi-finished and finished products	5,120	1,649
3) Changes in contract work in progress	187,114	87,307
4) Increase on internal works capitalised	10,166	10,521
5) Other revenues and income, with separate indication of grants related to income		
a) Miscellaneous	1,386	695
b) Grants related to income	83	38
<b>Total Value of production</b>	<b>273,378</b>	<b>173,189</b>
<b>B) Cost of production</b>		
6) For raw materials, ancillary materials, consumables and goods	90,789	44,743
7) For services	117,790	71,267
8) For use of third-party assets	4,899	5,778
9) For personnel	<b>34,863</b>	<b>37,032</b>
(a) Wages and salaries	29,474	30,683
b) Social security costs	5,328	5,708
c) Employee severance indemnity	28	545
d) Pension costs and similar	-	-
e) Other costs	32	96
10) Amortisation, depreciation and write-downs	10,141	7,551
a) Amortisation of intangible fixed assets	821	758
b) Depreciation of tangible fixed assets	9,317	6,419
c) Other write-downs of fixed assets	-	-
d) Write-downs of receivables included in current assets and cash and cash equivalents	3	375
11) Changes in inventories of raw materials, ancillary materials, consumables and goods	(825)	78
12) Provision for risks	-	-
13) Other provisions	0	-
14) Other operating expenses	1,433	2,795
<b>Total cost of production</b>	<b>259,090</b>	<b>169,244</b>
<b>Difference between value and costs of production (A-B)</b>	<b>14,288</b>	<b>3,945</b>
<b>C) Financial income and charges</b>		
15) Income from equity investments	4,993	5
a) From subsidiaries	4,993	5
b) From associated companies	-	-
16) Other financial income	3,901	392
a) From receivables recorded among financial fixed assets	-	-
b) From long-term securities, other than equity investments	-	-
c) From short-term securities, other than equity investments	-	-
d) Income other than the above		
1) From subsidiaries	-	-
2) From associated companies	101	-
5) Others	3,799	384

(€ thousand)	30.06.2023	30.06.2022
17) Interest and other financial charges	11,955	7,337
a) From subsidiaries	-	-
e) Other	11,955	7,337
17a) Foreign exchange gains and losses	(169)	1,708
<b>Total financial income and charges</b>	<b>(3,230)</b>	<b>(5,232)</b>
<b>D) Value adjustments of financial assets and liabilities</b>		
18) Write-ups of	-	-
a) Equity investments	-	-
b) Financial fixed assets (other than equity investment)	-	-
c) Short-term securities (other than equity investments)	-	-
d) Derivative financial instruments	-	-
e) Financial assets for centralised treasury management	-	-
19) Write-downs of	-	-
a) Equity investments	-	-
b) Financial fixed assets	-	-
c) Short-term securities (other than equity investments)	-	-
d) Derivative financial instruments	-	-
e) Financial assets for centralised treasury management	-	-
<b>Total value adjustments of financial assets</b>	<b>-</b>	<b>-</b>
<b>Profit/Loss before taxes (A-B+C+D)</b>	<b>11,060</b>	<b>(1,288)</b>
20) Current, deferred, and prepaid income taxes for the period		
a) Current taxes	4,065	1,367
b) Taxes from previous years	(150)	7
c) Deferred and prepaid taxes	373	(3,369)
<b>Profit (loss) for the year</b>	<b>6,729</b>	<b>706</b>
Profit (loss) for the year attributable to the Group	1,692	986
Profit (loss) for the year attributable to minority interests	5,037	(280)

@X008006Chairman of the Board of Directors@X008006End

@X005016Giovanni Gasparini@X005016End

## Notes to the consolidated financial statements

### ACTIVITIES CARRIED OUT AND RELEVANT FACTS CONCERNING THE GROUP

The "Renco Group" of which Renco Group S.p.A. is the ultimate parent company, represents an important Italian company in the industrial plant engineering sector and in the "general contracting" area. The Group's activity is divided into several business lines that include the Energy Business Line, the Buildings Business Line, the Asset Management Business Line and the Services Business Line.

### PREPARATION CRITERIA

These consolidated half-yearly financial statements consist of the balance sheet, income statement and explanatory notes. Where necessary, the accounting principles issued by the OIC (Italian Accounting Body), in the version revised at the end of 2016, have been applied and, where lacking, the accounting standards recommended by IASB and incorporated by CONSOB have been followed.

The notes have the function of providing the illustration, analysis and in some cases an integration of the data of the half-yearly report and contain the information required by art. 2427 of the Italian Civil Code, by other provisions of the same Code regarding the half-yearly report and by other previous laws. Furthermore, they provide all the additional information deemed necessary to provide the most transparent and complete representation, even if not required by specific legal provisions. However, these notes are reported in summary form, as permitted by the OIC National Accounting Standard no. 30 in order to avoid duplicating information that has already been published. The half-yearly report may therefore not include all the information required by the annual financial statements and must be read together with the report prepared for the half-year ended 30.06.2022.

The presentation currency of the Financial Statements is the Euro. Balances are expressed in thousands of Euro, unless specifically stated otherwise. It should also be noted that any differences found in some tables are due to rounding off of the values expressed in thousands of Euro.

The criteria used in the preparation and evaluation of the half-yearly financial statement are the same as those used in the preparation of the 2021 financial statements and take into account the innovations introduced into the national system by Italian Legislative Decree. 139/2015 which, as of 2016, implemented Directive 2013/34/EU. As a result of Legislative Decree 139/2015 the OIC national accounting standards have been amended.

### SCOPE AND METHODS OF CONSOLIDATION AND SIGNIFICANT EVENTS DURING THE YEAR

The consolidated financial statements originate from the financial statements of RENCO GROUP S.P.A. (Ultimate Parent Company) and of the Companies in which the Ultimate Parent Company directly or indirectly holds the controlling interest or exercises control. The financial statements of the Companies included in the scope of consolidation were consolidated by using the full consolidation method. The list of these Companies is provided in Annex no. 1.

Since the previous year, the following changes have occurred in the Group's structure:

- On 22 March 2023, the sale of Real Estate Management S.r.l. was completed. The company that owns Palazzo Castri 1874, a four-star hotel with 58 rooms located in Piazza dell 'Indipendenza in Florence, was sold at a price of Euro 28 million, net of net working capital and net financial position, calculated at the closing date.

Real Estate Management S.r.l. was established ad hoc in 2013 for 30% by Renco Real Estate S.r.l. (now Renco Valore S.p.A.) and 70% from Porto Via LP (now Portovia Limited) with the aim of investing in the acquisition, relaunch and management of hotel facilities in Italian art cities. In 2013, the company bought the Palazzo Castri 1874 at auction by judicial procedure and began renovation work, inaugurating the hotel in May 2015. In the period 2015-2019, the turnover of Palazzo Castri 1874 grew steadily, reaching a peak of Euro 4 million a year, with an EBITDA margin of around 40%.

The sale of Real Estate Management S.r.l. represents an important step in the industrial strategy of Renco Valore S.p.A. and in its acquisition and sale of real estate properties in Italy and abroad. With this further transaction, Renco Valore S.p.A. confirms itself as an important operator in the Italian and foreign real estate sector, and confirms its ability to generate value for its shareholders.

Following the sale, Renco Valore S.p.A. recorded a capital gain of approximately Euro 5 million;

- Renco Valore S.p.A. acquired control of Tolfa Care S.r.l. Initially, this was achieved through the acquisition of a further 10% of the shares of Renco Health Care S.r.l., thus bringing Renco Valore S.p.A. to have total control over the subsidiary. Subsequently, Renco Valore S.p.A. directly acquired a further 20% of the shares of Tolfa Care S.r.l. As a result, Renco Valore S.p.A.'s total shareholding, both direct and indirect, increased from 42.75% to 67.6%. This resulted in the inclusion of Tolfa Care S.r.l. within the scope of consolidation of Renco Group with the line-by-line consolidation method. The excess of the acquisition cost compared to the percentage due to the Group of the company's net assets was attributed to the structure, the property, for Euro 1,508 thousand, with recognition of deferred tax liabilities on the allocated value, for Euro 584 thousand.

Tolfa Care S.r.l. is a company that owns the Residence called Quinta Stella, a home for the elderly including an RSA (Health Care Residence) and a Private Retirement Home. The structure is located in the municipality of Tolfa, in the province of Rome, and is a residence with a total accommodation capacity of 97 beds, of which 58 are intended for RSA and 39 for private retirement homes;

- Renco Valore S.p.A. established Eurobuilding ShPK, a company under Albanian law, with the aim of seizing the opportunities present in the Albanian market in the civil construction and real estate development sector;
- finally Renco S.p.A. deemed it appropriate to start the liquidation procedures of a number of companies that are no longer strategic and/or are no longer profitable for the Group. The companies are Renco Service OOO, Greenergo S.r.l., Renco Ghana Branch, Renco Abu Dhabi Branch and Renco Eco Energy S.r.l.

Companies for which, due to legal or factual reasons, consolidation is irrelevant to the Group are excluded from consolidation. The list is provided in Annex 3 to the explanatory notes.

Companies over which joint control is exercised pursuant to art. 37 of Legislative Decree 127/91 are included in the consolidation in proportion to the shareholding held. The list of these companies is provided in Annex No. 2.

Associated companies, over which the Ultimate Parent Company directly or indirectly exercises significant influence and holds between 20% and 50% of the share capital, are valued according to the equity method or, in the absence of appropriate information for the correct application of the method, to the cost net of impairment. The list of these Companies is provided in Annex no. 3.

Other subsidiaries excluded from consolidation pursuant to Legislative Decree 127/91 are valued according to the cost method, net of impairment. These Companies are listed in Annex 3, with an indication of the reasons for their exclusion.

Where companies in which the shareholding held is greater than 50% but in which there are shareholders' agreements that demonstrate joint control, as defined in par. 13 of OIC 17, they are recorded under the item Investments in associated companies and valued using the equity method.

For the consolidation, the period financial statements of the individual companies were used, reclassified and adjusted to bring them into line with the accounting principles and presentation criteria adopted by the Group.

## **CONSOLIDATION CRITERIA**

The book value of equity investments in consolidated companies is eliminated against the corresponding fraction of shareholders' equity. The differences resulting from the elimination are attributed to the individual financial statement items that justify them and, the residual amount, if positive, is recognised in an asset item called "goodwill", unless it must be fully or partially charged to the income statement in item B14. The amount recognised in the asset is amortised in the period provided for in the first paragraph, no. 6, of Article 2426. If negative, the difference is recognised, where possible, as a reduction of the assets recorded for values higher than their recoverable value and to the liabilities recorded at a value lower than their extinction value. The residual negative difference is recognised in the shareholders' equity item "Consolidation reserve" or in a specific "Consolidation provision for future risks and charges", in compliance with the criterion of art. 33, paragraph 3, of Legislative Decree 127/91.

The provision is used in subsequent years in order to reflect the assumptions assumed in its estimate at the time of purchase.

The portions of shareholders' equity pertaining to minority interest are recorded under a specific item of the balance sheet. In the income statement, the share of income attributable to minority interests is shown separately. The equity and economic relationships between the Companies included in the scope of consolidation are totally eliminated.

Profits and losses arising from transactions between consolidated Companies, which are not realised through transactions with third parties, are eliminated.

Profits and losses arising from transactions between group companies and relating to values included in the assets of one of them at the date of closing of the half-year consolidated financial statements are not eliminated as they are irrelevant for the purposes of the truthful and correct representation of the equity, financial and economic position of the group.

Prior to consolidation entries relevant solely for tax purposes were eliminated and the related deferred taxes were set aside.

In the case of acquisition or loss of control of investees, the corresponding effects, respectively of consolidation or deconsolidation, are made starting from the date on which the transaction was finalised.

The conversion of the financial statements of foreign subsidiaries and associated companies was performed using the spot exchange rate at the balance sheet date for the assets and liabilities, and for the income statement items using the average exchange rate for the period. The net effect of the translation of the financial statements of the investee company into accounting currency is recognised in the "Reserve for translation differences".



For the conversion of financial statements expressed in foreign currency, the rates indicated in the following table have been applied:

(amount in currency for €1)	Exchange rate as of 30.06.2023		Exchange rate as of 31.12.2022	
	as of 30.06.2023	average 1st six months 2023	as of 31.12.2022	2022 average
Algerian Dinar	147.28	147.03	146.50	149.65
Libyan Dinar	5.21	5.18	5.15	5.05
USD Dollar	1.09	1.08	1.07	1.05
Armenian Dram	419.99	421.24	420.06	460.11
CFA Franc	655.96	655.96	655.96	655.96
Lek (Albania)	106.49	112.83	114.46	118.93
N. Metical (Mozambique)	69.50	69.14	68.25	67.37
Russian Rouble	96.91	83.54	78.91	73.36
Tenge Kazakhstan	492.20	488.75	492.90	485.59
Oman Rial	0.42	0.42	0.410	0.40

## MEASUREMENT CRITERIA

The criteria used in the formation of the half-yearly consolidated financial statements closed at 30.06.2023 are those used in the financial statements of the parent company that prepares the consolidated financial statements and do not differ from the same ones used for the formation of the consolidated financial statements at 31.12.2022, in particular in the evaluations and in the continuity of the same principles, to which reference is made.

## CHANGE IN THE CONSOLIDATION POLICY ON THE ARMPower SUBSIDIARY

The EPC order for the construction of the Armpower combined cycle power plant was concluded at the end of 2021 and therefore the EPC exemption clauses for conflict of interest of the RENCO Group from the decisions concerning the company under the contract no longer apply. In view of the this change in Armpower's governance, Renco Group is now able, jointly with Siemens, to exert influence and control over all operational decision-making policies of the Armenian company.

As of 1 January 2022, the Company, within the scope of the options permitted by the OIC 17 accounting standard and in order to better represent the above, has decided to modify on a voluntary basis the consolidation criterion of the Armenian company Armpower, switching from the equity consolidation method to the proportional consolidation method, thus merging the individual assets and liabilities, revenues and costs, of the subsidiary Armpower for a value corresponding to the percentage of shareholding held by the Group, equal to 60%, into the consolidated RENCO. This entailed the retrospective application of the change in criteria in compliance with the provisions of OIC 29, with restatement of the comparative data.

The significant effects on the income statement as at 30 June 2022 were the elimination of the contract margin which led to an increase in Ebitda of Euro 1.4 million; the recognition of higher financial charges of Euro 3.4 million; the recognition of greater deferred tax assets for Euro 3.4 million, generated by the temporary differences present in the assets and liabilities between the statutory balance sheet in USD and the fiscal balance sheet in AMD.

The income statement as at 30 June 2022 is compared in this explanatory note and in the management report with the income statement balances as at 30 June 2022 which have been restated.

The balance sheet balances at 31 December 2022 already include the application of the new consolidation principle.

Being significant, we report the effects on the income statement of the retrospective application of the new accounting standard on the income statement as at 30 June 2022:

<b>Income statement (€ thousands)</b>	<b>30.06.2022</b>	<b>Re-exposure effects</b>	<b>30.06.2022 restated</b>
Revenues from sales	51,518	21,461	72,979
Changes in inventories of WIP products	88,956	-	88,956
Increase on internal works capitalised	10,521	-	10,521
Other operating revenues	718	15	733
<b>Value of Production</b>	<b>151,713</b>	<b>21,476</b>	<b>173,189</b>
Goods and consumable materials	(26,521)	(18,222)	(44,743)
Costs for services	(70,673)	(594)	(71,267)
Personnel costs	(36,970)	(62)	(37,032)
Other operating costs	(7,408)	(1,243)	(8,651)
<b>Operating costs</b>	<b>(141,572)</b>	<b>(20,121)</b>	<b>(161,693)</b>
<b>Gross operating result (EBITDA)</b>	<b>10,141</b>	<b>1,355</b>	<b>11,496</b>
Amortisation, Depreciation and write-downs	(7,564)	13	(7,551)
Provisions for risks and guarantees	-	-	-
<b>Operating result (EBIT)</b>	<b>2,577</b>	<b>1,368</b>	<b>3,945</b>
Income from equity investments	5	-	5
Other financial income	392	-	392
Interest and other charges	(3,974)	(3,363)	(7,337)
Foreign exchange gains and (losses)	1,360	348	1,708
Adjustments to financial fixed assets	1,733	(1,733)	-
<b>Profit before taxes</b>	<b>2,093</b>	<b>(3,380)</b>	<b>(1,287)</b>
Income taxes	(1,374)	-	(1,374)
Deferred and (prepaid) taxes	(58)	3,427	3,369
<b>Profit (loss) for the year</b>	<b>659</b>	<b>47</b>	<b>706</b>

## INFORMATION ON FINANCIAL STATEMENTS ITEMS

The following is an analysis of the financial statement items, in compliance with the content provided for by art. 2427 of the Civil Code. Figures for the previous financial year are shown in brackets.

### (1) INTANGIBLE FIXED ASSETS

The composition of the item is as follows.

(€ thousand)	Start-up and expansion costs	Development costs	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and	Fixed assets in progress and advances	Other intangible fixed assets	Total
<b>Net opening value 31.12.2022</b>	<b>513</b>	<b>1,607</b>	<b>2,763</b>	<b>22</b>	<b>4,958</b>	<b>6</b>	<b>9,869</b>
Acquisitions	-	4	139	-	674	-	817
Reclassifications	-	1,153	-	-	(1,153)	-	-
Write-downs	-	-	-	-	-	-	-
Translation differences	(9)	(16)	(1)	-	(15)	-	(42)
Amortisation/depreciation	(54)	(312)	(429)	(11)	-	(15)	(820)
Change in the scope of consolidation	-	-	-	-	-	192	-
<b>Net closing value 30.06.2023</b>	<b>450</b>	<b>2,436</b>	<b>2,472</b>	<b>11</b>	<b>4,464</b>	<b>183</b>	<b>10,016</b>

Intangible fixed assets also include the accounting results of foreign permanent establishments.

#### Development costs

The Group pursues a development activity aimed at obtaining and deploying new initiatives in order to improve the sustainability and diversification of the business. The net balance amounts to Euro 2,436 thousand (Euro 1,607 thousand) and increases due to development expenses aimed at making new investments which materialised during the period. The reclassifications refer to investments in Mozambique relating to the expansion of the port of Pemba which entered amortisation during the year.

Depreciation for the period amounted to Euro 312 thousand.

#### Patents and intellectual property rights

The net balance amounts to Euro 2,472 thousand (Euro 2,763 thousand) and includes the rights relating to the use and exploitation of third-party software. The balance mainly includes the costs incurred in recent years for the implementation of the Oracle JDE management software in foreign companies, on which the specific country localisations necessary to be in compliance with local regulations were also developed.

The investment in Oracle, launched in recent years, was made to improve the administrative structure within the Group's companies and to make the systems adopted in the main companies homogeneous, and required, in addition to the use of external consultants, the use of internal resources dedicated to the project.

Based on the option granted by the OICs, this category of intangible assets is amortised on a straight-line basis over a period of 5 years with the exception of the Oracle JDE ERP system which has been amortised over a period of 10 years, for the reasons indicated above.

Depreciation for the period amounted to Euro 429 thousand.

### Fixed assets in progress and advances

Investments in progress and advances amount to Euro 4,464 thousand and refer to the capitalisation of development costs on projects not yet completed, including development costs relating to initiatives in Italy for Euro 1,230 thousand, in Congo for 1,009 thousand, in Mozambique for Euro 1,640 thousand and in the countries of Armenia and Kazakhstan for Euro 879 thousand.

### Other intangible fixed assets

The net balance amounts to Euro 183 thousand (Euro 18 thousand) and consists mainly of the capitalization of ancillary charges and preliminary investigation expenses in respect of the medium/long-term bank loans taken out by Renco S.p.A. prior to 2016. Amortisation for the period amounted to Euro 15 thousand. The increase for the year refers to the multi-year charges of the subsidiary Tolfa Care S.r.l. that entered the consolidation area starting from the current financial year.

## (2) TANGIBLE FIXED ASSETS

The composition of the item is as follows.

(€ thousand)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets in progress and advances	Total
<b>Net opening value 31.12.2022</b>	<b>323,063</b>	<b>9,087</b>	<b>8,608</b>	<b>6,013</b>	<b>27,503</b>	<b>374,274</b>
Acquisitions	4,408	122	523	410	7,953	13,416
Reclassifications	-	-	-	-	-	-
Disposals/decreases for the year	(722)	(6)	(8)	(26)	-	(763)
Amortisation/depreciation	(5,937)	(1,516)	(946)	(917)	-	(9,317)
Translation differences	(4,009)	(105)	(25)	(76)	(466)	(4,682)
Change in the scope of consolidation	3,629	-	101	17	-	3,748
<b>Net closing value 30.06.2023</b>	<b>320,432</b>	<b>7,581</b>	<b>8,252</b>	<b>5,421</b>	<b>34,990</b>	<b>376,676</b>

### Land and buildings

They amount to Euro 320,432 thousand (Euro 323,063 thousand).

The main changes refer for Euro 780 thousand to investments in the port of Pemba and for Euro 5,720 thousand to the first consolidation of the company Tolfa Care S.r.l. to whom the leasing contract of the property in which the Residence called Quinta Stella is located is registered.

The amortisation for the period amounts to Euro 5.9 million and the exchange rate effects were negative in the half-year for Euro 4 million.

Pursuant to the A.S. OIC no. 16, the value of the land on which the buildings exist has been spun off and recognised separately.

### Plant and machinery

They amount to Euro 7,581 thousand (Euro 9,087 thousand).

Depreciation for the period amounts to Euro 1.5 million.

### Industrial and commercial equipment

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They amount to Euro 8,252 thousand (Euro 8,608 thousand).

The increases, equal to Euro 523 thousand, are due to the purchase of equipment for the implementation of the operational orders of the Group.

The amortisation for the period amounted to Euro 9,468 thousand and the exchange rate effects were negative for Euro 25 thousand.

#### Other assets

They amount to Euro 5,421 thousand (Euro 6,013 thousand).

The amortisation for the period amounted to Euro 917 thousand and the exchange rate effects were negative for Euro 76 thousand.

#### Fixed assets in progress and advances

They amount to Euro 34.9 million (Euro 27.5 million) and refer to:

- Euro 12.6 million for the construction of the 1,500-bed camp (“Men Camp Hotel”) in Palma, Mozambique, held by Real Moz;
- Euro 18.9 million for the expansion of the port of Pemba;
- Euro 3.4 million to other ongoing investment initiatives.

### (3) FINANCIAL FIXED ASSETS

The composition of the item is as follows.

(€ thousand)	31.12.2022	Increases	Decreases	30.06.2023
Equity investments in:				
b) Subsidiaries	67	11		78
b) Associated companies	1,810	6	(682)	1,134
d) Other companies	3,599	1,232		4,831
Receivables from:				
a) Subsidiaries	20	11		31
b) Associated companies	36,698	6,933	(3,113)	40,518
d) From others	26		(1)	25
Active derivative instruments	15,303		(3,228)	12,075
<b>Total</b>	<b>57,524</b>	<b>8,193</b>	<b>(7,025)</b>	<b>58,692</b>

#### Equity investments

Changes which took place in the item equity investments are as a result of:

(€ thousand)	Equity investments in subsidiaries	Equity investments in associated companies	Equity investments in other companies
<b>Balance as of 31.12.2022</b>	<b>67</b>	<b>1,810</b>	<b>3,599</b>
Increases during the year	11	6	1,232
Translation exchange differences		-	-
Change in the scope of consolidation		-	-
Decreases during the year		(682)	-

Revaluations during the year	-	-	-
Write-downs during the year	-	-	-
<b>Balance as of 30.06.2023</b>	<b>78</b>	<b>1,134</b>	<b>4,831</b>

#### Non-consolidated subsidiaries

The following information is provided regarding the shareholding held directly or indirectly for subsidiaries and associated companies (Article 2427, first paragraph no. 5 of the Italian Civil Code).

Changes in equity investments in non-consolidated subsidiaries are shown in the following table:

(€ thousand)	31.12.2022	Increases	Decreases	Exchange Effect	Other adjustments	30.06.2023
EUROBUILDING SHPK	-	12				12
GREENERGO	10					10
REBAR S.A.	57					57
<b>TOTAL</b>	<b>67</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78</b>

The operations performed during the period concern only the subscription made by Renco Valore S.p.A. of the share capital of the Albanian subsidiary Eurobuilding ShPK.

#### Associated companies

Changes in equity investments in associated companies are shown in the following table:

(€ thousand)	31.12.2022	Increases	Decreases	Exchange Effect	Other adjustments	30.06.2023
RENCO IREM COSTRUCOES	-	-	-	-	-	-
RENCO NIGERIA	-	-	-	-	-	-
REAL ESTATE MANAGEMENT	-	-	-	-	-	-
DARIN CONSTRUCTION	642	-	-	-	-	642
TRADEMARK ITALY LLP	0	-	-	-	-	0
TOLFA CARE	680	-	-	-	(680)	-
NOVA PORTUM	84	-	-	-	-	84
GREEN FACTORY	1	6	-	-	-	7
SALINELLA EOLICO	392	-	-	-	-	392
NIASSA SANCTURARY	-	-	-	-	-	-
CENTRAL SOLAR MOZAMBIQUE	-	-	-	-	-	-
RENCO ENERGY SERVICES LTD	10	-	-	-	-	10
VELOFIRMA	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,810</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,134</b>

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In March, Renco Valore S.p.A. sold its block of shares held in the company Real Estate Management S.r.l., equal to 30% of the share capital. The sale generated a capital gain of Euro 4,993 thousand recorded in the income statement item "C) Financial income and charges; 15) Income from equity investments". The transfer value was fully collected at the end of March.

During the period, Renco Valore S.p.A. acquired control of Tolfa Care S.r.l. Initially, this was achieved through the acquisition of a further 10% of the shares of Renco Health Care S.r.l., thus bringing Renco Valore S.p.A. to have direct total control over the subsidiary. Subsequently, Renco Valore S.p.A. acquired, in turn and directly, 20% of the shares of Tolfa Care S.r.l. As a result, the Renco Group's stake increased from 42.75% to 67.6%. This led to the exit of Tolfa Care S.r.l. from associated companies and inclusion in the consolidation scope of the Group with the line-by-line consolidation method. The excess of the acquisition cost compared to the percentage due of the company's net assets was attributed to the structure, the property, for Euro 1,508 thousand, with the recognition of deferred tax liabilities on the allocated value, for Euro 584 thousand.

#### Other companies

Changes in equity investments in other companies are shown in the following table:

(€ thousand)	31.12.2022	Increases	Decreases	Exchange Effect	Other adjustments	30.06.2023
CEDECORP SA -CAMERUN	23	-	-	-	-	23
PROM INVEST ENGIN ATYRAU	0	-	-	-	-	0
PARTECIPAZIONE CONAI	0	-	-	-	-	0
KAIROS AIR SPA	100	-	-	-	-	100
JSC Astanaenergосervic	26	-	-	-	-	26
EXCELERATE-RENCO FPB	3,450	1,232	-	-	-	4,682
<b>TOTAL</b>	<b>3,599</b>	<b>1,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,831</b>

During the period, Renco S.p.A. paid a further contribution of share capital into Excelerate Renco FPB Sh.p.k., to provide the Albanian company with the financial resources necessary to allow the activities planned for the commissioning of the two barges purchased in 2022, aimed at producing 110 Mw of energy electric.

#### Receivables

(€ thousand)	Receivables from subsidiaries	Receivables from associated companies	Receivables from others
<b>Balance as of 31.12.2022</b>	<b>20</b>	<b>36,698</b>	<b>26</b>
Increases during the year	10	6,933	
Decreases during the year		(3,113)	(1)
<b>Balance as of 30.06.2023</b>	<b>31</b>	<b>40,518</b>	<b>25</b>

Receivables from unconsolidated subsidiary companies, equal to Euro 31 thousand (Euro 20 thousand at 31 December 2022), consist of receivables from the subsidiary Rebar S.A. claimed by the company Renco S.p.A., for Euro 20 thousand, and receivables from Eurobuilding SpHK claimed by the company Renco Valore S.p.A., for Euro 10 thousand.



Receivables from associated companies amounting to 40,518 thousand Euro (36,698 thousand Euro at 31 December 2022) consist of:

- receivables from the associated company Velofirma claimed by the company Renco Valore S.p.A. for Euro 4,769 thousand (Euro 4,769 thousand as at 31 December 2022);
- receivables from the associated company Darin Construction for Euro 12,451 thousand (Euro 12,770 thousand as at 31 December 2022) due from the company Renco Valore S.p.A., the change of Euro 320 thousand is given by the repayment of the loan received in the period. Please note that the Group owns 25% of the Darin Construction company and the financial credit was disbursed in order to finance its share in the real estate development operation;
- receivables from the associated companies Trade Mark Italy LLP, for Euro 1,006 thousand (Euro 955 thousand as at 31 December 2022), and Niassa Sanctuary LTD, for Euro 461 thousand (Euro 443 thousand), disbursed to support the companies;
- receivables from the company Renco Irem Construcoes of Euro 8,240 thousand (Euro 8,212 thousand at 31 December 2022). The company is leader of the local consortium that is following important construction work for the CCS client;
- receivables from the company Central Solar Mozambique for Euro 4,774 thousand (Euro 308 thousand), disbursed for the development of a photovoltaic project in Mozambique, further receivables from Renco Nigeria for Euro 1,850 thousand and from Renco Energy Service for Euro 1,463 thousand;
- receivables from the company Salinella Eolico for Euro 3,864 thousand, to support the investment for the construction of a wind farm in Calabria, which will have an installed capacity of approximately 22 MW;
- receivables from Nova Portum S.r.l. for Euro 1,638 thousand.

Receivables from others, equal to Euro 25 thousand (Euro 26 thousand), consist of guarantee deposits.

#### Other securities and derivative instruments

(€ thousand)	Other Securities	Active derivative instruments
<b>Balance as of 31.12.2022</b>	-	<b>15,303</b>
Increases during the year	-	
Decreases during the year	-	(3,228)
<b>Balance as of 30.06.2023</b>		<b>12,075</b>

The item Active derivative instruments, equal to Euro 12,075 thousand, represents the temporal valuation of derivatives as at 30 June 2023. For a more in-depth description of derivative instruments, please refer to the specific section of these explanatory notes.

#### (4) INVENTORIES

(€ thousand)	31.12.2022	30.06.2023	Changes
Inventories:			
1) Raw materials, ancillary materials and consumables	3,518	4,613	1,095
2) Product in progress and semi-finished products	32,064	36,335	4,271
3) Contract work in progress	395,497	582,081	186,584
4) Finished products and goods	12,648	13,242	594
5) Advances			
<b>Total</b>	<b>443,728</b>	<b>636,271</b>	<b>192,543</b>

The valuation criteria adopted are unchanged from the previous year and are described in the first part of these Explanatory Notes.

With regard to contract work in progress on ultra-annual orders, it should be noted that the same, as specified in the first part of the Explanatory Notes, are evaluated on the basis of the percentage of completion. Advances received from customers are recognised in the Liabilities of the Balance Sheet under item 6 of class D.

The increase in inventories mainly derives from the progress of the production of orders already acquired during previous years, in particular the progress recorded on the orders in Italy linked to interventions relating to the 110% Superbonus and on the order in Kazakhstan linked to the construction of a 173 km aqueduct line.

The finished products and goods include a building located in Rome worth Euro 5,900 thousand (€Euro 5,900 thousand), used as a residential building, purchased for resale by Renco Valore S.p.A. in May 2015; the property was granted to a third party on the basis of a rent to buy contract. The asset is recorded at the presumed realisable value, corresponding to the consideration agreed in the rental to buy contract in the event of exercising the purchase option.

The value of the products in progress and semi-finished products is entirely attributable to the building area of the Residence Viserba S.r.l. company on which it launched the Green Project for the real estate development in the "Ex Corderia" area of Viserba (RN), continuing with the primary and secondary urbanisation works of the entire sector and with the construction works of the residential buildings relating to the first section.

#### (5) RECEIVABLES

The balances of consolidated receivables, included in current assets after the elimination of intra-group values, are thus divided according to collectability.

(€ thousand)	31.12.2022	30.06.2023	Changes
Receivables			
1) From Customers	85,354	78,200	(7,154)
2) From Subsidiaries			
3) From Associated Companies	11,550	11,431	(119)
5-bis) For tax receivables	15,212	26,539	11,327
5-ter) For prepaid taxes	18,603	18,828	225
5-quater) From Others	30,808	50,409	19,601
<b>Total</b>	<b>161,527</b>	<b>185,407</b>	<b>23,880</b>

The balance is thus divided according to the deadlines (art. 2427, point 6 of the Civil Code).

(€ thousand)	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Receivables				
1) From Customers	78,200	-	-	78,200
2) From Subsidiaries		-	-	
3) From Associated Companies	11,431	-	-	11,431
5-bis) For tax receivables	26,512	27	-	26,539
5-ter) For prepaid taxes	18,828	-	-	18,828
5-quater) From Others	39,815	10,594	-	50,409
<b>Total</b>	<b>174,786</b>	<b>10,621</b>	<b>-</b>	<b>185,407</b>

Finally, a detail of the most significant credit items is provided.

#### Receivables from customers

The item "receivables from customers" equal to Euro 78,200 thousand (Euro 85,354 thousand) is shown net of the provision for bad debts equal to Euro 2.5 million.

Compared to 31 December 2022, the net balance of receivables from third party customers decreased in absolute value by Euro 7,154 thousand due to the recognition of tax credits deriving from the Superbonus 110. The latter, however, had an increase of Euro 11,634 thousand, increasing from Euro 982 thousand on 31 December 2022 to Euro 12,346 thousand on 30 June 2023. The time delay between the issuing of the Superbonus 110 invoice to the customer, in which the "Credit to customers" is recorded, and the acceptance of the tax credit by the company within its tax box, in which the "Tax credit" is recorded, decreasing the respective "Credit from customers", is approximately 45 days.

The provision for bad debts recorded at 30 June 2023 is considered to be adequate to cover both the specific situations, which have already manifested themselves in situations of uncollectability during the current financial year, and the risks of uncollectability implicit in "performing" loans.

#### Receivables from associated companies

The item "receivables from associated companies", equal to Euro 11,431 thousand (Euro 11,550 thousand) consists exclusively of trade receivables and are represented by

- receivables from the associated company Velofirma for Euro 1,500 thousand (Euro 1,453 thousand);
- receivables from the associated company Renco Nigeria for Euro 686 thousand (Euro 680 thousand);
- receivables from the associated company Darin Construction for Euro 1,215 thousand (Euro 1,256 thousand);
- receivables from the associated company Renco Energy Services for Euro 875 thousand (Euro 1,058 thousand);
- receivables from the associated company Renco Irem Costrucoes Lda for Euro 5,334 thousand (Euro 5,429 thousand);
- receivables from the associated company Nova Portum for Euro 69 thousand (Euro 43 thousand);
- receivables from the associated company Salinella Eolico S.r.l. for Euro 35 thousand;
- receivables from the associated company Niassa Sanctuary for Euro 175 thousand (Euro 175 thousand);

- receivables from the associated company Trademark Italy for Euro 1,357 thousand (Euro 1,239 thousand);
- receivables from the associated company Central Solar Mozambique for Euro 185 thousand (Euro 188 thousand).

#### Tax receivables

The item "tax credits" equal to Euro 22.7 million (Euro 14.3 million), in line with the previous year, consists of the following:

(€ thousand)	31.12.2022	30.06.2023	Changes
Foreign tax receivable	121	1,046	924
Receivables for tax bonuses related to Superbonus 110	982	12,346	11,364
Tax receivables	4,655	6,253	1,598
VAT receivables	8,407	6,184	(2,224)
Other tax receivables	1,047	711	(335)
<b>Total</b>	<b>15,212</b>	<b>26,539</b>	<b>11,327</b>

The item "credits for taxes paid abroad" is solely attributable to Renco Group S.p.A. and refers to taxes paid abroad, almost all of which have already become definitive and have not yet been recovered.

Other tax credits include credits for Euro 12.3 million deriving from activities linked to interventions relating to the 110% Superbonus.

#### Receivables for deferred tax assets

Deferred tax assets amounting to 18,828 thousand Euro (18,603 thousand Euro) relate to temporary differences also deductible on tax losses carried forward.

The item also includes receivables for prepaid taxes relating to the Armenian company Armpower, for Euro 9,959 thousand. Prepaid and deferred taxes on Armpower are recognised on temporary differences arising from the values of the assets and liabilities present in its statutory financial statements, the so-called "functional currency" is the USD, and the values of the assets and liabilities used as the basis of the tax return, which are in punctual DRAM for reference transaction.

Tax credits are considered recoverable with reasonable certainty through future taxable profits.

#### Receivables from others

The item "receivables from others", equal to Euro 22,686 thousand (Euro 20,171 thousand) consists of the following.

(€ thousand)	31.12.2022	30.06.2023	Changes
Advances and advances to suppliers	6,720	29,019	22,299
Receivables from employees	1,146	1,597	451
Deposits	817	860	42
Receivables from sale of equity investments	9,154	9,054	(100)
Receivables for rent-to-buy	2,545	1,367	(1,178)
Insurance receivables	9,137	6,680	(2,457)

Receivables from social security institutions	59	200	141
Receivables from Terna	22	-	(22)
Other miscellaneous receivables	1,208	1,633	425
<b>Total</b>	<b>30,808</b>	<b>50,409</b>	<b>19,601</b>

Advances and payments on account to suppliers increased by Euro 22,299 thousand, to meet the production scheduled for the second half of the year on the construction contract for the aqueduct line in Kazakhstan.

Receivables for the sale of equity investments amount to Euro 9,054 thousand (Euro 9,154 thousand) and include:

- Euro 5,352 thousand from receivables deriving from the sale of 50% of the Kazakh investee company Renco Kat. According to the contractual agreements, the credit will be collected by bank transfers equal to a certain percentage of the profits distributed to the purchasing party as members of Renco Kat for a number of years such as to allow the total payment of the transfer price. By virtue of Renco Kat's development plans and existing agreements, at present the directors do not detect critical issues in the recoverability of the receivables;
- Euro 2,776 thousand from receivables deriving from the sale of 19.8% of the Real Moz shares. According to the contractual agreements, the credit will be collected by bank transfers in a similar way to the distribution of the investee's profits;
- Euro 925 thousand from the credit deriving from the sale of the shares of the company CD Properties.

Receivables for rent-to-buy amounting to Euro 1.4 million (Euro 2.5 million) are recorded in Renco Valore S.p.A. and are related to the modification that occurred during 2016 to the rent to buy contract. Modification that provided for a further deposit by the buyer for the amount of consideration agreed for the sale of the property, taking the amount of Euro 3.7 million. As this is an external takeover with the consent of the bank but not a release, in 2016 the amount of Euro 3.7 million was recorded among the different receivables and among the different payables, an amount that has been reduced over the years to Euro 1.4 million.

#### (6) CASH AND CASH EQUIVALENTS

(€ thousand)	31.12.2022	30.06.2023	Changes
Cash and cash equivalents			
Current bank accounts and post-office deposits	100,186	59,853	(40,333)
Cash in hand and other valuables	356	502	146
<b>Total</b>	<b>100,542</b>	<b>60,355</b>	<b>(40,187)</b>

The balance represents the liquid assets, the existence of cash and values at the closing date of the period.

#### (7) ACCRUED INCOME AND PREPAID EXPENSES

They represent the connection items for the year counted against the accrual criterion. The composition of the item is so detailed.

(€ thousand)	31.12.2022	30.06.2023	Changes
Accrued income	152	462	310

Prepaid expenses	3,246	2,259	(987)
<b>Total</b>	<b>3,398</b>	<b>2,721</b>	<b>(677)</b>

They measure income and charges whose competence is advanced or delayed with respect to the numerical and/or documentary manifestation and regardless of the date of payment or collection of the related income and charges, common to two or more years and distributable over time.

## (8) SHAREHOLDERS' EQUITY

### Shareholders' equity attributable to the Group

(€ thousand)	31.12.2022	Increases	Decreases	30.06.2023
Group shareholders' equity				
Share capital	9,013			9,013
Share premium reserve	25,987			25,987
Revaluation reserve	4,696			4,696
Legal reserve	1,503			1,503
Other reserves	32,899	989		33,889
Expected cash flow hedge reserve	14,201	(4,600)		9,601
Retained earnings (accumulated losses) and other reserves	107,377	8,532		115,910
Reserve for purchase of treasury shares	(3,609)			(3,609)
Profit (loss) for the period of the group	8,533	1,692	(8,533)	1,692
<b>Total</b>	<b>200,601</b>	<b>6,614</b>	<b>(8,533)</b>	<b>198,682</b>

The item Other Reserves is composed as follows

(€ thousand)	31.12.2022	Increases	Decreases	30.06.2023
Other reserves				
Extraordinary or optional reserve	21,916		-	21,916
Capital contributions	25,026	-	-	25,026

Conversion reserves from foreign consolidation	(20,569)	321	-	(20,248)
Consolidation reserve	6,526	668	-	7,195
<b>Total</b>	<b>32,900</b>	<b>989</b>		<b>33,889</b>

The Conversion reserves from foreign consolidation condenses the effect of the consolidation of foreign subsidiaries, having balance sheets with a currency other than the Euro, and is determined according to the consolidation criteria indicated above.

The change in the consolidation reserve, for Euro 668 thousand, is attributable to the first full consolidation of Tolfa Care.

At the closing date of the financial statements, the outstanding securities are no. 901,250 ordinary shares with a par value of Euro 10 each.

#### Equity pertaining to minority interest

(€ thousand)	31.12.2022	30.06.2023	Changes
Minority interest			
Capital and reserves	8,403	9,697	1,294
Profit (loss) for the year	585	5,037	4,452
<b>Total</b>	<b>8,988</b>	<b>14,734</b>	<b>5,746</b>

#### (9) PROVISION FOR RISKS AND CHARGES

(€ thousand)	31.12.2022	Increases	Decreases	30.06.2023
2) Provisions for taxes, including deferred taxes	18,013	1,653	(905)	18,761
3) Derivative financial instruments – financial liabilities				
4) Others	2,757		(2,665)	92
<b>Total</b>	<b>20,770</b>	<b>1,653</b>	<b>(3,570)</b>	<b>18,853</b>

#### Provisions for taxes

The tax provision, equal to Euro 18,761 thousand (Euro 18,013 thousand), includes Euro 18,211 thousand (Euro 17,463 thousand) of the temporary differences recognised in the Group companies as well as the tax effects deriving from the consolidation entries.

In addition, the tax provisions include probable tax liabilities and penalties of Euro 550 thousand against tax audits on Renco S.p.A. carried out by the tax authorities on the year 2017.

The movement of this provision is as follows:

(€ thousand)	31.12.2022	Provisions	Uses	Translation exchange differences	Other movements	30.06.2023
Tax provisions, to be probably assessed	550			-	-	550

Provision for deferred taxes	17,463	705	(841)	(64)	948	18,211
<b>Total</b>	<b>18,013</b>	<b>705</b>	<b>(841)</b>	<b>(64)</b>	<b>948</b>	<b>18,761</b>

### Other provisions for risks and charges

The balance is equal to Euro 1,336 thousand (Euro 2,541 thousand) and consists of the following:

(€ thousand)	31.12.2022	Use for the year	Provision for the year	30.06.2023
Provision for hedging investee losses	2,184	(2,184)	-	-
Provision for warranties on plant orders	573	(481)	-	92
<b>Total</b>	<b>2,541</b>	<b>(2,665)</b>	<b>-</b>	<b>92</b>

#### Provision for guarantee of plant orders

The guarantee provision shall take into account up-to-date contractual practices relating to orders for industrial installations. It represents the estimate of the costs to be incurred for guaranteed interventions between the issuance of the Preliminary Acceptance Certificate (“PAC”) and the Final Acceptance Certificate (“FAC”). The PAC is the moment when ownership of the plant passes to the customer and the warranty period opens (established on a contractual basis that is customarily 24 months), while the release of the FAC takes place at the end of the warranty period. The provision is calculated on the basis of the historical incidence of guarantee costs on similar orders.

The use of the period relates to the warranty interventions performed on the Libyan Sarir contract, completed in the previous period.

### (10) PAYABLES

The composition and variations of the individual items are represented by the following table (art. 2427, point 4 of the Civil Code).

(€ thousand)	31.12.2022	30.06.2023	Changes
1) Bonds	41,549	35,598	(5,951)
3) Payables to shareholders for loans	5,344	5,344	-
4) Payables to banks	256,645	266,612	9,967
5) Payables to other lenders	13,787	17,063	3,276
6) Advances	421,205	596,765	175,560
7) Payables to suppliers	148,116	136,822	(11,294)
9) Payables to non-consolidated subsidiaries	86	87	1
10) Payables due to associated companies	9,987	9,828	(159)
12) Tax payables	7,905	8,856	951
13) Payables to social security institutions	2,692	1,496	(1,196)
14) Other payables	10,844	15,597	4,753
<b>Total</b>	<b>918,158</b>	<b>1,094,069</b>	<b>175,908</b>

The tables relating to the breakdown of payables by maturity and by geographic area on the basis of the combined provisions of articles 2427, point 6 of the Civil Code are shown respectively.



(€ thousand)	Within 12 months	Beyond 12 months	Beyond 5 years	Total
1) Bonds	7,378	23,221	5,000	35,598
3) Payables to shareholders for loans	5,344			5,344
4) Payables to banks	118,032	99,837	48,743	266,612
5) Payables to other lenders	1,354	15,709		17,063
6) Advances	482,811	113,954		596,765
7) Payables to suppliers	136,822			136,822
9) Payables to non-consolidated subsidiaries	87			87
10) Payables due to associated companies	9,828			9,828
12) Tax payables	8,001	855		8,856
13) Payables to social security institutions	1,496			1,496
14) Other payables	14,894	703		15,597
<b>Total</b>	<b>786,047</b>	<b>254,279</b>	<b>48,743</b>	<b>1,094,069</b>

### Bonds

The item “bonds” refers to the following bond loans:

- bond loan issued on 23 November 2017 by the ultimate parent company Renco Group S.p.A. of nominal Euro 35 million consisting of 350 bonds of Euro 100,000 each and maturing on 23 November 2023 admitted to trading on the professional segment ExtraMOT PRO interest rate 4.75%. The amortising bond loan with pre-amortisation until 23 November 2020, in relation to which the repayment is in six non-constant six-monthly installments starting from 23 May 2021 and in the period it was repaid for an amount equal to Euro 5.95 million.
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- bond loan issued on 16 October 2020 by the ultimate parent company Renco Group S.p.A. of nominal Euro 10 million consisting of 100 bonds of Euro 100,000 each and maturing on 1 January 2027 placed in private placement;
- bond loan issued on 27 July 2022 by the ultimate parent company Renco Group S.p.A. of nominal Euro 15 million consisting of 150 bonds of Euro 100,000 each and maturing on 30 September 2028 placed in private placement;
- bond loan issued on 25 July 2022 by the ultimate parent company Renco Group S.p.A. of nominal Euro 5 million consisting of 50 bonds of Euro 100,000 each and maturing on 30 July 2026 placed in private placement.

### Payables to shareholders for loans

Payables to shareholders for loans consist of the conversion, during 2009, of the total coupons on bonds accrued in favour of the shareholders of the Ultimate Parent Company Renco Group S.p.A. on 31 December 2008 and not yet paid by the company. The loan maturing on 31 December 2014 has been extended from time to time. As a result of new guarantees provided by the Ultimate Parent Company in favour of subsidiaries, shareholder loans are subject to distribution constraints.

### Payables to banks

The balance of the payables to banks as at 30.06.2023 equal to Euro 266.6 million (Euro 256.6 million as), including mortgages payable, expresses the actual debt for capital, interest and ancillary charges accrued and due.

## Renco Group Half-yearly Financial Report 2023

### Supplementary Note | Consolidated Financial Statements | Half-yearly Financial Statements as of 30 June

During the year, the Group contracted new medium-long term loans for Euro 30.1 million (Euro 70 million), of which Euro 29.7 million relate to financing obtained from Renco S.p.A. and Euro 0.4 million from Residence Viserba.

The details of the Group's major loans are shown below.

Renco Valore S.p.A. has in place the financing contracted in 2020:

(€ thousand)	Par value	Outstanding debt	Amortised cost	Due date	Rate	Hedging transactions
Term Loan A Credit Line	35,000	17,160	16,981	17/06/2027	Var	IRS
Term Loan B Credit Line	28,000	8,825	8,594	17/06/2027	Var	IRS
<b>Total</b>	<b>63,000</b>	<b>25,985</b>	<b>25,575</b>			

During the period, Renco Valore S.p.A. repaid in advance part of Loan A, for Euro 11,259 thousand, and part of Loan B, for Euro 5,790 thousand. Against this reimbursement, the corresponding nominal value of the derivatives was closed, which resulted in a financial income of Euro 1,827 thousand.

On 10 July 2020 the company Villa Soligo S.r.l. contracted a loan of Euro 3 million aimed at supporting the complete renovation works of the hotel. The loan has a duration of 10 years and expires on 5 July 2031, indexed to the 3-month Euribor interest rate plus a spread of 2.5%, and a floor rate of 0%. The repayment period started from August 2021 and at 30 June 2023 the loan amounted to Euro 2.48 million (Euro 2.6 million at 31 December 2022).

It should be noted that the subsidiary and consolidated Renco Capital S.r.l. has the following loans in place:

- variable rate loan of Euro 1 million with maturity date 30 June 2025, indexed at the 6-month Euribor interest rate and spread 1.85%, whose residual value of the amortised cost at 30 June 2023 is equal to Euro 0.35 million (Euro 0.35 million at 31 December 2022);
- variable rate loan of Euro 12 million with maturity date 30 June 2032, indexed to the 6-month Euribor and spread 2.3%. The residual amount of the amortised cost as at 30 June 2023 amounts to Euro 9.7 million (Euro 10.2 million as at 31 December 2022).

Below are the details:

(€ thousand)	Par value	Outstanding debt	Amortised cost	Due date	Rate	Hedging transactions
Loan 1 mln	1,000	358	357	30/06/2025	Var	
Loan 12 mln	12,000	9,764	9,720	30/06/2032	Var	IRS
<b>Total</b>	<b>15,000</b>	<b>10,122</b>	<b>10,077</b>			

Armpower:

As of 30.06.2023 there are payables for loans in foreign currency, specifically those referring to Armpower loans contracted to finance the construction of the power plant. The breakdown of the loans is as follows:

Description (values in thousands)	Par value USD	Amortised cost USD	Amortised cost of Renco share in Euro	Due date	Rate	Hedging transactions
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## Renco Group Half-yearly Financial Report 2023

### Supplementary Note | Consolidated Financial Statements | Half-yearly Financial Statements as of 30 June

International Finance Corporation (IFC)	73,000	61,158	33,665	31/12/2033	Var	IRS
Asian Development Bank (ADB)	43,860	36,745	20,227	31/12/2033	Var	IRS
OPEC Fund for International Development (OFID)	25,300	21,199	11,669	31/12/2033	Var	IRS
Deutsche Investitions (DEG)	21,500	18,015	9,917	31/12/2033	Var	IRS
Deutsche Investitions (DEG)	15,700	15,222	8,379	30/06/2027	Var	
	<b>179,360</b>	<b>152,339</b>	<b>83,856</b>			
Loans for VAT facilities		7,459	4,277			
		<b>159,798</b>	<b>88,133</b>			

The loans indicated above with maturity on 31 December 2033 are indexed at the 6-month Libor interest rate plus a spread of 4.5%. Interest accrues on June 30 and December 31 of each year.

In 2022 Armpower received a loan from DEG, worth USD 15,700 thousand, the interest rate of which is indexed to the 6-month Libor plus a spread of 5.25%.

The loans are entirely guaranteed by the main asset, the power plant, and by the company's shares.

It should be noted that the subsidiary and consolidated Renco Capital S.r.l. has the following loans in place for the construction of the new site in Pesaro:

- Variable rate loan of Euro 1 million expiring on 30 June 2025, indexed to the 6-month Euribor interest rate and 1.85% spread, whose residual value of the amortised cost at 30 June 2023 is equal to Euro 0.4 million;
- Variable rate loan of Euro 12 million with maturity date 30 June 2032, indexed to the 6-month Euribor and spread 2.3%. The residual amount of the amortised cost at 30 June 2023 amounts to Euro 9.7 million.

Below are the details:

(€ thousand)	Par value	Outstanding debt	Amortised cost	Due date	Rate	Hedging transactions
Loan 1 mln	1,000	357	356	30/06/2025	Var	
Loan 12 mln	12,000	9,764	9,720	30/06/2032	Var	IRS
<b>Total</b>	<b>13,000</b>	<b>10,121</b>	<b>10,076</b>			

The balance of payables to banks beyond 12 months, totalling Euro 148.6 million (Euro 166.6 million at 31 December 2022), consists of the following:

- as for Euro 31.9 million (Euro 29.9 million at 31 December 2022) is represented by the residual payable with maturity beyond 12 months of loans from Renco S.p.A.;
- as for Euro 9 million (Euro 9.5 million at 31 December 2022) is represented by the residual payable with maturity over 12 months of loans to Renco Capital S.r.l.;

- as for Euro 2.2 million (Euro 2.3 million) it is represented by the residual payable with maturity over 12 months of loans to Villa Soligo S.r.l.;
- as for Euro 1.8 million (Euro 1.8 million 31 December 2022) it is represented by the residual payable with maturity over 12 months of loans from Eat's Re S.r.l.;
- as for Euro 19.5 million (Euro 37.2 million at 31 December 2022) is represented by the residual payable with maturity beyond 12 months of loans from Renco Valore S.p.A.;
- as for Euro 3.2 million (Euro 3.4 million) it relates to the residual debt expiring beyond 12 months of financing held by Residence Viserba S.r.l.;
- as for Euro 80.9 million (Euro 82.6 million at 31 December 2022) it relates to the residual debt expiring beyond 12 months of financing held by Armpower CJSC.

The balance of debts to banks beyond 5 years is equal to Euro 48.7 million (Euro 53.9 million at 31 December 2022) and is represented by the residual debt of the loans held by Armpower for Euro 41.5 million, Renco Capital S.r.l. for Euro 4.9 million, Villa Soligo S.r.l. for Euro 1 million and Eat's Re S.r.l. for Euro 0.9 million.

The Group companies are currently in good standing with the payment of overdue installments.

#### **Payables to other lenders**

"Payables to other financiers" amounting to Euro 17.1 million (Euro 13.8 million) include:

- payables to leasing companies of Euro 4.1 million (Euro 2.8 million). The debt refers to the leasing contract held by Renco Capital S.r.l. of a property located in Pesaro, for which Euro 670 thousand remain, to the leasing contract on the property owned by Tolfa Care for Euro 1.7 million and to the contracts stipulated by Renco S.p.A. for equipment and cranes intended for work in Mozambique and activities related to the Superbonus 110, the residual value of which is equal to Euro 1.7 million.
- payables to Simest for Euro 11 million. During 2019, a share capital increase was implemented in Renco Power Cjsc by Simest S.p.A. and the Venture Capital Fund ("FVC") by subscribing a share corresponding to 22.37% of the share capital. In compliance with the reference accounting standards and in consideration of Renco S.p.A.'s commitment to repurchase the shares subscribed by Simest and FVC, to be carried out by 30 June 2026, this increase in share capital was represented as debt to other lenders;
- payables to Simest for Euro 2 million. In the current period, a share capital increase was implemented by Simest S.p.A. and by FVC in Moz Green, vehicle company for the development of a photovoltaic system in Mozambique, through the subscription of a share corresponding to 43.56%. In compliance with the reference accounting standards and in consideration of Renco S.p.A.'s commitment to repurchase the shares subscribed by Simest and FVC, to be carried out by 31 May 2028, this increase in share capital was represented as debt to other lenders.

#### **Advances**

The balance of the "Advances" item includes advances, already collected from customers upon placing the order, advances received from customers on ongoing orders and advances relating to the rent to buy contract; in particular, the advances are equal to Euro 7.5 million (Euro 11.8 million), the advances on contracts in progress are equal to Euro 577 million (Euro 401 million), the advances to others relating to the rent to buy contract stipulated in 2015 amounted to Euro 5.9 million (Euro 5.9) and Euro 6.1 million (Euro 3 million) of advances received from customers as confirmatory deposits on the real estate development of Viserba. The change in "Advances" is strictly linked to the progress of ongoing orders.

#### **Payables to suppliers**

"Payables to suppliers" amounting to Euro 136,822 thousand (Euro 148,116 thousand) are recorded net of commercial discounts; cash discounts are instead recognised at the time of payment. The par value of these

payables has been adjusted, on the occasion of returns or rebates (billing adjustments), to the extent corresponding to the amount defined with the counterparty.

#### Payables to non-consolidated subsidiaries

The item payables to unconsolidated subsidiary companies amounted to Euro 87 thousand (Euro 86 thousand). The balance includes debts that the Group companies have towards Renco Ghana Wayoe for Euro 86 thousand relating to the capital to be paid.

#### Payables to associated companies

The item "payables to associated companies" of Euro 9,828 thousand (Euro 9,987 thousand) includes short-term positions which are frequently handled with Group companies. Specifically, they are represented by debts to Renco Irem Costrucos for Euro 9,808 (Euro 9,978 thousand) and various debts to other associated companies for Euro 20 thousand (Euro 7 thousand).

#### Tax payables

The item "Tax payables" equal to Euro 8,856 thousand (Euro 7,905 thousand) includes only liabilities for certain and determined taxes, being the liabilities for probable or uncertain taxes in the amount or on the date of occurrence, or for deferred taxes, recorded in item B.2 of the liability (Tax provision).

#### Other payables

The balance "Other payables" includes the following items:

(€ thousand)	31.12.2022	30.06.2023	Changes
Payables to employees	6,465	8,134	1,669
Payables for rent-to-buy	1,367	1,367	
Payables for purchase of equity investments	260	1,196	936
Payables for dividends	202		(202)
Payables for payment of share capital	1,434	2,025	590
Other sundry payables	1,115	2,876	1,761
<b>Total</b>	<b>10,844</b>	<b>15,597</b>	<b>4,753</b>

Payables to personnel represent the debt for salaries and holidays accrued by employees.

The item "Payables for rent-to-buy" relates to the rental to buy contract stipulated during 2015 and concerning the property recorded among the inventories; it should be noted in this regard that during 2016 an act amending the rental to buy contract was signed. With the amendment to the contract, the buyer paid an additional deposit for the portion of consideration agreed for the sale of the property, taking the amount of Euro 3,729 thousand of the remaining portion of the land loan contract with MPs bank. Since this is an external takeover with the consent of the bank but not a discharge, the increase in the advances paid and the cancellation of the payable owed to the bank for the loan were made, the amount of Euro 3,729 thousand was entered among the different receivables and among the different payables (amounts reduced during past years as a result of the payment of the loan installments expired during the year); in the event of non-fulfilment by the buyer, in fact, the bank could request the fulfilment directly from Renco Valore S.p.A. as a subsidiary obligation.

#### Accrued liabilities and deferred income

They represent the connection items for the year counted against the accrual criterion, and are composed as follows:

(€ thousand)	31.12.2022	30.06.2023	Change
Accrued liabilities	1,522	2,007	485
Deferred income	180	120	(60)
<b>Total</b>	<b>1,702</b>	<b>2,127</b>	<b>425</b>

They measure income and charges whose competence is advanced or delayed with respect to the numerical and/or documentary manifestation and regardless of the date of payment or collection of the related income and charges, common to two or more years and distributable over time.

### (11) VALUE OF PRODUCTION

An indication of the composition of the value of production is provided, as well as the changes in the individual items, compared to the previous year:

(€ thousand)	30.06.2022	30.06.2023	Change	Change %
Revenues from sales and services	72,979	69,509	(3,470)	(4.75)
Changes in inventories of products in progress	1,649	5,120	3,471	210.49
Change in contract work in progress	87,307	187,114	99,807	114.32
Increases for in-house work	10,521	10,166	(355)	(3.37)
Other revenues and income	733	1,469	736	100.41
<b>Total</b>	<b>173,189</b>	<b>273,378</b>	<b>100,189</b>	<b>57.85</b>

#### Revenues by category of activity

Below we provide the breakdown of the value of production by production division.

(€ thousand)	30.06.2022	30.06.2023	Change	Change %
Services Business Line	31,544	17,896	(13,648)	(43.27)
Buildings Business Line	46,071	162,340	116,269	252.37
Asset Management Business Line	18,052	16,687	(1,365)	(7.56)
Energy Business Line	77,522	76,455	(1,067)	(1.38)
<b>Total</b>	<b>173,189</b>	<b>273,378</b>	<b>100,189</b>	<b>57.85</b>

For an analysis of the business performance, please refer to the Management Report.

*Revenues by geographic area*

Below we provide the breakdown of the value of production by geographic area.

(€ thousand)	30.06.2022	30.06.2023	Change	Change %
Italy	60,692	101,599	40,907	67.40
European Union	30,159	20,464	(9,695)	(32.15)
Eurasian Economic Union	39,110	123,755	84,645	216.43
Africa	34,174	20,802	(13,372)	(39.13)
Middle East	6,625	3,270	(3,355)	(50.64)
Other	2,429	3,487	1,058	43.57
<b>Total</b>	<b>173,189</b>	<b>273,378</b>	<b>100,189</b>	<b>57.85</b>

For a more in-depth analysis on the foreseeable business outlook and on industrial and commercial strategies, please refer to what is reported in the Report on operations.

**Other revenues and income**

The balance of "Other revenues and income" includes the following items:

(€ thousand)	30.06.2022	30.06.2023	Change
Other revenues and income			
Gains from disposal of assets	379	999	620
Income from insurance	56	17	
Revenues from contributions	38	83	45
Other sundry revenues	260	370	110
<b>Total</b>	<b>733</b>	<b>1,469</b>	<b>775</b>

**(12) COSTS OF PRODUCTION**

An indication of the composition of the costs of production is provided, as well as the changes in the individual items, compared to the previous year:

(€ thousand)	30.06.2022	30.06.2023	Changes
Cost of production			
Raw materials, ancillary materials and goods	44,743	90,789	46,046
Services	71,267	117,790	46,523
Use of third-party assets	5,778	4,899	(879)
Wages and salaries	30,683	29,474	(1,209)
Social security costs	5,708	5,328	(380)

Employee severance indemnity	545	28	(517)
Other personnel costs	96	32	(64)
Amortisation of intangible fixed assets	758	821	63
Depreciation of tangible fixed assets	6,419	9,317	2,898
Other write-downs of fixed assets			
Write-down of current receivables	375	3	(372)
Change in inventories of raw materials	78	(825)	(903)
Risk provisions			
Other provisions	-		
Other operating expenses	2,795	1,433	(1,362)
<b>Total</b>	<b>169,245</b>	<b>259,088</b>	<b>89,844</b>

### (13) FINANCIAL INCOME AND CHARGES

The composition of the item is as follows:

(€ thousand)	30.06.2022	30.06.2023	Changes
Financial income and charges			
Income from equity investments in subsidiaries	5	4,993	4,988
Income other than the above	392	3,901	3,509
(Interest and other financial charges)	(7,337)	(11,955)	(4,618)
Foreign exchange gains (losses)	1,708	(169)	(1,877)
<b>Total</b>	<b>(5,232)</b>	<b>(3,230)</b>	<b>2,002</b>

The item "Income from equity investments", equal to Euro 4,993 thousand, includes the capital gain deriving from the sale of the Real Estate Management S.r.l. equity investment that occurred during the period. For further information, please refer to the paragraph "Scope and methods of consolidation and significant events during the year".

The item "Income other than the above", equal to Euro 3,901 thousand, mainly includes the income deriving from the transfer of the Superbonus 110 tax credits held by Renco SpA, for Euro 593 thousand, income deriving from the IRS coverage performed during the period by Renco Value, for Euro 1,318 thousand, and income deriving from Overnight deposits registered in Renco Kat, equal to Euro 1,863 thousand.

The item "Interest and other financial charges", equal to Euro 11,955 thousand, recorded a change of Euro 4,618 thousand

both as a result of the increase in the cost of funding, following the increase in interest rates, and due to the increase in the discount applied to the price of the transfer of tax credits deriving from the Superbonus 110, a phenomenon which generated Euro 2,318 thousand (Euro 0 in the previous period) of financial charges on tax bonuses. Finally, the item contains Euro 3,935 thousand of financial interests relating to the subsidiary Armpower.

Regarding losses on foreign exchange of Euro 169 thousand, it should be noted that these include both the monetary changes made on the items closed during the year, and the "Unrealised foreign exchange gains and losses" since they relate to transactions not yet closed at the end of the period.

Profits and losses on exchange rates can be broken down as follows:



(€ thousand)	30.06.2022	30.06.2023	Changes
Exchange gains	8,048	2,554	5,494
Exchange losses	(7,855)	(1,686)	(6,169)
Unrealised exchange gains	11,299	1,253	10,046
Unrealised exchange losses	(9,784)	(2,290)	(7,494)
<b>Total</b>	<b>1,708</b>	<b>(169)</b>	<b>1,877</b>

The economic result relating to realised and unrealised exchange rate differences reflects the performance of the exchange market that characterised 2023, in substantial alignment with the exchange rates of the previous period.

**(14) INCOME TAXES FOR THE YEAR**

(€ thousand)	30.06.2022	30.06.2023	Changes
Income taxes for the year			
Current taxes	1,367	4,065	2,698
Taxes relating to previous years	7	(150)	(157)
Deferred/(prepaid) taxes	(3,369)	394	3,763
Expenses (income) from participation in the tax consolidation scheme	-	21	21
<b>Total</b>	<b>(1,994)</b>	<b>4,331</b>	<b>6,325</b>

To calculate taxes during the period under review, the tax rate expected for the final results expected in the half-year period is applied. In Italy, the IRES rate of 24% is applied (24% in 2022) on the taxable income of parent companies and of Italian companies. For foreign jurisdictions, taxes are calculated based on the rates in force in the respective countries.

## OTHER INFORMATION

## Disclosure on the fair value of derivative financial instruments

It should be noted that the Group considered concluding derivative contracts for the coverage of interest rate risk, related to part of the bank loans.

Below is the detailed information required by art. 2427-bis paragraph 1 no. 1 of the Italian Civil Code.

Description	Fair value 31/12/2022	2022 Tax effect	Fair value 30/06/2023	Tax effect Half-yearly 2023	Change in IS	Change in SE	Nature	Notional in thousands
INTEREST RATE SWAP	631	(151)	546	(131)		(64)	(A)	8,750
INTEREST RATE SWAP	354	(85)	297	(71)		(43)	(A)	5,500
INTEREST RATE SWAP	306	(74)	258	(62)		(37)	(A)	10,000
INTEREST RATE SWAP	273	(65)	292	(70)		14	(A)	9,500
FLEXIBLE FORWARD CONTRACT	1,473	(354)	275	(66)		(911)	(B)	21,600 USD
INTEREST RATE SWAP	1,100	(264)	1,142	(274)		32	(A)	10,700
INTEREST RATE SWAP	3,117	(748)	1,433	(344)	1,318	(1,280)	(A)	18,200
INTEREST RATE SWAP	8,047	(1,448)	7,832	(1,410)		(176)	(A)	98,196 USD
<b>Total</b>	<b>15,302</b>	<b>(3,190)</b>	<b>12,075</b>	<b>(2,428)</b>	<b>1,318</b>	<b>(2,465)</b>		
<b>Active derivative financial instruments</b>	<b>15,302</b>		<b>12,075</b>					

(A) Hedging derivative on interest rate fluctuation risk

(B) Hedging derivative on exchange rates for future transactions

As of 30.06.2023, the Group has the following derivative financial instruments of the "Cash flow hedge" type in place to cover the financing operations or cash flows expected from USD currency orders, and for which the hedging relationship is present:

- Notional IRS Euro 8,750 thousand due 31/12/2026 with quarterly payment period to cover financing of the same amount signed in the period by Renco S.p.A.. The fair value of the derivative of Euro 546 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments";
- Notional IRS Euro 5,500 thousand due 31/03/2026 with quarterly payment period to cover financing of the same amount signed in the period by Renco S.p.A.. The fair value of the derivative of Euro 297 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments";
- Notional IRS Euro 10,000 thousand due 31/12/2025 with quarterly payment period to cover financing of the same amount signed in the period by Renco S.p.A.. The fair value of the derivative of Euro 258 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments";
- Notional IRS Euro 9,500 thousand due 31/03/2028 with quarterly payment period to cover financing of the same amount signed in the period by Renco S.p.A.. The fair value of the derivative of Euro 292

- thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments";
- Forward contracts on the USD/Euro exchange rate, notional amount of USD 21,600 thousand with six-monthly periodicity and final expiry 31/12/2024, to cover the cash flow in USD that the Group will collect for the order of preparation and of O&M of the barges in Albania. The fair value of the derivatives of Euro 275 thousand is recorded in the "Expected cash flow hedge reserve" net of deferred taxation and has a counterpart in item B III) 4) "Active derivative financial instruments";
  - Notional IRS Euro 10,700 thousand due 30/06/2032 with six-monthly payment period to cover financing of the same amount signed by Renco Capital S.r.l.. The fair value of the derivative of Euro 1,142 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments";
  - Notional IRS Euro 18,200 thousand due on 17/06/2027 to cover the loan signed in June 2020 by Renco Valore S.p.A. The fair value of the derivative of Euro 1,433 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments". In June 2023, Renco Valore repaid part of the debt with an early repayment of the notional and consequent extinction of the hedges with the recording of a financial income of Euro 1,318 thousand;
  - Notional IRS USD 98,196 thousand due 31/12/2033 to cover the financing subscribed by Armpower CJSC for the construction of the power plant. The fair value of the derivative of Euro 7,832 thousand has been recorded in the "Expected cash flow hedge reserve" net of deferred taxation and is offset by item B III) 4) "Active derivative financial instruments".

#### Information on significant events that occurred after the end of the financial year

Pursuant to art. 2427 no. 22 quater) of the Italian Civil Code, the following is noted:

In August, Renco S.p.A. acquired 100% of the share capital of the Maltese company PASCUCCI & VANNUCCI INTERNATIONAL LTD, with branch in Libya. The company, operating in the hospital and civil construction sector in Libya, is the holder of the procurement contracts stipulated with the Libyan public company ODAC, for the execution of the "Zawya General Hospital" project relating to the construction of a hospital, for a contractual value of approximately Euro 62 million.

The operation will allow Renco to take over the development of this initiative, both as sole shareholder of the implementing company and as subcontractor of the design and construction activities of the ODAC contract, performing the work.

#### Disclosure relating to agreements not resulting from the balance sheet

(Ref. Article 38, first paragraph, letter o-sexies), Legislative Decree no. 127/1991.

The Group has no agreements in place other than those resulting from the Balance Sheet.

Attached to the consolidated financial statements are:

- the list of companies included in the consolidation with the full consolidation method pursuant to art. 26 of Legislative Decree 127/91;
- the list of companies included in the consolidation with the proportional method pursuant to art. 37 of Legislative Decree 127/91
- a list of other equity investments in non-consolidated subsidiaries and associates;
- the list of other equity investments;
- the consolidated statement of changes in consolidated equity accounts.

**Renco Group** Half-yearly Financial Report 2023

**Supplementary Note** | Consolidated Financial Statements | Half-yearly Financial Statements as of 30  
June

For the Board of Directors

The Chairman

Giovanni Gasparini

**RENCO GROUP S.P.A.**

Registered office in VIALE VENEZIA, 53 - 61121 PESARO (PS) - Share Capital Euro

9,012,500.00 fully paid up

Annex no. 1 to the consolidated financial statements as of 30/06/2023

**List of companies included in the consolidation with the full consolidation method pursuant to art. 26 of Legislative Decree 127/91 to 30/06/2023**

Company name	Headquarters	Currency	Share capital	Shareholders	Share prop.	Share cons.
RENCO S.P.A.	ITALY	EUR	60,000,000	RENCO GROUP S.P.A.	99.51%	99.51%
RENCO VALOR S.P.A.	ITALY	EUR	100,000	RENCO GROUP S.P.A.	99.51%	99.51%
RENCO HEALTH CARE S.R.L.	ITALY	EUR	100,000	RENCO VALOR S.P.A.	90.00%	89.56%
RENCO CAPITAL S.R.L.	ITALY	EUR	100,000	RENCO GROUP S.P.A.	99.99%	99.99%
RESIDENCE VISERBA S.R.L.	ITALY	EUR	1,425,420	RENCO VALOR S.P.A.	100.00%	99.51%
ARENGEST S.R.L.	ITALY	EUR	10,000	RENCO VALOR S.P.A.	100.00%	99.51%
ITALSEC G7 S.R.L.	ITALY	EUR	100,000	RENCO S.P.A.	70.00%	69.66%
RENCO ASSET MANAGEMENT S.R.L.	ITALY	EUR	100,000	RENCO GROUP S.P.A.	99.51%	99.51%
VILLA SOLIGO SRL	ITALY	EUR	93,080	RENCO VALOR S.P.A.	50.00%	49.76%
RENCO ENERGY SOLUTION S.R.L.	ITALY	EUR	15,000	RENCO S.P.A.	51.00%	50.75%
RENCO ECO ENERGY S.R.L.	ITALY	EUR	15,000	RENCO S.P.A.	51.00%	50.75%
VILLA DELLE ROSE S.R.L.	ITALY	EUR	10,000	RENCO VALOR S.P.A.	100.00%	99.51%
TOLFA CARE S.R.L.	ITALY	EUR	825,000	RENCO VALOR S.P.A.	67.60%	67.23%
EAT'S RE S.R.L.	ITALY	EUR	1,300,500	RENCO VALOR S.P.A.	100.00%	99.51%
RENCO ERMA S.R.L.	ITALY	EUR	10,000	RENCO S.P.A.	87.00%	86.57%
				RENCO ENERGY SOLUTION	10.00%	5.08%
GREENERGO S.R.L.	ITALY	EUR	10,000	RENCO S.P.A.	100.00%	99.51%
RENCO SPARK SP.K.H.	ALBANIA	LEK	1,213,900	RENCO S.P.A.	100.00%	99.51%
EUROBUILDING S.h.P.K.	ALBANIA	LEK	11,600	RENCO VALOR S.P.A.	100.00%	99.51%
RENCO ARMESTATE L.T.D.	ARMENIA	AMD	500,992,000	RENCO S.P.A.	100.00%	99.51%
ARMENIA MANAGEMENT	ARMENIA	AMD	50,000	RENCO VALOR S.P.A.	100.00%	99.51%
RENCO ARMENIA VALOR LTD	ARMENIA	AMD	500,000,000	RENCO VALOR S.P.A.	100.00%	99.51%
NEW VELODROME	ARMENIA	AMD	50,000	RENCO VALOR S.P.A.	100.00%	99.51%
ITALSEC ARMENIA	ARMENIA	AMD	100,000	ITALSEC S.R.L.	100.00%	69.66%
RENCO POWER CJSC	ARMENIA	AMD	100,000	RENCO S.P.A.	78.00%	99.51%
RENCO SAUDI ARABIA LTD	ARABIA	SAR	50,000	RENCO SPA	100.00%	99.51%
RENCO-KAT SRL	KAZAKHSTAN	KTZ	74,600,000	RENCO S.P.A.	50.00%	49.76%
RENCO PROPERTY LLP	KAZAKHSTAN	KTZ	74,600,000	RENCO VALOR S.P.A.	100.00%	99.51%
GEODELTA CORP	KAZAKHSTAN	KTZ	100,000	RENCO S.P.A.	60.00%	59.71%
INTERRENKO LTD	RUSSIA	RUB	134,500	RENCO PROPERTY	99.90%	99.41%

## Renco Group Half-yearly Financial Report 2023

### Supplementary Note | Consolidated Financial Statements | Half-yearly Financial Statements as of 30 June

				RENCO VALOR S.P.A.	0.10%	0.10%
RENCO SAKH LLP	RUSSIA	RUB	233,278,000	RENCO PROPERTY	99.90%	99.41%
				RENCO VALOR S.P.A.	0.10%	0.10%
SOUTHERN CROSS LLC	RUSSIA	RUB	37,256,408	GRAPEVINE INVESTIMENTOS E SERICOS LDA	100.00%	49.76%
RENCO SERVICE LLC	RUSSIA	RUB	100,000	RENCO S.P.A.	100.00%	99.51%
RENCO QATAR	QATAR	QR	200,000	RENCO S.P.A.	49.00%	48.76%
GRAPEVINE INVESTIMENTOS E SERICOS LDA	PORTUGAL	EUR	5,000	RENCO VALOR S.P.A.	50.00%	49.76%
ITALSEC MOZAMBIQUE	MOZAMBIQUE	METICAL	250,000	ITALSEC S.R.L.	62.50%	43.54%
REAL MOZ LDA	MOZAMBIQUE	METICAL	889,248,416	RENCO VALOR S.P.A.	80.20%	79.81%
RENCO MOZAMBIQUE LTP	MOZAMBIQUE	METICAL	250,000	RENCO VALOR S.P.A.	97.00%	96.52%
RENCOTEK LDA	MOZAMBIQUE	METICAL	10,000,000	RENCO S.P.A.	99.00%	99.51%
				RENCO VALOR S.P.A.	1.00%	99.51%
RENCO ENERGIA LDA	MOZAMBIQUE	METICAL	250,000	RENCO S.P.A.	62.50%	62.19%
MOZESTATE LDA	MOZAMBIQUE	METICAL	250,000	RENCO VALOR S.P.A.	99.00%	98.51%
				RENCO GROUP S.P.A.	1.00%	1.00%
CAPO DELGADO PROPERTIES SA	MOZAMBIQUE	METICAL	227,675,000	RENCO S.P.A.	63.00%	62.69%
PEMBA BULK TERMINAL LTD	MOZAMBIQUE	METICAL	100,000	CAPO DELGADO PROPERTIES SA	80.00%	50.15%
RENCO MOZ GREEN LTD	MOZAMBIQUE	METICAL	170,357,903	RENCO S.P.A.	99.00%	98.51%
				MOZESTATE LDA	1.00%	1.00%
RENCO MIDDLE EAST LLC	OMAN	OMR	250,000	RENCO S.P.A.	99.00%	98.51%
				RENCO GROUP S.P.A.	1.00%	1.00%
RENCO SAUDI ARABIA LTD	SAUDI ARABIA	SAR	50,000	RENCO SPA	100.00%	99.51%
RENCO IMMOBILIARE MANAGEMENT	CONGO	XAF	10,000,000	RENCO VALOR S.P.A.	70.00%	69.66%
RENCO CONGO SARLU	CONGO	XAF	10,000,000	RENCO S.P.A.	100.00%	99.51%
RENCO CONGO VALORE	CONGO	XAF	611,910,337	RENCO VALOR S.P.A.	100.00%	99.51%
ITALSEC CONGO	CONGO	XAF	10,000,000	ITALSEC S.R.L.	100.00%	69.66%
RENCO GREEN SARLU	CONGO	XAF	100,000,000	RENCO S.P.A.	100.00%	99.51%
RENCO ALGERIA	ALGERIA	DZD	1,000,000	RENCO S.P.A.	100.00%	99.51%
RENCO CANADA	CANADA	CAD	100	RENCO S.P.A.	100.00%	99.51%

Chairman of the Board of Directors

Giovanni Gasparini

**RENCO GROUP S.P.A.**

Registered office in VIALE VENEZIA, 53 - 61121 PESARO (PS) - Share Capital Euro  
9,012,500.00 fully paid up

Annex no. 2 to the consolidated financial statements as of 30/06/2023

**List of companies included in the consolidation with the proportional method pursuant to art. 37 of  
Legislative Decree 127/91 to 30/06/2023**

Company name	Headquarters	Share capital		Shareholders	Share	Share
		Currency	Amount		prop.	cons.
JV TERNA GREECE	GREECE	EUR	0	RENCO S.P.A.	50.00%	49.75%
ARMPower CJSC	ARMENIA	USD	101,126,961	RENCO POWER CJSC	60.00%	59.41%

Chairman of the Board of Directors

Giovanni Gasparini

**RENCO GROUP S.P.A.**

Registered office in VIALE VENEZIA, 53 - 61121 PESARO (PS) - Share Capital Euro 9,012,500.00 fully paid up

Annex no. 3 to the consolidated financial statements as of 30/06/2023

**List of other equity investments in subsidiaries (non-consolidated) and associates**

Company name	Headquarters	Currency	Share capital	Shareholders	Share prop.	Share cons.
VELOFIRMA (1)	ARMENIA	AMD	4,100,000	RENCO VALOR S.P.A.	53.70%	53.44%
RENCO ONLUS FOUNDATION (2)	ITALY	EUR	104,537	RENCO S.P.A.	100.00%	99.51%
REAL ESTATE MANAGEMENT S.R.L.	ITALY	EUR	10,000	RENCO VALOR S.P.A.	30.00%	29.85%
GREENERGO S.R.L. (2)	ITALY	EUR	10,000	RENCO S.P.A.	100.00%	99.51%
SALINELLA EOLICO S.R.L.	ITALY	EUR	10,000	RENCO S.P.A.	100.00%	99.51%
NOVA PORTUM S.R.L.	ITALY	EUR	10,000	RENCO S.P.A.	30.00%	29.85%
DARIN CONSTRUCTION	KAZAKHSTAN	KZT	3,500,000	RENCO VALOR S.P.A.	25.00%	24.88%
TRADEMARK ITALY LLP	KAZAKHSTAN	KZT	240,500	RENCO VALOR S.P.A.	50.00%	49.76%
RENCO NIGERIA	NIGERIA	NGN	15,977	RENCO S.P.A.	49.00%	48.76%
RENCO ENERGY SERVICES LTD	NIGERIA	NGN	10,000,000	RENCO S.P.A.	49.00%	48.76%
RENCO WAYOE ENGINEERING GHANA LTD (2)	GHANA	GHS	1,040,000	RENCO S.P.A.	90.00%	89.56%
NIASSA SANCTUARY LTD	MOZAMBIQUE	MZN	100,000	MOZESTATE LDA	50.00%	49.76%
RENCO IREM CONSTRUCOES LDA	MOZAMBIQUE	MZN	10,000,000	RENCO S.P.A.	31.25%	31.10%
CENTRAL SOLAR DE MECUFI SA	MOZAMBIQUE	MZN	100,000	RENCO MOZ GREEN LTD	25.00%	24.88%
REBAR S.A. (2)	SWITZERLAND	CHF	100,000	RENCO S.P.A.	60.00%	59.71%

**Grounds for exclusion**

- (1) Company exempt from consolidation because it is not controlled under contractual agreements
- (2) Company excluded as irrelevant

Chairman of the Board of Directors

Giovanni Gasparini



## RENCO GROUP S.P.A.

Headquarters in Strada del Montefeltro, 51 - 61122 PESARO (PU) - Share capital Euro 9,012,500.00 fully paid up  
Annex no. 4 to the consolidated financial statements as of 30/06/2023

The amounts present are expressed in Euro.

### Consolidated group statement of changes in shareholders' equity

	Share capital	Share premium reserve	Revaluation reserve	Legal reserve	Extraordinary reserve	Capital contributions	Negative reserve for treasury shares in portfolio	Cash flow hedge reserve	Consolidation reserve	Translation differences	Profit losses carried forward	Profit/loss for the year	Total	Minority interests	Total Shareholders' Equity
<b>Balance as of 31.12.2021</b>	9,013	25,987	4,696	1,503	24,283	25,026	(3,609)	(2,151)	8,132	(38,038)	101,440	8,239	164,522	3,276	167,799
Allocation of profit/loss for the year					(2,367)						10,606	(8,239)			
Distribution of dividends															
Valuation at faire value of the expected cash flow hedge reserve								16,352					16,352		16,352
Other changes									(1,605)	17,469	(4,670)		11,193	5,126	16,318
Profit/loss for the current year												8,533	8,533	585	9,119
<b>Balance as of 31.12.2022</b>	9,013	25,987	4,696	1,503	21,916	25,026	(3,609)	14,201	6,526	(20,569)	107,377	8,533	200,600	8,988	209,589
Allocation of profit/loss for the year											8,533	(8,533)			
Distribution of dividends															
Valuation at faire value of the expected cash flow hedge reserve								(4,600)					(4,600)		(4,600)
Other changes									669	321			989	709	1,697
Profit/loss for the current year												1,692	1,692	5,037	6,729
<b>Balance as of 30.06.2023</b>	9,013	25,987	4,696	1,503	21,916	25,026	(3,609)	9,601	7,195	(20,248)	115,910	1,692	198,682	14,734	213,416

Chairman of the Board of Directors

Giovanni Gasparini

