

PALINGEO S.P.A.

Financial statements as at 31/12/2024

Master data	
Denomination	PALINGEO S.P.A.
Seat	Via Meucci n. 26 25013 Carpenedolo (BS)
Share capital	1.381.534
Fully paid-up share capital	Yes
Chamber of Commerce Code	BS
Vat	02075900981
Tax code	02075900981
REA number	412748
Legal form	Joint-stock company
Main sector of activity (ATECO)	Other specialized construction work activities n.e.c. (43.99.09)
Companies in liquidation	no
Sole shareholder companies	no
Company subject to management and coordination activities	no
Group membership	no

	31/12/2024	31/12/2023
Balance sheet		
Active		
B) Fixed assets		
I - Intangible assets		
2) Development costs	70	140
4) Grants, licenses, trademarks and similar rights	6.400.000	6.800.000
6) assets under construction and payments on account	31.500	
7) Other	321.370	384.850
Total intangible assets	6.752.940	7.184.990
II - Tangible fixed assets		
1) land and buildings	187.296	177.644
2) plant and machinery	15.567.340	6.341.681
3) Industrial and commercial equipment	44.079	32.856
4) Other assets	1.358.232	646.584
5) assets under construction and payments on account	172.508	38.604
Total tangible fixed assets	17.329.455	7.237.369
III - Financial fixed assets		
1) Shareholdings in		
b) Associated companies	22.300	22.300
(d-bis) other undertakings	55.150	55.150
Total equity investments	77.450	77.450
4) active derivative financial instruments	26.420	74.299
Total financial assets	103.870	151.749
Total fixed assets (B)	24.186.265	14.574.108
C) Current assets		
I - Inventories		
3) Custom work in progress	2.321.370	11.562
4) Finished products and goods	110.000	110.000
Total inventories	2.431.370	121.562
II - Credits		
1) to customers		
due within the following financial year	27.486.938	29.742.625
payable beyond the following financial year	8.762.925	7.420.199
Total receivables from customers	36.249.863	37.162.824
5-bis) tax credits		
due within the following financial year	4.837.637	5.917.611
payable beyond the following financial year	307.723	376.417
Total tax receivables	5.145.360	6.294.028
5-ter) Deferred tax assets	571.762	437.020
5-quarter) to others		
due within the following financial year	201.327	526.692
payable beyond the following financial year	197.926	197.926
Total receivables from others	399.253	724.618
Total receivables	42.366.238	44.620.060
III - Financial assets that do not constitute fixed assets		
4) Other equity investments	3.287	3.287
Total financial assets that do not constitute fixed assets	3.287	3.287
IV - Cash and cash equivalents		
1) bank and postal deposits	8.998.124	7.784.585
3) money and cash equivalents	4.477	18
Total cash and cash equivalents	9.002.601	7.784.603
Total current assets (C)	53.803.496	53.168.156
D) Accruals and deferrals	1.190.647	1.136.651
Total assets	79.180.408	68.241.171
Passive		
A) Shareholders' equity		
I - Capital	1.381.534	1.000.000
II - Share premium reserve	9.658.451	350.000
III - Revaluation reserves	5.768.000	5.768.000

IV - Legal reservation	200.000	200.000
VI - Other reserves, separately indicated		
Extraordinary reserve	16.796.387	10.090.747
Miscellaneous other reserves	0	
Total other reserves	16.796.387	10.090.747
VII - Reserve for hedging operations of expected cash flows	18.235	48.059
IX - Profit (loss) for the year	7.619.708	6.705.640
Total Shareholders' Equity	41.442.315	24.162.446
B) Provisions for risks and charges		
2) for taxes, including deferred taxes	1.791.359	1.912.377
4) Other	400.000	400.000
Total provisions for risks and charges	2.191.359	2.312.377
C) Employee severance pay	1.949.442	1.797.859
D) Debts		
4) payables to banks		
due within the following financial year	12.380.267	11.554.837
payable beyond the following financial year	2.114.892	3.945.562
Total payables to banks	14.495.159	15.500.399
5) payables to other lenders		
payable beyond the following financial year	73.663	103.706
Total payables to other lenders	73.663	103.706
6) Down payments		
due within the following financial year	537.994	698.002
Total advance payments	537.994	698.002
7) payables to suppliers		
due within the following financial year	13.388.875	16.298.134
payable beyond the following financial year	237.695	56.885
Total payables to suppliers	13.626.570	16.355.019
12) Tax debts		
due within the following financial year	951.368	1.385.243
Total tax payables	951.368	1.385.243
13) Payables to social security institutions		
due within the following financial year	715.671	633.465
Total payables to social security institutions	715.671	633.465
14) Other payables		
due within the following financial year	1.189.054	1.569.948
Total other payables	1.189.054	1.569.948
Total payables	31.589.479	36.245.782
E) Accruals and deferrals	2.007.813	3.722.707
Total liabilities	79.180.408	68.241.171

	31/12/2024	31/12/2023
Income Statement		
A) Value of production		
1) revenues from sales and services	62.989.340	58.497.148
3) Variations of custom work in progress	2.309.808	(281.455)
5) other revenues and income		
Operating grants	95.939	702.152
other	2.098.501	2.590.575
Total other revenues and income	2.194.440	3.292.727
Total value of production	67.493.588	61.508.420
B) Production costs		
6) for raw materials, ancillary, consumer and goods	21.826.594	21.498.548
7) For services	10.450.746	8.785.761
8) for the use of third-party assets	4.876.658	4.666.647
9) For staff		
a) Wages and salaries	10.165.232	8.736.590
b) social security contributions	3.938.343	3.460.623
c) severance pay	676.100	574.483
d) retirement benefits and the like	49.524	44.338
e) other costs	12.369	48.900
Total personnel costs	14.841.568	12.864.934
10) Depreciation, amortization and write-downs		
a) Depreciation of intangible assets	463.550	463.550
b) depreciation of tangible fixed assets	2.643.702	1.768.196
d) write-downs of receivables included in current assets and cash and cash equivalents	500.000	1.434.495
Total depreciation, amortization and impairment losses	3.607.252	3.666.241
11) changes in inventories of raw materials, supplies, consumables and goods		298.553
14) Miscellaneous management charges	554.487	256.845
Total production costs	56.157.305	52.037.529
Difference between value and costs of production (A - B)	11.336.283	9.470.891
C) Financial income and expenses		
15) income from equity investments		
other	99	36
Total income from equity investments	99	36
16) Other financial income		
d) income other than the above		
other	87.867	87.387
Total income other than the above	87.867	87.387
Total other financial income	87.867	87.387
17) interest and other financial charges		
other	733.070	583.345
Total interest and other borrowing costs	733.070	583.345
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(645.104)	(495.922)
D) Value adjustments of financial assets and liabilities		
19) Devaluations		
d) derivative financial instruments	7.950	16.405
Total write-downs	7.950	16.405
Total impairment losses on financial assets and liabilities (18 - 19)	(7.950)	(16.405)
Profit before taxes (A - B + - C + - D)	10.683.229	8.958.564
20) Income taxes for the year, current, deferred and prepaid		
Current taxes	3.309.863	2.801.544
Deferred and deferred tax assets	(246.342)	(548.620)
Total income taxes for the year, current, deferred and prepaid	3.063.521	2.252.924
21) Profit (loss) for the year	7.619.708	6.705.640

	31/12/2024	31/12/2023
Cash flow statement, indirect method		
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	7.619.708	6.705.640
Income taxes	3.063.521	2.252.924
Interest expense/(income)	645.200	495.958
(Dividends)	(99)	
(Capital gains)/Losses on the sale of assets		
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals	11.328.331	9.454.522
Adjustments for non-monetary items that have not been offset in net working capital		
Provisions for funds	1.176.100	2.008.978
Depreciation of fixed assets	3.107.252	2.231.746
Impairment losses for impairment		
Value adjustments of financial assets and liabilities of derivative financial instruments that do not involve monetary movements	7.950	16.405
Other up/(down) adjustments for non-monetary items	691	
Total adjustments for non-monetary items that were not offset in net working capital	4.291.993	4.257.129
2) Cash flow before changes in net working capital	15.620.324	13.711.651
Changes in net working capital		
Decrease/(Increase) in inventories	(2.309.808)	580.008
Decrease/(Increase) in receivables from customers	499.604	(5.606.310)
Increase/(decrease) in payables to suppliers	(2.728.448)	(1.958.979)
Decrease/(Increase) in accrued income and deferred income	(53.997)	(415.858)
Increase/(decrease) in accrued income and deferred income	(1.714.895)	2.478.712
Other decreases/(Other Increases) in net working capital	1.088.765	(4.670.284)
Total changes in net working capital	(5.218.779)	(9.592.711)
3) Cash flow after changes in net working capital	10.401.545	4.118.940
Other adjustments		
Interest received/(paid)	(645.200)	(495.958)
(Income taxes paid)	(3.814.700)	(1.788.388)
Dividends received	99	
(Use of funds)	(611.161)	(476.972)
Other receipts/(payments)		
Total other corrections	(5.070.962)	(2.761.318)
Cash flow from operating activities (A)	5.330.583	1.357.622
B) Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(12.993.131)	(3.108.130)
Divestments	257.343	245.030
Intangible assets		
(Investments)	(31.500)	(86.582)
Divestments		435.000
Financial fixed assets		
(Investments)		
Divestments		
Non-fixed financial assets		
(Investments)		(1.477)
Divestments		
(Acquisition of business units net of cash and cash equivalents)		
Sale of business units net of cash and cash equivalents		
Cash flow of investment activity (B)	(12.767.288)	(2.516.159)
C) Cash flows from financing activities		
Third-party means		
Increase/(decrease) in short-term payables to banks	825.430	5.146.420
Financing	2.500.000	5.000.000
(Repayment of loans)	(4.360.712)	(5.356.801)
Equity		

Paid capital increase	9.689.985	
(Repayment of capital)		
Sale/(Purchase) of treasury shares		
(Dividends and interim dividends paid)		
Cash flow of financing activities (C)	8.654.703	4.789.619
Increase (decrease) in cash and cash equivalents (A ± B ± C)	1.217.998	3.631.082
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	7.784.585	4.152.975
Checks		
Money and cash equivalents	18	547
Total cash and cash equivalents at the beginning of the year	7.784.603	4.153.522
Of which not freely usable		
Cash and cash equivalents at the end of the year		
Bank and postal deposits	8.998.124	7.784.585
Checks		
Money and cash equivalents	4.477	18
Total cash and cash equivalents at the end of the year	9.002.601	7.784.603
Of which not freely usable		

Notes to the Financial Statements for the year ended 31/12/2024

Notes to the Financial Statements, initial part

Premise

Dear Shareholders, these notes to the financial statements are an integral part of the Company's financial statements as at 31/12/2024.

The financial statements comply with the provisions of articles 2423 et seq. of the Italian Civil Code as amended by Legislative Decree 139 of 18.8.2015, interpreted and supplemented by the accounting standards developed by the Italian Accounting Body; it therefore clearly and truthfully and fairly represents the Company's financial position and the economic result for the year.

The content of the balance sheet and income statement is that provided for by articles 2424 and 2425 of the Civil Code, while the cash flow statement has been prepared pursuant to art. 2425-ter. In particular, the financial statements consist of the Balance Sheet, the Income Statement, the Cash Flow Statement and these Explanatory Notes. In compliance with the provisions of art. 2423-ter of the Italian Civil Code, the amount of the corresponding item for the previous year has been indicated for each item in the Balance Sheet and the Income Statement.

The Explanatory Notes, prepared pursuant to art. 2427 and 2427 bis of the Italian Civil Code, also contains all the information useful for providing a correct interpretation of the financial statements.

The Cash Flow Statement shows the changes, positive or negative, in cash and cash equivalents that occurred during the year and has been prepared using the indirect method using the format provided for by accounting standard OIC 10.

With regard to the Company's activities and relations with subsidiaries, associates, parent companies, companies under common control and other related parties, reference should be made to the Directors' Report on Operations, prepared by the Company's Directors in support of these financial statements.

It should be noted that, pursuant to art. 2497 et seq. of the Italian Civil Code, the Company is not subject to management and coordination activities by third parties. The financial statements have been prepared on the basis of the

Business continuity.

Significant events occurring during the year under review

During the year under review, the activity was carried out regularly. Thanks to the experience gained and the affirmation, in the reference market, of Palingeo's skills, the volume of orders acquired during 2024 has been consolidated and has continued to increase. The orders acquired have favoured the Company's continuous development, showing an incremental positive trend that has allowed the achievement of appreciable objectives in terms of the profitability of orders as well as capital and financial growth. The growth in turnover and the number of construction sites managed has led to a mirrored growth in investments in equipment, machinery and personnel for 2024 as well.

During 2024:

- On 13 February, the Company (hereinafter also the "Issuer") was admitted to trading its Ordinary Shares on EGM (code: PAL.MI), the Alternative Capital Market organised and managed by Borsa Italiana S.p.A.. On February 16, 2024, the bell rings for Palingeo S.p.A. at Palazzo Mezzanotte of the Italian Stock Exchange. The placement price of the Ordinary Shares has been set at Euro 5.00 with a capitalization of the Company at the date of the start of trading of approximately Euro 33 million. The admission to listing took place following a placement of 1,620,300 ordinary shares, all newly issued, of which:
 - i.) 1,480,200 ordinary shares resulting from the capital increase reserved for the market;
 - ii.) 140,100 ordinary shares, corresponding to approximately 8.6% of the offering, resulting from the Greenshoe capital increase;in addition, 2,960,499 Warrants were assigned free of charge to subscribers, with the assignment of an additional 2 Warrants for each share held at the time of approval of the financial statements as at 31.12.2023.

Warrant holders will have the right to subscribe in 3 different exercise periods (December 2024, December 2025 and December 2026) the conversion shares, in the ratio of one conversion share for every four Warrants held, at an exercise price equal to the IPO price, increased by 10% on an annual basis.

The value of the placement, also including the shares from the Greenshoe option, is equal to Euro 8,101,500 (of which Euro 700,500 of the Greenshoe option at the placement price).

The Company's post-placement capital is made up of 6,620,300 shares with no par value.

- On 09 April, the Board of Directors resolved, inter alia, to submit to the Shareholders' Meeting, in ordinary session, convened for 29 April 2024, the proposal to increase the number of members of the Board of Directors from the current five to seven, through the appointment of two additional directors, one of whom meets the independence requirements provided for by applicable legislation. On 29 April, the Shareholders' Meeting ratified the proposal of the Board of Directors.
- On 21 June, the Company signed a new contract for a total value of approximately Euro 4.2 million with Società Appalti Lavori e Costruzioni - S.A.L.C. S.p.A., for the execution of foundation works as part of the project for the construction of the A/4 motorway junction and Val Trompia, Ospitaletto - Sarezzo section, Concesio - Sarezzo (Brescia) section.
- On 27 June, the placement (off-market) was completed through an Accelerated Bookbuilding

("ABB") of a total of 225,000 ordinary shares with regular dividend rights, equal to 3.42% of the Issuer's share capital.

- On 7 October, the Company was awarded a tender for a total value of approximately Euro 25 million, in a joint venture with the companies Bertini Costruzioni S.r.l. and Allara S.p.A., on behalf of the Associazione d'Irrigazione Ovest Sesia. The tender concerns the assignment of extraordinary maintenance interventions for the renovation of the Cavour Canal – Section 6 "Rilevata Dora" and Section 8 – 1st lot (Vercelli).
- On 18 November, a tragic accident occurred at the construction site of the research centre of the Turin Metropolitan Water Company, in Corso Unità d'Italia, where Palingeo was carrying out some special pre-consolidation works to build the new pumping tank.
- On 2 December, the first exercise period of the "Palingeo Warrants 2024-2026" (the "Warrants") opened, which closed on 13 December (inclusive). During the exercise period, 1,213,080 Warrants were exercised and consequently subscribed, at a price of € 5.50 per share (in the ratio of 1 Conversion Share for every 4 Warrants held), 303,270 newly issued Palingeo Shares without par value, with regular dividend rights and the same characteristics as the Palingeo Ordinary Shares traded on Euronext Growth Milan at the date of issue of the Conversion Shares, for a total value of € 1,667,985.

There are no other significant facts whose knowledge is necessary for a better understanding of the differences between the items in these financial statements and those in the financial statements relating to the previous year. Furthermore, it is not believed that further information is necessary to be provided other than that required by specific legal provisions in order to give a true and fair representation of the Company's financial position and the economic result for the year.

Structure of the budget

The structure of the financial statements is in accordance with that outlined by the Civil Code in articles 2424 and 2425, the Cash Flow Statement complies with art. 2425-ter of the Italian Civil Code, supplemented by OIC 10, while the Notes to the Financial Statements comply with the content provided for by Articles 2427, 2427-bis, and all other provisions that refer to it.

For each budget item, the amount of the previous year is indicated. It should be noted that some accounting items from the previous year have been reclassified to make the presentation homogeneous with the classification carried out in 2024.

Structure of the Balance Sheet and Income Statement

The descriptions of the following financial statement items faithfully reflect the format provided for by articles 2423-ter, 2424, 2424-bis, 2425 and 2425 bis, of the Italian Civil Code as referred to in art. 2435 bis.

Especially:

- no element of the assets or liabilities falls under more than one item in the scheme;
- the Balance Sheet and the Income Statement are drawn up in units of euro, rounding the amounts up or down in accordance with the provisions of the EC Regulation; the balance sheet was balanced by allocating the differences emerging from the Balance Sheet to item A) VI Other Reserves. Also in the Notes to the Financial Statements, the amounts are expressed in units of euro as they guarantee a better intelligibility of the document.

Drafting principles

In formulating these financial statements, no derogation has been made from the drafting principles referred to in art. 2423-bis, of the Italian Civil Code. More precisely:

- the valuation of the items was carried out with a view to the continuation of the business and taking into account the prevalence of substance over the form of the transaction or contract;
- the principle of prudence was followed and, therefore, only the profits made at the end of the year were indicated in the financial statements, while the risks and losses attributable to them were taken into account even if they were known after the end of the year;
- the income and expenses pertaining to the period to which the financial statements refer have been taken into account, regardless of the date of collection or payment;
- the heterogeneous elements included in the individual items were evaluated separately;
- the evaluation criteria referred to in art. 2426, of the Italian Civil Code, have been scrupulously observed and are the same as in the previous year.

It should be noted that the Company has exercised the right not to apply the amortised cost method to receivables and payables recorded in the financial statements prior to 1 January 2016. The Company applies amortised cost only to transactions arising after that date, unless the application is insignificant.

Evaluation criteria applied

The most significant valuation criteria observed in the preparation of the financial statements provided for by art. 2426 of the Italian Civil Code, and in accordance with the relevant national accounting standards (OIC), are commented on below.

Intangible assets

Intangible assets are recorded at purchase cost including directly attributable ancillary charges and carried forward net of depreciation and amortisation determined systematically in relation to their residual possibility of future economic use. Depreciation begins from the moment you

The immobilization is available and ready for use. The rates are detailed when commenting on the items in the Balance Sheet. There were no changes in depreciation rates compared to the previous year.

Other capitalised charges of a multi-year nature consist of expenses incurred on third-party real estate, amortised for the remaining period of the contract that allows the asset to be available. Intangible assets such as industrial patent rights and intellectual property rights, as well as concessions, licences and trademarks and similar rights, are depreciated over a five-year period, or a shorter period in relation to the residual future usefulness.

Improvements to third-party assets are depreciated on the basis of the shorter period between the period of future utility of the expenses incurred and the residual period of the right on the basis of which the company uses the third-party assets subject to the interventions.

It should be noted that during the 2021 financial year, the Company, pursuant to art. 110 of Legislative Decree 14.8. 2020 no. 104 converted into Law no. 126 of 13.10.2020, as an exception to the criterion of recording the purchase cost, including directly attributable ancillary charges, has revalued the company brand.

In order to identify the value constituting the maximum limit of the revaluation, the market value criterion was used, for the determination of which the company made use of a special appraisal prepared by an independent third-party professional, specifically appointed. The amounts recorded in the financial statements at

following the revaluation are in no case higher than the values actually attributable to the assets with regard to their consistency, their production capacity and the actual economic possibility of use in the company.

The revaluation was carried out in accordance with the provisions of the law and in compliance with the indications of the OIC interpretative document 7 and the accounting standards OIC 16, OIC 21, OIC 24, OIC 25 and OIC 28.

The accounting method used provides for the revaluation of the historical cost. The higher values recorded in the assets are not recognized for tax purposes.

The main information relating to the assets revalued pursuant to Legislative Decree no. 104/2020 is indicated below:

Category	Historical Cost	Residual value before revaluation	Amount revaluation	Reserve from revaluation	F.do taxes Deferred
Brands	0	0	8.000.000	5.768.000	2.232.000
Total	0	0	8.000.000	5.768.000	2.232.000

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost with reference to the date on which the risks and rewards associated with the asset acquired are transferred and shown net of depreciation and amortisation systematically determined in each year on a straight-line basis on the basis of economic and technical rates determined in relation to their residual usability. The balance sheet values determined in this way do not exceed those that can be inferred from reasonable expectations of utility that can be drawn from individual assets and that their historical cost can be recovered in future years.

The rates are detailed when commenting on the items in the Balance Sheet. There were no changes in depreciation rates compared to the previous year. Ancillary costs are also included in the purchase cost.

For fixed assets purchased during the year, the depreciation rates have been reduced by half in relation to the lower use of the assets, as the depreciation rate obtained does not differ significantly from the portion calculated from the time the fixed asset is available and ready for use.

The costs incurred for the purchase of small equipment and other fast-consumer goods, with a unit value not exceeding € 516, are charged to the Income Statement for the year.

Ordinary maintenance and repair costs are charged in full to the Income Statement; those of an incremental nature are attributed to the assets to which they refer and depreciated in relation to the residual possibilities of use.

During the year, there were no situations in which the payment of tangible fixed assets, acquired during the year, was deferred under conditions other than those normally applied on the market; therefore, the amortised cost method was not applied, as provided for by OIC 16 par. 33.

Tangible fixed assets carried out under finance leases are recorded in the financial statements using the equity method. In relation to the significance of the effects that would have been determined, both on equity and on the economic result, if the financial recognition method had been adopted, the specific statement provides the information required by art. 2427, no. 22, of the Italian Civil Code.

Financial fixed assets

Equity investments are valued at purchase or subscription cost, including ancillary charges

of direct imputation. If at the end of the financial year the investment is of a lower value for the term, it is correspondingly written down; the original value is restored in subsequent years if the reasons for the write-down no longer exist.

Financial receivables are valued at their nominal value because the effects of the application of amortised cost are insignificant or because the effective interest rate does not differ from the market rate.

Derivative financial instruments

Derivative financial instruments are recognised from the date of signing of the contract, starting from when the Company is subject to the relevant rights and obligations.

Pursuant to the provisions of Article 2426, paragraph 1, number 11-bis, of the Italian Civil Code and OIC 32, derivative financial instruments, even if incorporated into other financial instruments, are measured at fair value both at the date of initial recognition and at any subsequent balance sheet date. The recognition and the change in fair value compared with the previous year are recognised in the financial statements in different ways depending on whether the transaction in derivative financial instruments qualifies (and is actually designated) as a hedging transaction for financial risks or not.

Transactions that do not qualify (or are not designated) as hedging

If the transaction does not qualify (or is not designated) as a hedging transaction, changes in fair value are recognised in the income statement in section D) "Adjustments to the value of financial assets and liabilities". As provided for by Article 2426, paragraph 1, number 11-bis, of the Italian Civil Code, the profits deriving from the valuation of derivative financial instruments not designated as hedging are allocated to non-distributable equity reserves.

Transactions that qualify (and are designated) as hedging transactions

The Company engages in derivative financial instruments to hedge against the following risks: interest rate risk, exchange rate risk, price risk, credit risk (excluding the Company's own credit risk). These transactions are accounted for in the Balance Sheet Assets in section B) III 4) Derivative financial instruments assets, in the item Equity in section VII Reserve for hedging transactions of expected cash flows and in the Balance Sheet in section B) 2) for taxes, including deferred taxes.

Pursuant to art. 2427-bis of the Italian Civil Code, and in application of OIC no. 32, the Notes to the Financial Statements provide, for each category of derivative financial instrument, information on:

- their fair value;
- their size and nature (including significant terms and conditions that may affect their amount, maturities and the certainty of future cash flows);
- the fundamental assumptions on which valuation models and techniques are based, where fair value has not been determined on the basis of market evidence;
- changes in value recorded directly in the income statement, as well as those charged to equity reserves;
- changes in fair value reserves during the year.

Inventories

The evaluation criteria provided for by art. 2426 of the Civil Code have been maintained unchanged with respect to those adopted in the previous year, with the exception of the valuation of contract work in progress, for which it was decided to use the method based on the measurement of the production carried out for the assessment of the progress of the works, and more specifically the method of

physical measurements.

Finished Products

Inventories of finished products, represented by real estate, were recorded at the lower of the purchase cost, including directly attributable ancillary charges, and the estimated realisable value, which can be inferred from market trends.

Roadworks

Contractual assets and contractual liabilities from the valuation of contracts are recorded on the basis of contractual considerations, defined with reasonable certainty with the clients, in relation to the progress of the works (SAL). In consideration of the nature of the contracts and the type of work that are not valued and contracted on a regular basis, but are evaluated and contracted on a measured basis, progress is determined through the use of a method based on the physical measurement of the quantities produced at the date of preparation of the financial statements (physical measurement method). Alternatively, if the contract prices do not reasonably reflect the same percentage of margin in relation to the related production costs, the progress is determined by the use of the cost-to-cost method.

Requests for new works or increases in contracted works deriving from changes to the contractually planned works (*change orders*) are considered in the total amount of the fees and will participate in the definition of the total value of the order to be related to the value of the production actually charged to the financial statements.

Advances and advances are recorded under liabilities in item D.6 "Advances". Withholding taxes, retained by the customer upon payment of SALs, represent long-term receivables that will be collected at the end of the work.

Credits

The company has applied the amortised cost method to receivables arising from 1 January 2016 if the effects are significant. The company assumes that these effects are not relevant when the maturity of the receivables is within twelve months, taking into account all the contractual and substantive clauses in place at the time the receivable is recognised or when the transaction costs and any difference between the initial value and the nominal value at maturity are insignificant.

Receivables are recorded at their estimated realisable value (equal to their nominal value) net of the appropriate adjustment provisions. The application of the amortised cost method is irrelevant for the Company because all receivables are short-term or because the effects of the application of the amortised cost method are of little significance. In such cases, interest has been calculated at the nominal rate and any transaction costs are recorded under deferred income and allocated on an accrual basis over the life of the receivable, adjusting nominal interest income.

Financial assets that do not constitute fixed assets

Equity investments and securities with a predetermined income, not intended to remain permanently in the company's assets, are valued at the lower of the specific purchase cost, including ancillary charges, and the realisable value that can be inferred from market trends.

To determine the market value, the Company uses the average of the share prices for the month of December or, for unlisted securities, the communications of the issuing bodies or custodian banks. Considering that the securities are held in the portfolio presumably for a period of less than twelve months and that in this case the effects are presumed to be insignificant, the Company has not applied the amortised cost method in the measurement of financial assets.

Cash equivalents

The cash on hand or on deposit with credit institutions is recorded at nominal value.

Accruals and deferrals

Accruals and deferrals are portions of costs and revenues, common to two or more years, recorded to implement the accrual economic principle. In the registration, as well as in the review, of the deferred income with a duration of several years, the existence or permanence of the temporal condition was verified.

Provisions for risks and charges

Provisions for risks and charges are allocated to cover charges of certain or probable existence of which the amount or date of occurrence cannot be determined at the end of the financial year. The appropriations reflect the best estimate on the basis of the available evidence.

In the valuation of these funds, the principles of prudence and competence were respected and no generic risk funds were set up, without economic justification. The Provision for taxes includes both deferred tax liabilities, determined on the basis of taxable temporary differences, and liabilities for probable taxes, having an undetermined amount or date of occurrence, deriving from disputes by the Tax Authorities.

Employee severance pay

The employee severance indemnity represents the debt accrued at the end of the year to employees in accordance with the law and the company's collective bargaining and supplementary agreements.

The liability is recognised net of advances paid and any sums relating to terminated employment relationships whose payment has already expired or will expire within the following year.

This liability is subject to revaluation by means of indices.

Debts

Payables are recorded using the amortised cost method, taking into account the time factor. The criterion is not applied if the effects of the application are insignificant compared to the nominal value which is shown net of premiums, discounts, allowances, and includes, where applicable, interest accrued and payable at the end of the financial year.

As previously reported, the company has applied the amortised cost method to debts arising from 1 January 2016 if the effects are significant.

The company assumes that these effects are not relevant when the maturity of the debts is within twelve months, taking into account all the contractual and substantial clauses in place at the time of recognition of the debt, or when the transaction costs and any difference between the initial value and the nominal value at maturity are of an insignificant amount.

Payables are recorded at nominal value. The application of the amortised cost method is irrelevant for the Company because all payables are short-term or because the effects of the application of the amortised cost method are of little significance. In this case, interest has been calculated at nominal value and any transaction costs are recorded under deferrals and allocated on an accrual basis over the duration of the debt, increasing nominal interest expenses.

Revenues and operating expenses

Income and income, costs and expenses are recorded on an accrual basis net of returns, discounts, allowances and premiums as well as taxes directly related to the sale of products and the provision of services. In particular, revenues from the provision of services are recognised when the service is rendered or the provision is carried out, in accordance with the relevant contracts. Revenues for the

The sale of assets are recognised at the time of the substantial transfer of risks and rewards, which normally coincides with the delivery or shipment of the movable property or with the date of conclusion of the contract for the immovable property. Financial income and expenses are recognised on an accrual basis. Dividends are accounted for on an accrual basis, when the relevant right to collection arises. Income and expenses relating to foreign currency transactions are determined at the exchange rate in force on the date on which the relevant transaction is completed. Income and expenses relating to purchase and sale transactions with an obligation to retrocede in the future are recorded for the year.

Operating grants are recorded in the financial statements according to the principle of accrual and legal certainty of being entitled to them, regardless of their actual receipt.

Current, deferred and prepaid income taxes for the year

Income taxes for the year are charged on an accrual basis; This results in the recognition of current taxes and deferred tax assets and liabilities in the presence of temporary differences between the statutory result and the taxable income, as well as depending on any tax losses that can be carried forward.

Current taxes are determined on the basis of a realistic forecast of the charges to be incurred in application of current tax legislation and are shown at the end of the income statement and under liabilities in the balance sheet.

Deferred and deferred tax assets are determined on the basis of the tax rates provided for the taxation of income in the years in which the temporary differences will be cancelled. The amounts of deferred and deferred tax assets are restated if the tax rates originally considered change.

Commitments, guarantees, contingent liabilities and contingent assets

The total amount of commitments, guarantees and contingent liabilities not shown in the balance sheet are set out in specific paragraphs of these Notes to the Financial Statements.

Commitments represent obligations assumed by the Company towards third parties that originate from legal transactions with certain binding effects but not yet performed by either party. The commitments category includes both commitments whose performance and their amount are certain and commitments whose execution is certain but not their amount. The amount of the commitments is the nominal value that can be deduced from the relevant documentation. If the commitment cannot be quantified, information is provided in the notes to the financial statements.

Guarantees include guarantees, both real and personal, provided by the Company. These guarantees are those issued by the Company with reference to its own or others' obligation. The value of the guarantee corresponds to the value of the guarantee provided or, if not determined, to the best estimate of the risk assumed in the light of the situation existing at that time.

Contingent liabilities not shown in the balance sheet include those considered probable, but the amount of which cannot be determined except in a random and arbitrary manner, and those considered possible. Similarly, the appropriate paragraph indicates the assets and potential gains considered probable that have not been recognised in the financial statements for compliance with the principle of prudence

Using Estimates

The preparation of the financial statements requires the making of estimates that have an effect on the values of the assets and

liabilities and related financial statements. The results that will be finalized may differ from these estimates. Estimates are reviewed periodically and the effects of changes in estimates, if not resulting from incorrect estimates, are recognised in the income statement of the period in which the changes occur, if they affect only that period, and also in subsequent years if the changes affect both the current and subsequent periods.

Other information

Transactions with a retrocession obligation

The Company, pursuant to Article 2427 no. 6-ter of the Italian Civil Code, certifies that during the year it did not carry out any transaction subject to the obligation of retrocession to a forward date.

Notes to the financial statements,

assets Fixed assets Intangible

assets

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
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Movements in intangible assets

The movements of intangible assets pursuant to number 2, paragraph 1, of art. 2427 of the Italian Civil Code:

	Set-up and expansion costs	Develop ment costs	Grants, licenses, trademarks, and similar rights	Intangible assets under construction and payments on account	Other intangible assets	Total intangible assets
Year-to-date value						
Cost	2.324	22.437	8.000.000		998.034	9.022.795
Depreciation and amortization (Provision for depreciation)	(2.324)	(22.297)	(1.200.000)		(613.184)	(1.837.805)
Balance sheet value		140	6.800.000		384.850	7.184.990
Changes in the year						
Increases for acquisitions				31.500		31.500
Depreciation for the year		70	400.000		63.480	463.550
Total changes		(70)	(400.000)	31.500	(63.480)	(432.050)
Year-end value						
Cost	2.324	22.437	8.000.000	31.500	990.059	9.046.320

Depreciation (Accumulated Depreciation)	(2.324)	(22.367)	(1.600.000)		(668.689)	(2.293.380)
Balance sheet value		70	6.400.000	31.500	321.370	6.752.940

Intangible assets, totalling Euro 6,752,940, mainly relate to the "Palingeo" brand for Euro 6,400,000 classified under "concessions, licences and trademarks" and improvements to third-party assets for Euro 321,370 classified under "other intangible assets".

The increases for the year, amounting to Euro 31,500, relate to the purchase of software for remote machinery management. The other changes recorded during the year refer to the decrease in "other intangible assets" of Euro 7,975 with a related reduction in the accumulated depreciation for the same amount and to the depreciation portion for the year of Euro 455,575 of which Euro 400,000 is the depreciation of the "Palingeo" brand.

Depreciation has been calculated on a straight-line basis, namely: 5% for the brand and the shorter period between the period of future utility and the residual period of the right on the basis of which the company uses the third-party asset for improvements to third-party assets.

In 2021, the Company availed itself of the provisions of Legislative Decree 104/2020 for the revaluation of business assets and, on the basis of the expertise of a professional, revalued the registered trademark owned by the company for a total of Euro 8,000,000.

Tangible fixed assets

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
17.329.455	7.237.369	10.092.086

Movements in tangible assets

The movements of tangible fixed assets pursuant to number 2, paragraph 1, of art. 2427 of the Italian Civil Code:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction and Advances	Total Tangible fixed assets
Year-to-date value						
Cost	344.663	15.638.673	1.329.937	1.492.348	38.604	18.844.225
Depreciation (Accumulated depreciation)	(167.019)	(9.296.992)	(1.297.081)	(845.764)		(11.606.856)
Balance sheet value	177.644	6.341.681	32.856	646.584	38.604	7.237.369
Changes in the year						
Increases for acquisitions	29.359	11.762.268	42.247	1.025.353	133.904	12.993.131
Decreases in disposals and disposals (of the book value)		(249.802)		(7.541)		(257.343)

Depreciation for the year	(19.707)	(2.286.807)	(31.024)	(306.164)		(2.643.702)
Total changes	9.652	9.225.659	11.223	711.648	133.904	10.092.086
Year-end value						
Cost	374.022	26.622.567	1.364.185	2.397.605	172.508	30.930.887
Depreciation (Accumulated Depreciation)	(186.726)	(11.055.227)	(1.320.106)	(1.039.373)		(13.601.432)
Balance sheet value	187.296	15.567.340	44.079	1.358.232	172.508	17.329.455

Land and buildings

The item refers to land for Euro 80,199, buildings for Euro 19,836 for these two items no depreciation is carried out and light constructions for Euro 273,987. During the year, the main changes concerned the acquisition of new lightweight buildings for Euro 29,359. Depreciation for the year totalled Euro 19,707.

Plant and machinery

The item mainly refers to plant and machinery used for work on construction sites (drilling machines, mechanical shovels, etc.). During the year, the main changes concerned the acquisition of new machinery to support the growing number of shipyards acquired. In particular, the increases for the year relate to the purchase of plant for Euro 310,981, machinery for Euro 10,757,873 and excavators for Euro 693,413. The decrease for the year amounting to a total of Euro 249,802 relates to the sale of certain machinery. Depreciation for the year totalled Euro 2,286,807.

Industrial and commercial equipment

The heading refers mainly to construction site equipment (pneumatic hammers, generators, etc.). During the year, the main changes concerned the acquisition of equipment necessary for the management of construction sites. In particular, new equipment was purchased for Euro 42,247 and equipment was disposed of for Euro 8,000 fully depreciated. The further decrease relates to the ordinary depreciation process.

Other tangible assets

The item mainly refers to vehicles, furniture and furnishings as well as office machines. During the year, the main changes concerned the acquisition of new vehicles and new equipment for offices. The increases relate to the purchase of electronic office machines for Euro 28,941, vehicles for Euro 980,689, cars for Euro 4,963 (leasing redemption), furniture for Euro 8,150 and mobile phones for Euro 2,610, while the decreases concern the sale of vehicles for Euro 7,541. The ordinary amortization process continued.

Tangible assets under construction and payments on account

The item, amounting to Euro 172,508, mainly relates to an advance payment of Euro 133,904 paid for the acquisition of equipment scheduled for delivery in 2025.

Finance leasing transactions

The following table contains the information required by the Legislator in order to represent, albeit in an extra-accounting way, the implications deriving from the accounting of leasing transactions with the financial method instead of with the equity method. Using the financial method, in fact, the user company would recognise the asset leased under fixed assets, calculating the related depreciation rates on that asset, while at the same time it would recognise the debt for the principal portion of the rents to be paid. In this case, the portion of interest and the portion of

depreciation for the year.

	Amount
Total amount of assets leased at the end of the year	4.792.445
Depreciation and amortisation that would have been attributable to the year	1.284.180
Impairment losses and reversals that would have been attributable to the year	0
Present value of undue rent instalments at the end of the financial year	3.590.229
Financial charges for the year on the basis of the effective interest rate	147.420

The Company holds 65 assets under finance lease agreements that involve the transfer of the majority of the risks and rewards inherent in the assets that are the subject of them to the Company itself. The contracts refer to machinery, operating machinery, cars and trucks.

Financial fixed assets

Movements in equity investments, other securities and derivative financial instruments Fixed assets

The following are the changes in the amount of financial assets pursuant to number 2, paragraph 1 of art. 2427 of the Italian Civil Code:

	Investments in associated companies	Investments in other companies	Total Equity Investments	Active derivative financial instruments
Year-to-date value				
Cost	22.300	55.150	77.450	74.299
Revaluations				
Downs				
Balance sheet value	22.300	55.150	77.450	74.299
Changes in the year				
Other variations				(47.879)
Total changes				(47.879)
Year-end value				
Cost	22.300	55.150	77.450	26.420
Balance sheet value	22.300	55.150	77.450	26.420

Details of investments in associated companies

Details of investments in associated companies are as follows:

Denomination	City, if in Italy, or State foreign	Tax code (for companies Italian)	Capital in euros	Share held in euro	Share held in perc.	Balance sheet or equivalent value credit
TUNNEL 64 SRL	BOLOGNA	03990761201	100.000	20.000	20%	20.000
VALDADIGE SOC. CONSORTIL And	IMOLA	02499131201	10.000	2.300	23%	2.300
Total						22.300

The company Tunnel 64 S.r.l. is a consortium company; the investment was acquired on 06.12.2021 for the execution of consolidation works planned at the construction site: "S.S. 64 Porrettana" - Casalecchio di Reno (BO) railway junction.

The stake in the Valdadige Società Consortile consortium was acquired in March 2009, for the execution of works at the Verona RFI construction site.

The carrying value of the equity investments is aligned with the shareholders' equity at the time.

Details of investments in other companies

Details of investments in other companies are as follows:

Denomination	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in euros	Profit (loss) for the last year in euro	Shareholders' equity in euros	Share held in euros	Share owned in %	Balance sheet value or corresponding receivable
GEMINUS CUP SRL	ARESE	09119760966	20.000	(5.473)	977.981	1.000	5,00%	55.150
Total								55.150

The company Geminus CUP S.r.l. is a real estate company and the stake was acquired on 30/10/2015. The carrying value is less than the pro rata PN of Euro 6,251, a difference not considered durable.

Current assets Inventories

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
2.431.370	121.562	2.309.808

	Year-to-date value	Change in the year	Year-end value
Custom work in progress	11.562	2.309.808	2.321.370
Finished Products & Goods	110.000		110.000
Total inventories	121.562	2.309.808	2.431.370

Custom work in progress

This item refers to the valuation of orders in progress at the end of the year valued using the methodology of physical measurement of the quantities produced at the date of preparation of the financial statements. The main orders are as follows:

- They are shooting for Euro 191 thousand;
- San Vito di Cadore for Euro 120 thousand;
- Venice Desium Airport for Euro 91 thousand.
- Other minor construction sites for a total of Euro 327 thousand.

Finished Products & Goods

The item refers to real estate owned by the Company classified as inventories as available for sale.

Receivables booked to current assets

Changes and maturity of receivables booked to current assets

Change and maturity of receivables recorded in current assets.

	Year-to-date value	Change in the year	Year-end value	Quota expiring within the year	Poor share beyond the year
Loans to customers recognised as assets circulating	37.162.824	(912.961)	36.249.863	27.486.938	8.762.925
Tax receivables recorded in current assets	6.294.028	(1.148.668)	5.145.360	4.837.637	307.723
Deferred tax assets recognised in current assets	437.020	134.742	571.762	0	0
Receivables from other current assets	1.364.832	(965.579)	399.253	201.327	197.926
Total receivables booked to assets circulating	45.258.704	(2.892.466)	42.366.238	32.525.902	9.268.574

The table shows details of the changes and maturity of receivables recorded in current assets compared to the previous year.

The item receivables from customers is as follows:

Description	31/12/24	31/12/23	Variation
Receivables from customers	25.138.726	23.752.206	1.386.520
Credit notes to be issued	-	(14.860)	14.860
Invoices to be issued	3.001.437	5.809.019	(2.807.582)
SBF Effects	1.329.116	1.765.243	(436.127)
- Provision for credit risks	(1.982.340)	(1.568.984)	(413.357)
Total within 12 months	27.486.938	29.742.624	(2.255.686)
Withholding taxes issued invoices	2.015.891	1.985.357	30.534
Withholding taxes invoices to be issued	6.747.034	5.434.842	1.312.192
Total over 12 months	8.762.925	7.420.199	1.342.726
Total	36.249.863	37.162.824	(912.961)

The change in receivables from customers compared with the previous year is closely related to the growth in turnover generated during the year.

The invoices to be issued, amounting to Euro 3,001,437, relate to allocations made on the basis of services provided

during 2024. During the first months of 2025, invoices were issued for approximately Euro 2,659,620.

Receivables for withholding taxes amount to a total of Euro 8,762,925, of which Euro 2,015,891 have already been invoiced and Euro 6,747,034 still to be invoiced. Withholding taxes will be collected beyond the current financial year, at the end of the related works. During the first months of 2025, invoices were issued for withholding taxes for approximately Euro 8,303.

The provision for credit risks, amounting to Euro 1,982,340, increased by Euro 413,356 compared to 31.12.2023. In particular, the provision for the year and the use amounted to Euro 500,000 and Euro 86,644 respectively.

The item tax receivables is as follows:

Description	31/12/24	31/12/23	Variation
VAT credit	4.628.073	3.813.289	814.784
Tax credits	145.018	2.099.522	(1.954.504)
Other tax receivables	64.548	4.800	59.748
Total within 12 months	4.837.638	5.917.611	(1.079.973)
Tax credits	307.723	376.417	(68.694)
Total over 12 months	307.723	376.417	(68.694)
Total	5.145.361	6.294.028	(1.148.667)

The change is mainly linked to both the decrease in tax credits within the year from Euro 2,099,522 in 2023 to Euro 145,018 in 2024 following the use of tax credits in compensation and the increase in the VAT credit from Euro 3,813,289 in 2023 to Euro 4,628,073 in 2024 following the increase in turnover.

Tax credits beyond the year, amounting to Euro 307,723, relate to the purchase of credits from Superbonus.

The item deferred tax assets, amounting to Euro 571,762, mainly relates to taxes calculated on the provision for doubtful accounts taxed for Euro 1,982,340 and the provision for risks for Euro 400,000.

The item receivables from others is composed as follows:

Description	31/12/24	31/12/23	Variation
Advances to suppliers	10.372	166.405	(156.033)
CAPE advances	91.388	60.391	30.996
Security deposits	41.534	38.096	3.438
Accounts receivable for supplier advances	-	202.018	(202.018)
Minor miscellaneous credits	58.033	59.781	(1.748)
Total within 12 months	201.327	526.692	(325.365)
Receivables beyond the year	197.926	197.926	-
Total over 12 months	197.926	197.926	-
Total	399.253	724.618	(325.365)

The item "Advances to suppliers", amounting to Euro 10,372, relates to advances paid to suppliers for the purchase of goods and materials.

The item "CAPE advances", amounting to Euro 91,388, relates to advances paid by the Company to employees pertaining to the Cassa Edile, which will proceed with the reimbursement in favour of the Company.

The item "Security deposits", amounting to Euro 41,534, refers to security deposits paid for the use of

utilities (water, gas, electricity, etc.).

"Miscellaneous minor receivables" amounting to Euro 58,033 mainly relates to prepaid remuneration and loans made to employees.

The breakdown of receivables recorded in current assets, by geographical area, is not provided, as it is not significant.

Receivables beyond the year, amounting to Euro 197,926, are tax receivables arising from the purchase of new capital goods using the benefits provided for by the Sabatini Law.

Financial assets that do not constitute fixed assets

Changes in financial assets that do not constitute fixed assets

	Year-to-date value	Year-end value
Other non-fixed equity investments	3.287	3.287
Total financial assets that do not constitute fixed assets	3.287	3.287

These are shares of the BCC of Brescia.

Cash equivalents

	Year-to-date value	Change in the year	Year-end value
Bank and postal deposits	7.784.585	1.213.539	8.998.124
Cash and other cash equivalents	18	4.459	4.477
Total cash and cash equivalents	7.784.603	1.217.998	9.002.601

The table shows the details of the changes in bank and postal deposits and cash compared to the previous year.

Accrued income and deferred income

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
1.190.647	1.136.651	53.996

They measure income and expenses whose accrual is anticipated or postponed with respect to the numerical and/or documentary manifestation; they are independent of the date of payment or collection of the related income and expenses, common to two or more financial years and apportioned according to time.

As of 31/12/2024, there are no accruals and deferrals with a duration of more than five years.

	Accrued income	Deferred income	Total accrued income and deferred income
Year-to-date value	1.637	1.135.014	1.136.651
Change in the year	(1.637)	55.633	53.996
Year-end value		1.190.647	1.190.647

The following table shows the details of the changes in deferred income:

Description	31/12/24	31/12/23	Variation
Car expenses	8.518	8.430	88
Insurance	256.516	260.556	(4.040)
Leasing fees	869.527	815.382	54.145
Service charges	53.469	46.773	6.696
Interest expense	2.616	3.871	(1.255)
Total	1.190.647	1.135.012	55.635

The main deferred income relates to costs for subsequent years for lease payments of Euro 869,527 and insurance costs of Euro 256,516. There were no significant changes compared to the previous year.

Notes to the financial statements, liabilities and

shareholders' equity Shareholders' equity

Changes in equity

Analysis of changes in equity items

With reference to the amount of equity items, pursuant to Article 2427 of the Italian Civil Code, the changes that occurred during the year (paragraph 1, number 4) as well as the composition of the item Other reserves (paragraph 1, number 7) are indicated below.

On 09.11.2023, with a notarial deed by the Notary Public Alessandra Radaelli, the Company was transformed from a limited liability company to a joint-stock company with a share capital of Euro 1,000,000 consisting of no.

5,000,000 ordinary shares with a nominal value of Euro 0.20 each. The share capital is fully paid-up.

On 16/02/2024 Palingeo S.p.A. is admitted to listing on EGM. The admission to listing took place following a placement of 1,620,300 ordinary shares, all newly issued. The Company's post-placement capital, net of non-executed Green Shoes, consists of 6,604,400 shares with no par value, for a total value of Euro 1,320,880.

On 13.12.2024, the first exercise period of the "Palingeo Warrants 2024-2026" ended. In the period under review, 303,270 newly issued Palingeo Shares were subscribed. The Company's post-placement capital consists of 6,907,670 shares with no par value, for a total value of Euro 1,381,534.

The change in the share premium reserve for Euro 9,308,451 is entirely attributable to the capital increases linked to the listing on EGM and the issue of the first tranche of shares linked to the exercise of the Warrants.

The change in the extraordinary reserve, for Euro 6,705,640, is entirely attributable to the allocation of the profit for the year realized as at 31/12/2023, as per the relevant shareholders' resolution.

On the other hand, with reference to the reserve for hedging transactions of expected cash flows, movements,

Euro (29,824) relate to changes in the fair value of the effective component of derivative financial instruments.

The revaluation reserve, unchanged compared to the previous year, amounted to Euro 5,768,000. This reserve relates to the revaluation of the brand (Euro 8,000,000) carried out in 2021 and is shown in the financial statements net of the provision for deferred tax liabilities of Euro 2,232,000.

	Year-to-date value	Allocation of the result of the previous year		Other variations			Operating result	Year-end value
		Dividend allocation	Other destinations	Increments	Decrements	Rerankings		
Capital	1.000.000			381.534				1.381.534
Reserve from supervaluations or actions	350.000			9.308.451				9.658.451
Revaluation reserves	5.768.000							5.768.000
Legal reserve	200.000							200.000
Reserve overtime to	10.090.747		6.705.640					16.796.387
Miscellaneous other reserves								
Total other reserves	10.090.747		6.705.640					16.796.387
Reserve for flow hedging operations expected financial statements	48.059		(29.824)					18.235
Profit (loss) from the financial year or	6.705.640		(6.705.640)				7.619.708	7.619.708
Total assets net	24.162.446		(29.824)	9.689.985			7.619.708	41.442.315

Availability and use of equity

Availability and use of equity items

The table shows the items in Shareholders' equity detailed and distinguished according to their origin, the possibility of use, their distributability and their use in the previous 3 years.

	Possible	Summary of the utilisations made in the previous three years
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	Amount	uses	to cover leaks	for other reasons
Capital	1.381.534	B		
Share premium reserve	9.658.451	A,B,C,D		
Revaluation reserves	5.768.000	A,B		
Legal reserve	200.000	A,B		
Other reserves				
Extraordinary reserve	16.796.387	A,B,C,D		
Miscellaneous other reserves				
Total other reserves	16.796.387			
Reserve for hedging operations of expected cash flows	18.235	A,B,C,D		
Total	33.822.607			

Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory restrictions E: other

Changes in the reserve for hedging operations of expected cash flows

Changes in the reserve for hedging expected cash flows are shown below (Article 2427 *bis*, paragraph 1, no. 1 b) *quarter*:

	Reserve for hedging operations of expected cash flows
Year-to-date value	48.059
Changes in the year	
Release to income statement	(29.824)
Year-end value	18.235

Detailed information on the type and nature of derivative financial instruments is provided then in the paragraph "Information relating to derivative financial instruments pursuant to Article 2427-bis of the Italian Civil Code"

Provisions for risks and charges

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
2.191.359	2.312.377	(121.018)

	Provision for taxes, including deferred taxes	Other funds	Total provisions for risks and charges
Year-to-date value	1.912.377	400.000	2.312.377
Changes in the year			
Use in exercise	121.018		121.018
Total changes	(121.018)		(121.018)
Year-end value	1.791.359	400.000	2.191.359

This item mainly consists of the provision for deferred tax liabilities of Euro 1,791,359 booked for the revaluation of the brand, carried out for statutory purposes only, and marginally for the fair value recognition

of hedging derivative financial instruments. The accounting for deferred tax liabilities was a direct reduction of the revaluation reserve DL 104/2020 and the reserve for hedging transactions of expected cash flows.

As of December 31, 2024, some criminal cases are pending against some directors for accidents that occurred to employees of the company in the course of their work. Adequate insurance policies are active for these facts.

The item "Other provisions" relates to the provision for risks for ongoing lawsuits for an amount of Euro 400,000.

Employee severance pay

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
1.949.442	1.797.859	151.583

	Severance pay subordinate
Year-to-date value	1.797.859
Changes in the year	
Provision for the year	676.100
Use in exercise	524.517
Total changes	151.583
Year-end value	1.949.442

The severance pay, amounting to Euro 1,949,442, according to current legislation, corresponds to the indemnities to be paid to employees in the event of termination of the employment relationship accrued at the end of the financial year.

Debts

Changes and maturity of debts

Pursuant to art. 2427, paragraph 1, number 6 of the Italian Civil Code, the overall breakdown of the debts recorded in the liabilities by type and on the basis of their maturity is reported:

	Year-to-date value	Change in the year	Year-end value	Quota expiring within the year	Poor share beyond the year
Payables to banks	15.500.399	(1.005.240)	14.495.159	12.380.267	2.114.892
Payables to other lenders	103.706	(30.043)	73.663		73.663
Advances	698.002	(160.008)	537.994	537.994	
Payables to suppliers	16.355.019	(2.728.449)	13.626.570	13.388.875	237.695
Tax debts	1.385.243	(433.875)	951.368	951.368	
Payables to social security institutions	1.271.209	(555.538)	715.671	715.671	
Other payables	1.569.948	(380.894)	1.189.054	1.189.054	
Total payables	36.883.526	(5.294.047)	31.589.479	29.163.229	2.426.250

The following table provides an analysis of changes and maturities in debts, with evidence of debts whose maturity is beyond the year.

No debt has a maturity of more than 5 years, including mortgages and loans outstanding as of

31/12/2024. The item payables to banks within and after the following year is broken down as follows:

Description	31/12/24	31/12/23	Variation
Passive current accounts	767.010	544.523	222.487
Bank advance invoices	7.980.234	7.353.000	627.234
Credit/prepaid cards	4.742	2.450	2.292
Mortgages and loans	3.517.629	3.566.858	(49.229)
Accruing interest expense	110.653	88.006	22.647
Total within 12 months	12.380.267	11.554.837	825.430
Mortgages and loans payable over	2.114.892	3.945.562	(1.830.670)
Total over 12 months	2.114.892	3.945.562	(1.830.670)
Total	14.495.159	15.500.399	(1.005.240)

The mortgages and loans taken out by the Company as of 31/12/2024 are as follows:

Description	Date subscription	Date expiration	Value original	Residue at 31/12/2024 by	Residue at 31/12/2024 over
BCC Brescia Mortgage No. 1062359	22/02/21	01/10/26	800.000	228.571	228.571
MPS Loan No. 994009252	11/04/19	30/06/25	1.000.000	100.000	-
Banco BPM loan no. 04886613	02/11/20	02/11/26	500.000	101.486	103.017
Banca Intesa Mortgage No. 11222876	28/01/21	28/01/27	1.300.000	326.254	356.911
CREDEM Loan No. 7563530	06/04/21	06/04/26	450.000	108.814	36.402
MPS Financing No. 994148952	06/05/21	30/04/27	650.000	130.000	173.333
Banca Intesa Loan No. 88044	23/06/21	01/09/27	510.000	96.050	192.100
Banco BPM Loan No. 05657541	16/06/22	31/05/27	1.000.000	230.539	343.903
Intesa Financing No. 110500	26/02/23	31/12/26	1.000.000	250.000	250.000
Banco BPM Loan No. 07209711	30/09/23	31/08/25	2.000.000	687.819	-
Intesa Loan No. 1018981497	19/04/24	19/04/26	2.500.000	1.258.096	430.654
Total				3.517.629	2.114.892

Mortgages and loans are all unsecured. The interest rates for each mortgage outstanding as of 31.12.2024 are shown below:

Description	Rate applied
BCC Brescia Mortgage No. 1062359	2% + EUR 6 M (360)
MPS Loan No. 994009252	1% + EUR 6 M (360)
Banco BPM loan no. 04886613	1.5% Fixed
Banca Intesa Mortgage No. 11222876	1.5% + EUR 1 M (360)
CREDEM Loan No. 7563530	0.6% Fixed
MPS Financing No. 994148952	1% + EUR 6 M (360)
Banca Intesa Loan No. 88044	2.8% + EUR 6 M (365)
Banco BPM Loan No. 05657541	1.55% + EUR 3 M (360)
Intesa Financing No. 110500	1.65% + EUR 3 M (360)
Banco BPM Loan No. 07209711	1.05% + EUR 3 M (360)
Intesa Loan No. 1018981497	4% Fixed

The item "payables to other lenders", amounting to Euro 73,663, refers to suppliers of capital goods who have granted, directly or through a financial company, a loan for the purchase of assets.

The item "advances within the following year", amounting to Euro 537,994, refers to advances for the purchase of machinery instrumental to the company's activities.

The item "payables to suppliers" is composed as follows:

Description	31/12/24	31/12/23	Variation
Suppliers	12.249.376	11.164.190	1.085.186
Credit notes to be received	(298.333)	(309.076)	10.743
Invoices to be received	1.437.831	5.443.020	(4.005.189)
Total within 12 months	13.388.875	16.298.134	(2.909.259)
Suppliers beyond the year	237.695	56.885	180.811
Total over 12 months	237.695	56.885	180.811
Total	13.626.570	16.355.018	(2.728.449)

In the first months of 2025, invoices to be received for Euro 1,011,247 were received.

The item "Suppliers beyond the year", amounting to Euro 237,695, refers to withholding taxes that will be invoiced to the Company after the testing of the projects to which they refer.

The significant decrease in payables to suppliers compared to the previous year, amounting to Euro 2,728,449, is mainly due to a decrease in average payment days, as well as the reduction in the volume of purchases developed during 2024.

The item "tax payables" amounting to Euro 951,368 breaks down as follows:

Description	31/12/24	31/12/23	Variation
Withholding professionals	18.776	1.159	17.617
Employee withholdings	434.604	370.463	64.140
Taxes for the year	496.960	1.013.291	(516.331)
Other minor taxes	1.028	329	699
Total within 12 months	951.368	1.385.243	(433.875)
IRES and IRAP tax instalments	-	-	-
Total over 12 months	-	-	-
Total	951.368	1.385.243	(433.875)

The item taxes for the year includes IRES for Euro 2,673,063 and IRAP for Euro 636,800 net of IRES advances paid for Euro 2,273,507, and IRAP advances paid for Euro 528,037 in addition to withholding taxes incurred for Euro 11,533.

Payables to social security institutions, amounting to Euro 715,671, breaks down as follows:

Description	31/12/24	31/12/23	Variation
INPS debt	347.036	318.371	28.665
INAIL debt	151.729	97.174	54.555
Debt v/other pension funds	118.325	126.875	(8.550)
Accrued contribution charges	98.580	91.044	7.536
Total within 12 months	715.671	633.465	82.206

The item "INAIL debt" in these financial statements for both the 2024 and previous financial years has been shown net of advances paid during 2024.

The item "Other payables", amounting to Euro 1,189,054, breaks down as follows:

Description	31/12/24	31/12/23	Variation
Payables for wages and reimbursements	668.289	580.691	87.598
Debts for holidays, additional monthly payments, etc.	324.640	328.993	(4.353)
Payables to third parties	19.188	276.460	(257.272)
Accrual charges payables	176.877	383.743	(206.866)
Miscellaneous minor debts	60	60	-
Total within 12 months	1.189.054	1.569.948	(380.894)

Payables for salaries and reimbursements, amounting to Euro 668,289, were fully paid in the first months of 2025.

Payables for holidays, additional months' pay, etc., amounting to Euro 324,640, include payables to employees for accrued and unused holidays in addition to additional monthly payments XIII and XIV.

"Payables to third parties" amounting to Euro 19,188 relate to reimbursements to employees.

Payables for accrued charges, amounting to Euro 176,877, relate to insurance policies for which, as of 31.12.2024, there has not yet been a financial manifestation.

The breakdown of debts by geographical area is not provided, as it is not significant.

Debts secured by collateral on company assets

As of 31/12/2024, there are no debts secured by any type of collateral on corporate assets.

	Unsecured debts	Total
Payables to banks	14.495.159	14.495.159
Payables to other lenders	73.663	73.663
Advances	537.994	537.994
Payables to suppliers	13.626.570	13.626.570
Tax debts	951.368	951.368
Payables to social security institutions	715.671	715.671
Other payables	1.189.054	1.189.054
Total payables	31.589.480	31.589.480

Accrued expenses and deferred income

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations
2.007.813	3.722.707	(1.714.894)

	Accrued expenses	Deferred income	Total accrued income and deferred income
Year-to-date value	58.883	3.663.824	3.722.707
Change in the year	(43.877)	(1.671.017)	(1.714.894)
Year-end value	15.006	1.992.807	2.007.813

Accruals and deferrals with a maturity of more than five years are not recorded in the financial statements. Accrued expenses and deferred income mainly refer to the table below:

Accrued expenses - Description	31/12/24	31/12/23	Variation
Insurance	4.945	5	4.940
Passive leases	1.343	15.943	(14.600)
Vehicles	2.605	999	1.606
Other lower accruals	-	4.883	(4.883)
Leasing fees	6.113	37.054	(30.941)
Total	15.006	58.884	(43.878)

Deferred income - Description	31/12/24	31/12/23	Variation
Deferred tax credit for capital goods investments	1.956.450	1.986.169	(29.719)
Deferred contribution "Sabatini"	36.357	255.700	(219.343)
Deferrals from the evaluation of works in progress	-	1.421.955	(1.421.955)
Total	1.992.807	3.663.824	(1.671.017)

Almost all of the deferred income relates to the deferral of the tax credit accrued on investments in capital goods amounting to Euro 1,956,450.

Notes to the financial statements,

income statement Value of

Balance as of 31/12/2024	Balance as of 31/12/2023	Variations

Description	31/12/2024	31/12/2023	Variations
Revenues, sales and services	62.989.340	58.497.148	4.492.192
Custom Work in Progress Variations	2.309.808	(281.455)	2.591.263
Other income and income	2.194.440	3.292.727	(1.098.287)
Total	67.493.588	61.508.420	5.985.168

The change was commented on in the Report on Operations to which reference is made.

Breakdown of sales and performance revenues by business category

The breakdown of revenues and services from the company's typical operations (Article 2427, no. 10, of the Italian Civil Code) is entirely related to the execution of contract work in progress relating to piling activities.

Breakdown of sales and service revenues by geographical area

In accordance with the provisions of point 10) of art. 2427, it is specified that revenues from sales and services are entirely made in Italy.

Other income and income is detailed below:

Description	31/12/24	Incidence on total	31/12/23	Incidence on total
Capital goods contributions - Capital account	308.644	14,1%	1.127.849	34,2%
Excise duty refunds	270.621	12,3%	289.394	8,8%
Active leases	584.407	26,4%	992.790	30,1%
Capital gains	520.624	23,7%	53.070	1,6%
Contingent assets	309.051	14,1%	541.308	16,4%
Insurance compensation and reimbursement	74.018	3,4%	54.526	1,7%
Seconded Personal Reimbursement	41.812	1,9%	141.591	4,3%
Other miscellaneous revenues	85.263	3,9%	92.198	2,8%
Total	2.194.440	100,0%	3.292.727	100,0%

The item "contingent assets" amounting to Euro 309,051 relates to the reversal of invoices from suppliers with a ceased VAT number or for the adjustment of positions payable to suppliers that will no longer be settled.

The item "active leases" refers to the lease to third party companies of machinery owned by the Company that needs to carry out certain processes, but which do not have the appropriate equipment and machinery. In many cases, the work carried out by third parties is preparatory to the construction of the construction sites in which Palingeo is engaged.

Capital gains relate to the sale of plant and/or machinery of the Company.

The change in this item is mainly due to the reduction in contributions for the purchase of machinery due to the reduction in the contribution rates paid for new investments. The reduction is offset by capital gains related to the disposal of obsolete machinery and equipment. Overall, the reduction in the item Active leases and Reimbursements for seconded personnel is closely linked to the need to concentrate all the company's resources for the construction of the acquired construction sites.

Production costs

Production costs, amounting to a total of Euro 56,157,305, are broken down as follows:

B)	Production costs:	31/12/24	31/12/23	Variation	Variation %
6)	for raw materials, supplies, consumables and goods	21.826.594	21.498.548	328.046	1,5%
7)	for services	10.450.746	8.785.761	1.664.985	18,9%
8)	for the use of third-party assets	4.876.658	4.666.647	210.011	4,5%
9)	For staff:				
	a) Wages and salaries	10.165.232	8.736.590	1.428.642	16,3%
	b) social security contributions	3.938.343	3.460.623	477.720	13,8%
	c) severance pay	676.100	574.483	101.618	17,7%
	d) retirement benefits and the like	49.524	44.338	5.186	11,7%
	e) other costs	12.369	48.900	(36.531)	-74,7%
10)	Depreciation, amortization and write-downs:				
	a) Depreciation of intangible assets	463.550	463.550	0	0%
	b) depreciation of tangible fixed assets	2.643.702	1.768.196	875.506	49,5%
	d) write-down of current assets	500.000	1.434.495	(934.495)	-65,1%
11)	Changes in inventories of MP, subs., cons.	-	298.553	(298.553)	-100,0%
12)	Provisions for risks	-	-	-	-
14)	Miscellaneous operating costs	554.487	256.844	297.642	+ 100,0%
	Total production costs	56.157.306	52.037.529	4.119.777	7,9%

Costs for raw materials, supplies, consumables and goods

Costs for raw materials, supplies, consumables and goods amounted to Euro 21,826,594, an increase of Euro 328,046 compared to the previous year.

The following table shows the details of the costs of raw materials, supplies, consumables and goods:

Description	31/12/24	31/12/23	Variation	% change
Production materials	13.069.680	14.071.134	(1.001.454)	-7,1%
Other purchases	63.284	62.773	512	0,8%
Packaging	3.216	2.834	381	13,5%
Maintenance purchases	2.927.329	1.810.938	1.116.391	61,6%
Fuels	5.542.840	5.427.973	114.867	2,1%
Other assets	26.724	20.342	6.382	31,4%
Cleaning materials and work clothes	167.827	82.859	84.967	+ 100,0%
Stationery	25.693	19.694	5.999	30,5%
Costs for raw materials, supplies, consumables and goods	21.826.594	21.498.548	328.046	1,5%

Costs for raw materials, supplies, consumables and goods are substantially in line with 2023 despite the significant increase in turnover; This is mainly due to the start of new construction sites where the supply of materials is the responsibility of the main contractor. The cost of purchasing maintenance materials increased in line with the increase in both the number of construction sites completed and the increased machinery available to the Company. The cost of fuel increased by Euro 114,867 in a less than proportional way compared to the growing consumption, the reasons are to be found in the purchase of new, more performing machinery with reduced consumption as well as in the drop in the price of diesel.

Service fees

Costs for services amounted to Euro 10,450,746, an increase of Euro 1,664,985 compared to the previous year.

The following table shows the details of the costs per service:

Description	31/12/24	31/12/23	Variation	% change
Utilities	134.088	131.076	3.012	2,3%
Other expenses	34.428	40.314	(5.886)	-14,6%
Transport	863.238	597.132	266.106	44,6%
Insurance	1.809.964	1.555.181	254.783	16,4%
Car / vehicle expenses	292.057	267.876	24.181	9,0%
Reimbursement of expenses	589.086	527.971	61.115	11,6%
Advertising, promotions, and research	80.024	24.104	55.920	+ 100,0%
Entertainment expenses, business trips and travel	2.240.454	1.879.349	361.105	19,2%
Data processing fees	201.380	157.604	43.776	27,8%
Security surveillance and expenses	29.487	276.318	(246.831)	-89,3%
Cleanliness	9.538	7.637	1.901	24,9%
Waste disposal	84.933	61.474	23.459	38,2%
Bank charges	49.705	46.636	3.069	6,6%
Third-party processing	90.779	293.135	(202.356)	-69,0%
Personnel expenses	259.110	359.277	(100.167)	-27,9%
Administrators	739.584	359.199	380.385	+ 100,0%
Control bodies	71.000	74.196	(3.196)	-4,3%

Legal and notary fees	9.249	12.958	(3.709)	-28,6%
Maintenance	934.324	989.848	(55.524)	-5,6%
Compensation to third parties	1.928.318	1.124.476	803.842	71,5%
Service fees	10.450.746	8.785.761	1.664.985	19,0%

Costs for services increased by Euro 1,664,985 compared to the same period of 2023; This is mainly due to the growth in the company's turnover. The significant increase in fees to third parties, amounting to Euro 806,547, is due to the costs paid to professionals for carrying out the listing process on the Euronext Groth Milan market, as previously described and commented on.

Costs for the use of third-party assets

Costs for the use of third-party assets amounted to Euro 4,876,658, an increase of Euro 210,011 compared to the previous year.

Description	31/12/24	31/12/23	Variation	% change
Passive leases of real estate	233.427	212.393	21.034	9,9%
Rentals	3.127.235	2.877.162	250.073	8,8%
Leasing	1.515.252	1.576.680	(61.428)	-3,9%
Software licenses	744	309	435	+ 100,0%
Other costs for the use of third-party assets	0	103	(103)	-100,0%
Use of third-party assets	4.876.658	4.666.647	210.011	4,5%

The item includes: (i) the cost for the use of third-party assets relating to real estate leases for the structures in which the Company carries out its activities, (ii) the costs for the rental of construction machinery and (iii) the cost for lease payments taken out for the acquisition of construction machinery and vehicles. Despite the increase in the number of construction sites in progress, rentals remain substantially stable as the Company has purchased new machinery that has progressively replaced those rented. The cost of leases is in line with that of 31.12.2023.

Personnel costs

Personnel costs amounted to Euro 14,841,568, an increase of Euro 1,976,634 compared to the previous year.

The following table shows the details of personnel costs:

Description	31/12/24	31/12/23	Variation	% change
Wages and salaries	10.165.232	8.736.590	1.428.642	16,3%
Social security contributions	3.938.343	3.460.623	477.720	13,8%
TFR	676.100	574.483	101.618	17,7%
Treatment of quiescence and the like	49.524	44.338	5.186	11,7%
Other personnel costs	12.369	48.900	(36.531)	-74,7%
Personnel costs	14.841.569	12.864.934	1.976.635	15,4%

The item includes the entire expenditure for employees including changes in category, contingency steps, cost of accrued and unused holidays and provisions for law and collective agreements. The increase in the number of construction sites open at the same time has made it necessary to increase the number of employees engaged on construction sites, providing for several hires during 2024.

Amortization of intangible assets, tangible assets and provisions

Costs for depreciation, amortization and provisions amounted to Euro 3,607,252 and increased compared to

to the previous year of Euro (58,989).

As regards depreciation, it should be noted that they have been calculated on the basis of the useful life of the asset and its use in the production phase. The increase in the depreciation of tangible fixed assets is linked to the acquisition of the machinery and equipment necessary for the construction of the construction sites.

Description	31/12/24	31/12/23	Variation	% change
Depreciation of intangible assets	463.550	463.550	-	0,0%
Depreciation of tangible assets	2.643.702	1.768.196	875.506	49,5%
Provision for write-downs	500.000	1.434.495	(934.495)	-65,1%
Depreciation, amortization and impairment losses	3.607.252	3.666.242	(58.990)	-1,6%

Changes in inventories of raw materials, supplies and consumables

The change in inventories of raw materials, supplies and consumables amounted to Euro (298,553).

This item concerns the difference between the value of raw materials at the beginning of the year and their value at the end of the year.

Description	31/12/24	31/12/23	Variation	% change
Initial inventories	-	298.553	(298.553)	-100,0%
Closing inventories	-	-	-	-
Changes in raw materials, supplies and consumables	-	298.553	(298.553)	-100,0%

Provisions for risks

During 2024, it was not deemed necessary to allocate any risk provisions.

Miscellaneous operating costs

Costs for other operating expenses amounted to Euro 554,487, an increase of Euro 297,642 compared to the previous year.

Below is a breakdown compared with the previous year, broken down by nature.

Description	31/12/24	31/12/23	Variation	% change
Registration taxes	500	6.928	(6.428)	-92,8%
Car taxes	17.717	15.189	2.528	16,6%
Taxes and stamps	11.168	8.322	2.846	34,2%
Excise duties	9.564	892	8.672	+ 100,0%
Local taxes	7.413	7.409	5	0,1%
Other taxes	711	546	164	30,0%
Other expenses	8.016	10.085	(2.070)	-20,5%
Freebies	715	2.144	(1.429)	-66,7%
Refunds	180.425	10.475	169.950	+ 100,0%
Sanctions	5.278	109.190	(103.912)	-95,2%
Fines and Fines	51.997	30.269	21.728	71,8%
Contingencies payable	224.823	18.559	206.264	+ 100,0%
Rounding	601	236	365	+ 100,0%
Liberality	10.801	35.760	(24.959)	-69,8%

Losses	24.757	839	23.918	+ 100,0%
Miscellaneous operating costs	554.487	256.844	297.642	+ 100,0%

The item increased significantly, mainly due to the increase in reimbursements for damages caused to third parties during the performance of construction site activities and the increase in contingent liabilities, which increased by Euro 206,264 compared to the same period of 2023. This item consists of costs relating to the 2023 financial year for which supporting documentation was received during 2024. The increases are offset by the reduction in penalties which decrease by Euro 103,912.

Financial income and expenses

Breakdown of income from equity investments

Introduction, breakdown of participation income

(Ref. art. 2427, first paragraph, no. 11, of the Italian Civil Code)

Description	Other
Other income from equity investments other than dividends	99
Dividends	
	99

Other income from equity investments

	Non-dividend income
By others	99
Total	99

Breakdown of interest and other financial charges by type of debt

(Ref. art. 2427, first paragraph, no. 12, of the Italian Civil Code)

	Interest and other financial charges
Payables to banks	641.454
Other	<u>91.615</u>
Total	733.070

Description	Other	Total
Bank interest	296.389	296.389
Average credit interest	337.856	337.856
Interest on loans	2.966	2.966
Other charges on financial transactions	88.649	88.649
Rounding	1	1
Total	733.070	733.070

The item interest expense for medium credit is stated net of interest subsidies linked to the Sabatini facility for euro 36,357.

Current, deferred and deferred income taxes

Recognition of deferred tax assets with consequential effects

The table summarises the total amount of deferred tax assets and liabilities recorded in the financial statements. Deferred tax assets have been calculated (on the cumulative amount of all temporary differences) by applying the rates in force at the time they are reversed (the rates in force in the current year).

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	2.382.340	
Total taxable temporary differences	6.423.994	6.400.000
Net temporary differences	4.041.654	6.400.000
B) Tax effects		
Provision for deferred (deferred) tax assets at the beginning of the year	1.206.777	265.200
Deferred tax assets (deferred) for the year	(236.780)	(15.600)
Provision for deferred (deferred) tax assets at the end of the year	969.997	249.600

Detail of deductible temporary differences

Description	Amount at End of the previous year	Variation occurred in the	Amount at the end of the year	IRES rate	IRES tax effect
F.do legal risks	400.000		400.000	24,00	96.000
F.do credit risks	1.435.000	547.340	1.982.340	24,00	475.762

Breakdown of taxable temporary differences

Description	Amount at End of the previous year	Change occurred during the year	Amount at the end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Amm.to brand	6.800.000	(400.000)	6.400.000	24,00	1.536.000	3,90	249.600
IRS Reserve	63.236	(39.242)	23.994	24,00	5.759		

Notes to the financial statements, other

information Employment data

(Ref. art. 2427, first paragraph, no. 15, of the Italian Civil Code)

The average company workforce, broken down by category, has undergone the following changes compared to the previous year.

Organic	31/12/2024	31/12/2023	Variations
Diamonds	1	1	

Employees	67	66	1
Workers	183	129	54
Other	<u>12</u>	<u>16</u>	Evaluaciones (4)
Total	263	212	51

The average employees are a total of 263, of which more than 50% are blue-collar workers

Remuneration, advances and credits granted to directors and statutory auditors and commitments undertaken on their behalf

	Administrators	Mayors
Compensation	739.584	45.013
Advances	0	0
Credits	0	0
Commitments entered into on their behalf as a result of guarantees given	0	0

Remuneration to the statutory auditor or auditing firm

(Ref. art. 2427, first paragraph, no. 16-bis, of the Italian Civil Code)

In accordance with the law, the fees for the year for the services rendered by the Statutory Auditor / or the Independent Auditors and entities belonging to its network are highlighted:

	Value
Statutory audit of annual accounts	28.000
Other verification services carried out	0
Tax Advisory Services	0
Other services other than audit	<u>77.960</u>
Total fees due to the statutory auditor or the independent auditor	105.960

Classes of shares issued by the company

The share capital as at 31/12/2024 is composed as follows (Article 2427, first paragraph, nos. 17 and 18, of the Italian Civil Code).

Shares/Units	Number	Nominal value in Euro
Ordinary Shares	5.625.170	1.125.034
Other	1.282.500	256.500
Total	6.907.670	1.381.534

On 09/11/2023, with a notarial deed by the Notary Public Alessandra Radaelli, the Company was transformed from a limited liability company to a joint-stock company with a share capital of Euro 1,000,000 consisting of no.

5,000,000 ordinary shares with a nominal value of Euro 0.20 each. The share capital is fully paid-up.

On 16/02/2024 Palingeo S.p.A. is admitted to listing on EGM. The admission to listing took place following a placement of 1,620,300 ordinary shares, all newly issued. The Company's post-placement capital, net of non-executed Green Shoes, consists of 6,604,400 shares with no par value, for a total value of Euro 1,320,880.

On 13/12/2024, the first exercise period of the "Palingeo Warrants 2024-2026" ended. In the period under

review, 303,270 newly issued Palingeo Shares were subscribed. The capital of the

The post-placement company consists of 6,907,670 shares with no par value, for a total value of Euro 1,381,534.

Description	Shares subscribed during the year, number	Shares subscribed during the year, face value	Initial consistency, number	Final consistency, number	Initial consistency, nominal value	Final consistency, nominal value
Ordinary Shares	1.907.670	381.534	5.000.000	6.907.670	1.000.000	1.381.534
Total	1.907.670	0	5.000.000	6.907.670	0	0

The shares and securities issued are as follows:

Shares and securities issued by the company	Number
Common shares	5.625.170
Multiple-vote shares	1.282.500

Commitments, guarantees and contingent liabilities not shown in the balance sheet

The Company has insurance policies in place to guarantee the correct execution of the construction sites for which it is operating. In practice, these policies cover a share that can vary between 5 and 10% of the contractual amount of the construction site. There is also a bank guarantee to cover the advance linked to the most important construction site currently managed by the company. This guarantee fully covers the value of the advance received.

In addition to the above, there are no other guarantees provided by the company in favour of related parties or third parties.

The guarantees are divided as follows:

Guarantor	Guaranteed value December 2023	Guaranteed value December 2024	Beneficiary
MPS	1.537.741	578.111	SALCEF S.p.A.
CREDEM	28.987	28.987	CO. CIV
UNICREDIT	250.296	250.296	COL.ME.TO S.c.a.r.l.

Information on assets and loans for a specific business

Assets allocated to a specific business

It is hereby certified that at the balance sheet date there are no assets allocated to a specific business referred to in no. 20 of art. 2427 of the Civil Code.

Financing for a specific business

It is hereby certified that at the balance sheet date there are no loans allocated to a specific business referred to in no. 21 of art. 2427 of the Civil Code.

Information on transactions with related parties

Information on transactions with related parties is presented below:

RECEIVABLES/PAYABLES	31.12.2024			31.12.2023		
	SINGEA	INGEO	Associat ed Firm	SINGEA	INGEO	Associat ed Firm
Trade receivables		208.826	-	-	208.826	-
Trade payables	894.009	-	-	75.520	-	-
Advances from customers	-	-	-	-	-	-
Advances to suppliers	-	-	-	-	-	1,603 €
Trade payables for invoices receivable	-	-	-	110.300	20.159	182,676 €

COSTS:	SINGEA	INGEO	Associat ed Firm	SINGEA	INGEO	Associat ed Firm
Third-party processing	30.056	-	-	53.572	-	-
Passive leases of assets	1.079.274	-	-	778.548	-	-
Job Administration	86.194	-	-	24.462	-	-
Passive leases of real estate	-	203.977	-	-	206.519	-
Professional fees	-	-	33.280	-	-	-

REVENUES	SINGEA	INGEO	Associat ed Firm	SINGEA	INGEO	Associat ed Firm
Postings	638	-	-	1.535	-	-
Other service revenues	-	-	90.000	-	-	90,000 €

In 2024, the Company did not enter into transactions at abnormal market conditions with the members of the Board of Directors, nor with the controlling or dominant shareholders or with the companies in which they hold shareholdings.

Transactions with related parties relate to: (i) the lease by Ingeo S.r.l. of the real estate structures in which the Company carries out its activities, (ii) the lease of machinery owned by S.In.Ge.A. S.r.l., which, in some situations, takes place with the secondment of employees and (iii) to the consultancy and design activities carried out by Studio Associato Geo Tecnica. With reference to the associated firm, the reports relate to technical consultancy activities related to design, development of calculations, load tests and tests.

Information on agreements not reflected in the balance sheet

There are no agreements or other acts in place whose effects are not represented in the Balance Sheet and which may expose the Company to risks or generate significant benefits and knowledge of which is useful for an assessment of the Company's financial position and results of operations.

Information on significant events occurring after the end of the financial year

Overall, the Company also operated regularly in the first months of 2025: the significant events that occurred in the first months of 2025 that do not significantly affect the financial statements and that

do not need to be expressed in the financial statements to which these Notes refer.

- On 17 January, in a Temporary Grouping of Companies with Colombo Severo S.r.l., announces the signing of a new contract with COIMA SGR S.p.A. for the execution of war reclamation, environmental remediation, provisional structural works and subsequent construction excavations as part of the regeneration process of the area of the former Porta Romana railway yard, in Milan. The contract has a total value of approximately Euro 11 million, of which Euro 5.3 million for works carried out by Palingeo.
- On 18 February, the Public Prosecutor's Office of Turin intended to proceed with non-repeatable technical investigations on the construction crane, in order to ascertain, also in the cross-examination with the safety manager and the machine operator, the probable causes of the accident. For this reason, they were served with a notice of guarantee, which, as is known, does not represent an indictment, but allows the defense of the people involved, even in the context of expert investigations.
- On 21 March, the Company was awarded three new contracts, totalling more than €14 million, of which approximately €7 million relating to 2025 and the remainder relating to 2026. The interventions will concern the consolidation of strategic works, including motorway and railway projects of national importance, confirming the Company's ability to operate on several fronts in the field of major works.

Information relating to derivative financial instruments pursuant to Article 2427-bis of the Italian Civil Code

Pursuant to Article 2427-bis, paragraph 1, point 1) of the Italian Civil Code, the *fair value* and information on the amount and nature of each class of derivative financial instruments carried out by the Company are indicated below, broken down by class, taking into account aspects such as the characteristics of the instruments themselves and the purposes of their use.

Derivative financial instruments are subscribed for the sole purpose of hedging the risks underlying changes in interest rates; however, for the purposes of the accounting treatment, only 2 of them have been treated as hedging in accordance with the simplified valuation methodology allowed by the accounting standard of reference. These instruments were issued by Banca Intesa and MPS and are measured at *fair value* using the *mark-to-market* value at the balance sheet date.

In detail, the Company has signed 1 IRS contract with Banca Intesa and 2 IRS contracts with MPS.

The contracts are shown in the following table:

Bank	Contract No.	Purpose	Hedged assets/liabilities	Underlying financial risk	Beginning	End Date	Notional value	Capital outstanding at year-end	Fair Value at the beginning of the year	Fair Value year-end	Accounting treatment of cover
Understanding	39315782	Cover	Mutual	Interest rate	1/2/2021	28/1/2027	1.300.000	683.165	44.840	16.798	YES
MPS	231717	Cover	Mutual	Interest rate	1/06/2021	1/6/2026	442.275	223.954	8.449	2.426	
MPS	231718	Cover	Mutual	Interest rate	31/5/2021	31/3/2027	650.000	303.333	18.396	7.196	YES
Total									71.685	26.420	23.994

Summary statement of the financial statements of the company that carries out the management and coordination activity

Your Company is not subject to management and coordination activities.

Information pursuant to Article 1, paragraph 125, of Law No. 124 of 4 August 2017

With reference to Article 1, paragraph 125-bis, of Law no. 124/2017, it should be noted that the Company received, during 2024, grants, subsidies, advantages, contributions or public aid in cash or in kind, not of a general nature. For details, please refer to the appropriate section of the National Register.

Proposed allocation of profits or coverage of losses

The Board of Directors proposes to allocate the profit for the year as at 31/12/2024 amounting to Euro 7,619,708 entirely to the Extraordinary Reserve.

Notes to the financial statements, final part

Dear Shareholders, We confirm that these financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements, truthfully and fairly represent the Company's financial position, as well as the economic result for the year and correspond to the accounting records. We therefore invite you to approve the draft financial statements as at 31.12.2024 together with the proposal for the allocation of the result for the year, as prepared by the Administrative Body.

The Financial Statements are true and real and correspond to

the accounting records Carpenedolo, 27 March 2025

The Board of Directors

The President
(Spada Leonardo)

Statement of Compliance

The undersigned SPADA LEONARDO, in his capacity as Chairman of the Board of Directors, aware of the criminal liability provided for in the event of false declaration, certifies, pursuant to art. 47 of Presidential Decree 445/2000, the correspondence of the electronic document in XBRL format containing the Balance Sheet and the Income Statement and this Explanatory Notes to those kept in the company's records.