



*Financial
Statements at
31/12/2020*

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1. DIRECTORS' REPORT ON OPERATIONS,
ACCOMPANYING THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2020

Dear Shareholders,

The financial statements hereby submitted for your review and approval provide a faithful representation of the Company's current situation.

They report a net loss of Euro 24,527 thousand after depreciation and amortisation of Euro 2,327 thousand, allocations to provisions for doubtful debts of Euro 577 thousand, allocations to provisions for risks of Euro 35 thousand and impairment adjustments to investments of Euro 498 thousand.

We provide below an overview of the Company's operating performance in the last year and details of foreseeable future developments.

OPERATING PERFORMANCE

The reporting period was badly affected by the spread of the Covid 19 pandemic and by the accompanying slump in oil prices; both of these events triggered a significant decline in the volume of production – it fell by 29% compared to prior year (Euro 146 million in 2020 against Euro 205 million in 2019) – and overall results for the year deteriorated significantly.

The measures taken by Company Management to contain the negative economic effects of the pandemic have been greatly effective in reducing the Company's general expenses and they were around 30% below original Budget. However, in general, these efforts were wholly insufficient to cover the increase in operating costs which exploded because of the restrictions that were imposed and the precautions that had to be taken in response to the second and third waves of Covid-19. These factors hit the various geographical areas where the Company operates at different times, causing difficulty throughout the year and hitting operating activities unceasingly. The range of measures adopted Management to contain fixed costs has included accessing social safety nets where available, encouraging maximum use of accumulated leave entitlement and making major cuts to external costs. In addition, two extraordinary measures have been taken and will produce positive, structural effects going forward, also in the long-term. The first of these was the absorption of subsidiary Basis Engineering S.r.l. of Milan into the Company. In addition to the commercial benefits the business has already enjoyed and the expected savings on operating costs and improved performance on future projects, the absorption of Basis Engineering has also led to a significant reduction in indirect costs that will be confirmed going forward. The second extraordinary measure regards the decision to withdraw from several geographical areas of limited strategic importance with steps already taken to close or sell local companies or branches. Some of these operations have already been completed and others will follow in 2021.

The enormous increase in operating costs was primarily due to a sharp reduction in productivity by engineering design personnel in Milan (they had to be put on home working for much of the year), to constant delays in the delivery of materials by suppliers, to an alarming slump in blue collar productivity (worsened due to attempts to mitigate the impact of delays in engineering and materials) and to a series of major problems with the movement of personnel and vendors abroad and to sites because of travel restrictions and quarantine requirements. Finally, there was a general increase in costs because of the additional time needed to carry out projects and the multitude of additional expenses – albeit minor ones – to manage and procure personal protective equipment, maintain control over access and implement social distancing in operating areas.

The slump in the price of oil and energy in general, heightened by the dramatic decline in demand, have had negative effects mainly on the volume of new projects acquired. Essentially, this has been caused by the *de facto* suspension of all new investment by clients, resulting in a significant reduction in the order backlog (Euro 91 million at 31/12/2020 against Euro 188 million at 31/12/2019).

However, Company Management highlights two important factors that make the situation of general difficulty faced

by the business somewhat less dramatic.

The first factor is that an extremely prudent approach was adopted when estimating the results of contracts for the purposes of the 2020 Financial Statements. While, on the one hand, all of the important operating cost increases described above were considered, on the other hand the significant extra fee requests made by the Company to its clients, in order to cover the additional operating costs at least partially, were not taken into account. All of these requests are still the subject of negotiations between the Company and its clients and could lead to a non-negligible improvement in the final results of the contracts in progress.

The second factor that enables us to look with greater confidence to the Company's near future is the fact that the suspension of investment in energy facilities in the last year and the resulting slump in production is one of the reasons for the recent rise in oil prices. This has reawakened great interest on the part of the Oil Companies in relaunching those projects that had been put on hold in 2020. As a result, the Company is not involved in important negotiations, in both the Oil&Gas and Wind Power segments, as not seen for around two years.

Before presenting the key performance indicators for the year, we want to mention two important events that occurred during 2020.

The first such event was the serious accident involving the AMT Mariner barge on 05/02/2020 when it was chartered to another operator. The barge has been used for more than a decade to tug offshore platforms to their sites but suffered serious damage that put it out of action for the rest of the year. We note that, in January 2021, the Company received a major insurance pay-out that covered all of the damages suffered by the vessel.

The second event that characterised 2020 was the satisfactory closure of the dispute with a Polish client that had given the Company an EPMS contract in 2013 and that had made complaints and a claim for economic damages which – if confirmed – would have taken the parties to arbitration in Poland. The dispute has been amicably settled with the Company providing the client with assistance in rectifying a number of design and supply errors and the client withdrawing its economic demands and making the agreed final payments in full.

Finally, we note that the financial statements have benefited to a significant extent from dividends totalling Euro 4,303 thousand received from a subsidiary.

A selection of the key performance indicators is provided below:

	<u>31.12.20</u>	<u>31.12.19</u>
G.I.P. (in thousands of Euro)	145,702	205,113
(A1+A2+A3 of the Income Statement)		
EBITDA (in thousands of Euro)	(33,458)	(560)
(A+B-10-12-13 of the Income Statement)		
EBITDA / GIP	(22.96%)	(0.27%)
Ebit (in thousands of Euro)	(36,398)	(3,790)
(A+B of the Income Statement)		
EBIT / GIP	(24.98%)	(1.85%)
Profit (Loss) before tax (in thousands of Euro)	(31,828)	3,204
Profit (Loss) before tax / GIP	(21.84%)	1.56%
Net Profit (Loss) (in thousands of Euro)	(24,527)	188
(Income Statement item 21)		
Net Profit (Loss) / GIP	(16.83%)	0.09%
R.O.E. (Net Profit (Loss) / Opening Equity)	(15.05%)	0.11%

It should be noted that the interim performance indicators shown in the above table – in particular, EBITDA and EBIT – are not specifically defined under Italian GAAP. Therefore, the methods applied by the Company to determine them might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figures might not be suitable for comparison.

An analysis of the various business segments in which the Company operates is provided below. Please refer to the Notes to the Financial Statements for more detailed analysis of the numbers themselves:

Energy Business Unit

The decline in value of production in 2020 was entirely attributable to the Energy Business Unit which recorded a significant decrease (-32%) compared to prior year (Euro 136 million in 2020 against Euro 199 million in 2019).

Production activities were carried out in the Oil & Gas Platform sector (Euro 125 million), the Wind Power sector (Euro 6 million), the Technical Service sector (Euro 1 million) and the Onshore sector (Euro 4 million).

For the Energy Business Unit, the year was characterised, commercially, by a wholly unsatisfactory volume of new order acquisitions (around Euro 41 million) because of the suspension of investments by clients and, operationally, by the continuation, while dealing with the enormous difficulties, of work on contracts acquired in prior years. The sharp fall in the volume of work was due to the temporary suspension of production activity, to the slump in productivity and to the restrictions on the movement of people (personnel of Group companies, clients, vendors and sub-contractors) that were introduced in Italy and abroad in response to the Covid-19 pandemic. This led to delays (of more than 6 months on average) in progress with contracts, none of which was completed in 2020, and generated an explosion in direct costs. The effects of this situation on results are all too clear and they have been eased only partially by the contribution in favour of the Company recognised so far by clients. Indeed, these contributions have only covered the first phase of the pandemic for now i.e. the period when Italy was in total lockdown. Nonetheless, Company Management believes it is worth recalling that, when contract work in progress was valued in 2020, a whole prudent approach was adopted and no account was taken of the possible benefits that could emerge from negotiations – still ongoing – with clients with a view to their covering at least part of the additional costs incurred by the Company after the lockdown period.

Commercially speaking, as already stated, the year was characterised by an order backlog that decreased due to a slump in demand and the general climate of uncertainty on the energy market, once more primarily because of Covid-19. However, in this case, too, there is significant room for optimism. Indeed, the global decline in production of oil and other energy resources in 2020 was absorbed during the year by the sharp fall in demand but current production levels are wholly insufficient to sustain the post-pandemic recovery. This is driving the Oil Companies to relaunch investment projects that have been on hold for more than a year and a half and the Company is currently involved in the closing stages of negotiations for major projects in both the Oil&Gas and the Offshore Wind sectors.

One last, important matter that we wish to highlight is the fact that, in 2020, the Company entered into negotiations to acquire a majority stake in Green Methane, a small company that owns leading technology in the separation of Biomethane from Biogas and in the capture of CO₂. However, before the arrival of Rosetti Marino, Green Methane had an organisational and financial structure that was incapable of coping with the sharp increase in demand that was forecast for the years ahead. This demand will grow at the same rate as that of the other facilities for the production of Liquefied Methane and Hydrogen that already form part of the Rosetti Group portfolio. The negotiations were successfully concluded at the start of 2021 and have brought Green Methane into the Rosetti Group. This represents another step forward for the Company's strategy of product diversification, moving away from Oil&Gas and towards renewable energy and the Circular Economy.

Shipbuilding Business Unit

Despite the adverse effects of the Covid pandemic, the value of production realised in 2020 increased considerably (+270%) compared to prior year (Euro 8 million in 2020 against Euro 3 million in 2019) confirming that the sector has been kickstarted again after a standstill of almost two years.

Despite this recovery, the volume of work carried out was much lower than expected, for the reasons already

explained in relation to the Energy Business Unit. The Shipbuilding Business Unit has also recorded major delays in progress with works, delivery postponements and sharp increases in direct costs. The Shipbuilding Business Unit also recorded a fall in new order acquisitions and they totalled around Euro 3 million. New orders regarded an aluminium yacht hull and a series of orders on the Repair&Refit market, the only business area that did not stop work even during the total lockdown in Italy. The reduction in sales for the Shipbuilding Business Unit has not been caused by a fall in demand. Rather, the restrictions on movement imposed in response to the Covid-19 pandemic made it difficult to manage commercial relations with foreign shipowners who constitute the target clients of subsidiary Rosetti Superyachts S.p.A. From an operational perspective, the greatest difficulties were encountered by the LNG carrier project (tugboat and barge), which was badly hit by late deliveries by several key vendors. However, cost increases were also registered in relation to the 38m yacht and the 42m aluminium hull.

While it was not possible to ask the yacht owner for a contribution, negotiations are underway with the owner of the LNG carrier with the aim of recovering at least part of the costs incurred due to the pandemic.

CAPITAL EXPENDITURE

In 2020, the Company incurred capital expenditure totalling Euro 351 thousand with Euro 99 thousand invested in intangible assets and Euro 252 thousand in tangible assets.

As a result of the pandemic, much of the planned investment has been postponed and only that capex necessary in order to guarantee the proper functioning of production activities has been carried out.

Following the merger through absorption of subsidiary Basis Engineering S.r.l during the reporting period, intangible assets increased by Euro 604 thousand and tangible assets increased by Euro 516 thousand. Meanwhile, the value of equity investments decreased by Euro 2,581 thousand due to the derecognition of the value of the investment in Basis.

We note that the Company has made use of the possibility under Article 110 of Decree Law no 104/2020, the “August Decree”, as converted into Law no 126/2020, published on S.O. no 37/L of Official Gazette no 253 of. 13.10.2020. Consequently, it has revalued land purchased before 31.12.2019, increasing its carrying amount by Euro 28,896 thousand, on the basis of fair value per appraisals carried out by an independent third party.

Part of the revaluations (Euro 6,109 thousand) was performed for statutory reporting and tax purposes for land not subject to the previous revaluation of 2008/2009 while the remainder (Euro 22,787 thousand) was performed for statutory reporting purposes only in relation to land at the Piomboni and San Vitale yards.

As a result of the revaluation, a reserve of Euro 22,355 thousand subject to taxation upon distribution was created, net of substitute tax and deferred tax.

EQUITY INVESTMENTS

Direct investments in subsidiaries and associated companies underwent the following changes in 2020:

- acquisition (from subsidiary Basis Engineering S.r.l) of a further 2% interest in subsidiary Rosetti General Contracting Lda which is now wholly owned;
- merger through absorption of subsidiary Basis Engineering S.r.l with resulting cancellation of the value of the investment therein;
- as a result of the above merger, the Company came to hold a direct 60% investment in Basis Congo Sarl (investment previously held by subsidiary Basis Engineering S.r.l);
- sale of the entire investment held in Rosetti Marino Ooo of Russia;
- liquidation of Rosetti Marino Mozambique Ltd;

The subsidiaries and associated companies continue to operate on their respective markets, thus carrying out the mission assigned to them and continuing to integrate with the Company and with other Group companies when this is required by contracts for complex multi-purpose facilities. We would recall that the subsidiaries and associated companies (both direct and indirect) have operated in the following segments:

- Fores Engineering S.r.l, Fores Engineering Algerie Eurl and Fores Do Brasil Ltda: design, construction and maintenance of automation and control systems;
- Basis Congo Sarl, Basis Pivot Ltd and Tecon S.r.l: engineering companies mainly involved in multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Ali & Sons Llc, Rosetti Congo Sarl, Rosetti Kazakhstan Llp, Rosetti Libya Jsc, Rosetti Pivot Ltd, Rosetti Marino Project Ooo and Rosetti Marino UK Ltd: companies that construct offshore and onshore oil facilities;
- Rosetti Marino Singapore Pte: supply of technical services;
- Rosetti General Contracting Lda: ship rental/charter;
- Rigros S.r.l.: management of a plot of land designated for industrial use.
- Rosetti SuperYachts Spa: superyacht building.

FINANCIAL SITUATION

For a more detailed analysis of cash flows during the year, please see the statement of cash flows included in an attachment to the financial statements.

At this point, we highlight the fixed asset coverage ratio (amply financed through equity) and the net financial position (including current financial assets) which is clearly positive; these figures confirm the Company's financial solidity.

Some of the key financial and equity ratios are shown below:

	<u>31.12.20</u>	<u>31.12.19</u>
Short-term NFP (in thousands of Euro)	52,969	99,550
(C.III + C.IV of Assets – D.4 current of Liabilities)		
Fixed assets coverage margin (in thousands of Euro)	87,962	110,790
(M/L term liabilities + total equity – fixed assets)		
Fixed assets coverage ratio	1.76	2.16
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	54.84%	47.88%
(Total equity / Total assets)		
Ratio of financial income(expense) to GIP	+0.75%	+0.41%
(Income Statement items 16+17+17bis / GIP)		

It should be noted that “Net financial position” is not specifically defined under Italian GAAP. Therefore, the methods applied by the Company to determine it might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figure might not be suitable for comparison.

Moving onto the financial risks relating to trade receivables, we note that the Company operates primarily with longstanding clients, including leading oil companies or their subsidiaries and leading Italian shipping companies. Given the longstanding relationships with clients and their financial soundness, no specific guarantees are required for receivables from clients. Nonetheless, it should be noted that, as the Company tends to operate on a few, very large contracts, its receivables are highly concentrated on a small number of clients. Given this fact, it is common practice before acquiring an order, to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial situation. The process continues during execution of the work with careful

monitoring of outstanding receivables.

The Company has a healthy, positive net financial position and is able to make use of government guarantees of bank borrowing (as introduced in response to the Covid emergency). Accordingly, there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.

The Company is exposed to the exchange rate risk as a result of its operations on international markets. In order to protect itself against this risk, as in previous years and in compliance with the policy approved by the Executive Committee on 13 June 2018, the Company has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies.

PERSONNEL

The skill and professionalism of our personnel and the way in which our people conduct themselves represent the Company's main resource.

During the year, training and professional development activities slowed down considerably because of the pandemic which made it possible to conduct classroom based activities for much of the year. Nonetheless, a sum equal to 0.71% of personnel costs was still invested in training and professional development.

We highlight the temporary suspension of the "Rosetti Academy" project which was launched in 2018. The project focuses on the training and development of personnel, across all categories within the Company, involving both management personnel and high potential young people. It will restart as soon as the current health restrictions make it possible as the objective of the project is to train the future managers of Rosetti Marino.

This confirms the special attention that has always been paid to the professional development of all employees as we believe it is essential to the continued success and development of the Company.

At 31 December 2020, the headcount stood at 436 employees (including 16 employees currently seconded to foreign subsidiaries and associated companies). This represents a 67 employee increase on prior year (while the number of employees whose contracts are currently suspended because of foreign secondment has decreased by 18). The increase in the total headcount is due to an increase in the number of employees because of the merger with subsidiary Basis Engineering S.r.l (+104 employees) while, excluding the aforementioned merger, the number of employees with permanent contracts (-12 employees) and the number of employees with fixed-term contracts (-25 employees) have decreased.

Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Company has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events. All production facilities have been certified compliant with the BS-OHSAS18001 standard and we continue to promote initiatives aimed at further spreading a culture of safety among all internal and external workers who operate at our Italian and international production facilities.

OTHER INFORMATION ON OPERATIONS

As expressly required by Article 2428 of the Italian Civil Code, we report the following while referring the reader to the Notes for further information on the numbers reported:

Information on business risks

The inherent risks involved in the Company's business activities are those typical of enterprises that operate in the plant engineering and shipbuilding.

The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing

processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover on a precautionary basis.

The potential risks pertaining to financial, environmental and workplace safety issues and an analysis of the uncertainties relating to the particular economic environment have been reviewed in advance and appropriate measures adopted, as described in the “Financial situation”, “Information on the environment”, “Personnel” and “Business outlook” paragraphs.

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2020, the Supervisory Board has duly issued Six Monthly Reports on its activities in the first and second halves of the year. The Board of Directors has acknowledged these reports which do not contain any facts or issues worthy of note.

Information on the environment and on risks regarding climate change

The Company constructs large metal structures and the related manufacturing activities involve limited environmental risks, mainly during the painting and sandblasting phases.

Although these risks are limited, they are thoroughly assessed and evaluated by the unit responsible for environment and climate change issues. This is done also considering the increasing global attention to the consequences of climate change and to the potential economic, social and environmental issues which now require companies to assess effects on their business that might have to be dealt with in the medium term. For these reasons, the Company is committed to the constant search for solutions that guarantee the responsible use of natural resources, efficient energy consumption and management of atmospheric emissions.

The attention paid to environmental issues is borne out by the fact that the Company has been certified compliant with international standard ISO14001 for many years.

For some years, the Company has made a major effort to develop and spread a Culture of Sustainability with particular attention paid to the following objectives:

- minimising the environmental impact by reducing energy consumption, atmospheric emissions and waste production;
- constantly improving our systems for the detection and assessment of environmental risks and effects and implementing the necessary measures to prevent and reduce such risks and effects.

These environmental objectives were set out in the first Sustainability Policy issued in October 2018. This was followed by a series of initiatives designed to encourage the spread of a culture of sustainability among all Company employees.

Transactions in treasury shares

No transactions in treasury shares were carried out during the year. Therefore, the number of treasury shares owned by the Company remained unchanged at 200,000 shares with a nominal value of Euro 1.00 each i.e. 5.0% of share capital.

Intra-Group relations

As you are aware, the Company heads an industrial group including many companies, some of which (Fores Engineering S.r.l, Rosetti Marino UK, Rosetti General Contracting Lda, Rosetti Kazakhstan Llp, Rosetti Libya Jsc, Rosetti SuperYachts S.p.A., Tecon S.r.l., Rosetti Marino Singapore Pte, Rosetti Marino Project Ooo and Basis Congo Sarl) are under the direct control and coordination of the Company.

The Group companies enter into industrial, commercial and financial transactions (exchanges of services, technical, commercial and administrative assistance plus the purchase and sale of materials, the rental of ships, short-term loans, etc.) between themselves. These transactions take place on an arm's length basis at normal market conditions.

The following table contains details of the income statement transactions (expressed in thousands of Euro) that took place in 2020 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Value of production	Cost of production	Dividends	Financial income
<u>Parent Company:</u>				
Rosfin Spa	10	0	0	0
<u>Subsidiaries:</u>				
Fores Engineering S.r.l	271	4,476	0	16
Basis Congo Sarl	156	0	0	0
Rosetti Kazakhstan Llp	1	27	0	0
Rosetti Marino UK Ltd	252	780	0	0
Tecon S.r.l	12	795	0	0
Rosetti Marino Project Ooo	0	0	0	3
Rosetti Superyachts Spa	7,116	0	0	0
<u>Associated Companies:</u>				
KCOI Llp	1,282	98	0	166
Rigros S.r.l	0	0	0	5
Rosetti Congo Sarl	209	0	0	17
Rosetti Ali & Sons Ltd	111	0	0	0
Rosetti Pivot Ltd	149	48	0	73

The following table contains details of the financial relations (expressed in thousands of Euro) that took place in 2020 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Financial receivables	Trade receivables	Financial payables	Trade payables
<u>Parent Company:</u>				
Rosfin Spa	12	0	0	0
<u>Subsidiaries:</u>				
Fores Engineering S.r.l	2,000	86	0	3,207
Basis Congo Sarl	0	513	0	62
Rosetti Kazakhstan Llp	0	30	0	0
Rosetti Marino UK Ltd	0	252	0	1,580
Tecon S.r.l	0	0	0	372
Rosetti Superyachts Spa	0	125	0	0
Rosetti Marino Project Ooo	80	4	0	0
Rosetti Libya Jsc	0	0	281	0
<u>Associated Companies:</u>				
KCOI Llp	7,500	610	0	0
Rigros Spa	1,550	5	0	0
Rosetti Ali & Sons Ltd	200	111	0	0
Rosetti Congo Sarl	0	6	0	0
Basis Pivot Ltd	0	0	21	0
Rosetti Pivot Ltd	366	2,486	0	0

Research and development

In 2020, the Company carried out research and development activities and focused its efforts mainly on projects considered particularly innovative and which demanded a major commitment of resources, primarily from our Business Development and Ship Technology and Development departments.

In 2020, we incurred R&D costs totalling Euro 576 thousand.

These activities have regarded the following projects, in particular:

- acquiring new knowledge and technical skills by conducting feasibility studies on the development of innovative engineering solutions to maximise the usable space in yacht cabins;
- acquiring new knowledge and technical skills by conducting feasibility studies and pre-design studies for the development of innovative chemistry/physics/engineering solutions to transform biogas into biomethane starting with non-fossil fuel sources;
- acquiring new knowledge and technical skills by conducting feasibility studies and theoretical/applied analysis for the experimental development of chemistry/physics/engineering solutions to transform a fossil fuel (methane) into a clean fuel (blue hydrogen) while optimising energy and water consumption and layout;
- acquiring new knowledge and technical skills in order to create an innovative service through the experimental development of innovative engineering, control and safety solutions that enable any type of diesel or NAFT propelled vessel into an LNG propelled vessel with a positive impact in terms of pollution reduction in port or urban areas;
- acquiring new knowledge and technical skills by performing feasibility studies and the preliminary design of innovative electrical and electronic solutions applicable to new concepts of offshore wind turbines capable of operating in any wind conditions;
- acquiring new knowledge and technical skills through preliminary analysis and feasibility studies on the development of innovative solutions for wave power generation;
- acquiring new knowledge and technical skills through conceptual studies and theoretical feasibility reviews of innovative solutions for the reduction of CO2 emissions or for the reutilisation and transformation of CO2 into synthetic fuel.

We are confident that the successful outcome of these innovations will produce good results with a positive impact on the Company's future performance.

For the research and development activities described above, the Company intends to make use of the tax credit introduced by Law 160/2019, as amended.

Other business locations

In addition to the headquarters in Via Trieste, Ravenna (site of the Company offices and pre-fabrication workshops), the Company's activities have taken place at the following locations:

- Piomboni Yard (Marina di Ravenna): assembly of structures for the Energy Business Unit;
- San Vitale Yard (port of Ravenna): Shipbuilding activities;
- Milan Offices: engineering design of Energy sector projects;
- Poland Branch: assisting a client with the conversion of a mobile drilling platform into an oil production platform;
- Libya Branch: currently dormant;
- Tunisia Branch: currently being closed down;
- Abu Dhabi Branch: currently dormant;
- Algeria Branch: currently dormant;
- Qatar Branch: construction of an accommodation module and revamping of an existing platform.
- Kazakhstan Branch: engineering, procurement and services for the Energy Business Unit.

BUSINESS OUTLOOK

At 31.12.2020, the order backlog for contracts acquired but not yet completed amounted to around Euro 91 million. In terms of market trends and the main commercial and operational issues in the sectors in which the Company operates, we highlight the following:

Energy Business Unit

The order backlog for this business unit stands at Euro 62 million, including Euro 49 million in the Oil & Gas Platform segment, Euro 12 million in the Wind segment and Euro 1 million in the Onshore segment.

As already stated several times and despite the hefty loss reported for 2020 because of the dramatic impact of the pandemic, many signs from the market lead us to believe that Energy Companies have decided to kickstart many of the investments that had been suspended for almost two years and that are indispensable in guaranteeing the production levels that will be needed to feed the recovery that will arrive once the Covid-19 emergency is at an end. In this market context, it is imperative for the Company to build back a robust order backlog in the Energy Segment in 2021.

In the year ahead, it will be essential to recover the slices of margins that were eroded in 2020 from projects in progress and this may be possible in the event of a positive outcome to ongoing negotiations with the relevant clients; this would help the Company cover part of the extra costs incurred to deal with the problems thrown up by the pandemic. If these negotiations are to have a positive outcome, it will be necessary to complete the projects by the deadlines recently agreed with the various clients and to minimise the loss of production due to the late start of operations at the facilities which has already badly affected our clients.

The year 2021 will see the completion of three major Oil&Gas projects on which the Company is working for Qatar, the United Kingdom and Denmark. The work for Qatar and the United Kingdom will be entirely Offshore while the Danish project will keep the Piomboni Yard largely occupied until August. Work on the jackets destined for Offshore Wind farms off the French Atlantic Coast will also continue at the same yard. The first jacket will be delivered in the first half of 2021 but work will continue on the second one and work on the third (optional) will commence soon, as we are confident that the contract to build it will be awarded to the Company in the next few weeks.

Given these factors and because of the extremely low level of new projects acquired in 2020, there will be a major reduction in the workload of the operating structure and the year after the summer, when work on ongoing projects will have been completed and the effect of new order acquisitions will not yet have filtered through. In fact, in their early stages, new projects will only require Project Management and Engineering services. Likewise, margins will be squeezed and the effect will only be eased in part if there is a successful outcome to negotiations for the partial recovery of Pandemic related costs.

In contrast, a smaller negative effect on the financial position is expected as it will immediately benefit from the first payments made on new contracts.

Shipbuilding Business Unit

As at 31 December 2020, the Shipbuilding Business Unit order backlog stood at Euro 28 million, including Euro 21 million in the Tugboat sector, Euro 6 million in the Superyacht sector and Euro 1 million in the Repair & Refit sector. Ongoing projects will keep the operating structure highly occupied until July 2021 when the 42m aluminium yacht hull will be delivered followed by the 38m yacht. Subsequently, the operating structure will only be occupied by the LNG carrier which will be delivered early in 2022.

However, subsidiary RSY strongly believes that new contracts will be acquired in the months ahead and that these will guarantee a continuous flow of work to the shipbuilding organisation and the San Vitale Yard.

Likewise, the volume of activity in the Repair&Refit segment is expected to increase in 2021 thanks to the possibility – soon to be available to the Company – of hauling vessels for repair or refitting onto the yard, thus overcoming the severe limitations previously in place when only the dry dock was available for use; this created a bottleneck that made it impossible to work on several vessels at the same time.

This will be made possible thanks to the recent acquisition of the semi-submersible barge, the AMT Carrier, which is similar but more versatile and newer than the Mariner. With this new vessel, together with the activities historically carried out with the Mariner, the Company will be able to haul vessels onto the dry area.

In conclusion, based on the analysis performed and described above, it is reasonable to believe that, with effect from 2021, the Company will start to enjoy the effects of the market recovery and, from the second half of the year, this will also be translated into a recovery in profitability. Therefore, in light of the budget for 2021 approved by the Company Board of Directors on 29.01.2021, considering the highly liquid financial resources reported in the financial statements at 31 December 2020 and the Company's excellent organisational capacity also in dealing with the pandemic, we believe that, as early as 2021, the Company will register the first important signs of recovery of the losses incurred in 2020 and a return to profitability from the following year.

Dear Shareholders,

The activities carried out by the Company in 2020 have produced a net loss of Euro 24,526,602.69.

As there is no need to reschedule losses as long as existing equity reserves exceed the losses, we propose to the General Meeting to take the net loss for the year of Euro 24,526,602.69 to accumulated losses.

Finally, we invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna, 31/03/2021

For the Board of Directors
The Chief Executive Officer
Oscar Guerra

2. FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020:

- *Balance Sheet*
- *Income Statement*
- *Notes to the Financial Statements*

Balance Sheet

31-12-2020

31-12-2019

Balance Sheet

Assets

B) Non-current assets

I – Intangible assets

4) concessions, licences, trademarks and similar rights	354,385	366,398
6) assets in progress and payments on account	0	25,195
7) other	1,265,843	918,311
Total intangible assets	1,620,228	1,309,904

II – Tangible assets

1) land and buildings	76,506,590	48,340,524
2) plant and machinery	2,480,276	3,045,766
3) industrial and commercial equipment	227,826	256,203
4) other tangible assets	2,101,027	1,827,071
5) assets under construction and payments on account	264,603	384,316
Total tangible assets	81,580,322	53,853,880

III – Financial assets

1) investments in

a) subsidiaries	4,781,203	6,879,413
b) associated companies	17,827,203	17,820,684
d-bis) other entities	148,272	150,602
Total investments	22,756,678	24,850,699

2) receivables

a) from subsidiaries

due after more than a year	80,000	80,000
Total receivables from subsidiaries	80,000	80,000

b) from associated companies

due within a year	366,089	540,088
due after more than a year	9,050,000	14,550,000
Total receivables from associated companies	9,416,089	15,090,088

d-bis) from others

due within a year	47,438	0
due after more than a year	785,035	168,348
Total receivables from others	832,473	168,348

Total receivables	10,328,562	15,338,436
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Total financial assets	33,085,240	40,189,135
Total non-current assets (B)	116,285,790	95,352,919
C) Current assets		
I – Inventory		
1) raw, ancillary and consumable materials	125,456	105,678
3) contract work-in-progress	36,071,514	34,736,741
5) payments on account	4,623,433	9,029,273
Total inventory	40,820,403	43,871,692
II - Receivables		
1) due from clients (trade)		
due within a year	27,977,012	45,970,774
Total receivables from clients (trade)	27,977,012	45,970,774
2) due from subsidiaries		
due within a year	3,008,999	9,103,991
Total receivables from subsidiaries	3,008,999	9,103,991
3) due from associated companies		
due within a year	3,418,929	4,369,810
Total receivables from associated companies	3,418,929	4,369,810
4) due from parent companies		
due within a year	12,200	12,200
Total receivables from parent companies	12,200	12,200
5-bis) tax receivables		
due within a year	5,745,771	7,128,401
Total tax receivables	5,745,771	7,128,401
5-ter) deferred tax assets	15,232,983	5,941,955
5-quater) receivables from others		
due within a year	1,267,340	1,413,605
due after more than a year	29,882	229,481
Total receivables from others	1,297,222	1,643,086
Total receivables	56,693,116	74,170,217
III – Current financial assets		
5) derivatives – assets	1,825,290	4,926,182
6) other securities	67,268,891	64,404,021
Total current financial assets	69,094,181	69,330,203
IV – Cash and cash equivalents		
1) bank and post office accounts	7,139,704	57,234,645

2) cheques	0	0
3) cash and cash equivalents on hand	32,558	38,563
Total cash and cash equivalents	7,172,262	57,273,208
Total current assets (C)	173,779,962	244,645,320
D) Prepaid expenses and accrued income	461,187	433,613
Total assets	290,526,939	340,431,852
Liabilities and shareholders' equity		
A) Shareholders' equity		
I – Share capital	4,000,000	4,000,000
III – Revaluation reserves	59,323,923	36,968,663
IV – Legal reserve	800,000	800,000
VI – Other reserves, disclosed separately		
Extraordinary reserve	122,702,367	124,959,128
Sundry other reserves	2,486,234	1,941,369
Total other reserves	125,188,601	126,900,497
VII – Cash flow hedge reserve	(371,013)	(764,414)
IX - Profit (Loss) for the year	(24,526,603)	188,104
X – Negative reserve for treasury shares held	(5,100,000)	(5,100,000)
Total shareholders' equity	159,314,908	162,992,850
B) Provisions for risks and charges		
1) retirement benefits and similar obligations	0	341,367
2) taxation, including deferred tax	6,576,979	729,818
3) derivatives – liabilities	388,019	791,702
4) other	370,835	1,054,303
Total provisions for risks and charges	7,335,833	2,917,190
C) Employee severance indemnity / "TFR" provision	3,025,782	1,125,184
D) Payables		
4) bank borrowing		
due within a year	23,297,357	27,053,542
due after more than a year	34,571,175	39,108,150
Total bank borrowing	57,868,532	66,161,692
6) payments on account		
due within a year	15,857,215	33,881,800
Total payments on account	15,857,215	33,881,800
7) due to suppliers (trade)		
due within a year	32,041,335	52,300,562

Total payables to suppliers (trade)	32,041,335	52,300,562
9) due to subsidiaries		
due within a year	5,502,515	10,028,969
Total payables to subsidiaries	5,502,515	10,028,969
10) due to associated companies		
due within a year	20,632	0
Total payables to associated companies	20,632	0
12) tax payables		
due within a year	2,416,679	2,154,446
Total tax payables	2,416,679	2,154,446
13) due to social security and pensions institutions		
due within a year	1,637,987	1,411,165
Total payables to social security and pensions institutions	1,637,987	1,411,165
14) other payables		
due within a year	5,430,157	7,072,582
Total other payables	5,430,157	7,072,582
Total payables	120,775,052	173,011,216
E) Accrued expenses and deferred income	75,364	385,412
Total liabilities and shareholders' equity	290,526,939	340,431,852

Income Statement

31-12-2020

31-12-2019

Income Statement		
A) Value of production		
1) revenue from sales and services	144,415,832	173,549,411
3) change in contract work in progress	1,286,655	31,563,196
4) increase in non-current assets due to own work capitalised	3,524	69,407
5) other revenue and income		
operating grant income	1,568,793	255,433
other	2,262,270	4,646,850
Total other revenue and income	3,831,063	4,902,283
Total value of production	149,537,074	210,084,297
B) Cost of production		
6) raw, ancillary and consumable materials and goods	42,076,258	70,727,687
7) services	102,292,999	108,093,133
8) leases and rentals	7,097,304	4,325,356
9) personnel		
a) wages and salaries	23,189,649	20,181,518
b) social contributions	6,446,522	4,901,015
c) employee severance indemnity	1,688,289	1,214,566
d) retirement benefits and similar obligations	(118,913)	198,962
e) other personnel costs	74,416	366,015
Total personnel costs	31,279,963	26,862,076
10) depreciation, amortisation and writedowns		
a) amortisation of intangible assets	392,864	347,624
b) depreciation of tangible assets	1,934,662	2,510,308
d) writedowns of current receivables and cash and cash equivalents	577,024	0
Total depreciation, amortisation and writedowns	2,904,550	2,857,932
11) change in inventory of raw, ancillary and consumable materials and goods for resale	(19,778)	150,778
12) provisions for risks	35,491	372,808
14) other operating expenses	268,364	485,010
Total cost of production	185,935,151	213,874,780
Difference between value and cost of production (A - B)	(36,398,077)	(3,790,483)
C) Financial income and expenses		
15) income from investments		
from subsidiaries	4,302,558	5,802,787
other	680	813

Total income from investments	4,303,238	5,803,600
16) other financial income		
c) from current securities other than equity investments	1,378,384	2,165,080
d) income other than the above		
from subsidiaries	18,797	37,704
from associated companies	260,283	482,462
other	30,185	63,284
Total income other than the above	309,265	583,450
Total other financial income	1,687,649	2,748,530
17) interest and other financial expenses		
other	1,643,189	1,347,327
Total interest and other financial expenses	1,643,189	1,347,327
17-bis) exchange gains and losses	1,044,503	(556,096)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	5,392,201	6,648,707
D) Adjustments to value of financial assets and liabilities		
18) revaluations		
a) of equity investments	0	764,682
b) of non-current financial assets other than equity investments	0	1,335,454
c) of current securities other than equity investments	56,400	48,980
d) of derivatives	4,472	473,382
Total revaluations	60,872	2,622,498
19) writedowns		
a) of equity investments	497,918	2,079,786
c) of current securities other than equity investments	186,259	33,637
d) of derivatives	198,859	162,880
Total writedowns	883,036	2,276,303
Total adjustments to value of financial assets and liabilities (18 - 19)	(822,164)	346,195
Profit (Loss) before taxation (A - B + - C + - D)	(31,828,040)	3,204,419
20) Taxes on income – current, deferred and deferred tax income		
current taxes	1,217,035	3,583,360
prior year taxes	17,628	(129,015)
deferred tax (income)	(8,536,100)	(438,030)
Total taxes on income – current, deferred and deferred tax income	(7,301,437)	3,016,315
21) Profit (Loss) for the year	(24,526,603)	188,104

Statement of cash flows, indirect method

	31-12-2020	31-12-2019
Statement of cash flows, indirect method		
A) Cash flows from operating activities (indirect method)		
Profit (Loss) for the year	(24,526,603)	188,104
Taxes on income	(7,301,437)	3,016,315
Interest expenses/(income)	(651,966)	(902,505)
(Dividends)	(4,300,709)	(5,806,721)
(Gains)/Losses from disposal of assets	606,625	(578,413)
1) Profit (loss) for the year before taxes on income, interest and gains/losses on disposals	(36,174,090)	(4,083,220)
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	2,447,109	2,124,327
Depreciation/Amortisation of non-current assets	2,327,526	2,857,932
Impairment adjustments	1,002,688	2,901,015
Adjustments to value of financial assets and liabilities (derivatives) not involving cash flows	393,401	733,575
Other increases/(decreases) due to non-cash items	11,394,906	(6,005,525)
Total adjustments for non-cash items with no impact on net working capital	17,565,630	2,611,324
2) Cash flows before changes in net working capital	(18,608,460)	(1,471,896)
Change in net working capital		
Decrease/(Increase) in inventory	3,051,289	(34,017,153)
Decrease/(Increase) in trade receivables	19,809,126	24,160,164
Increase/(Decrease) in trade payables	(20,090,541)	29,994,753
Decrease/(Increase) in prepaid expenses and accrued income	(27,574)	50,275
Increase/(Decrease) in accrued expenses and deferred income	(310,048)	(87,756)
Other decreases/(Other increases) in net working capital	(28,339,377)	(7,065,005)
Total changes in net working capital	(25,907,125)	13,035,278
3) Cash flows after changes in net working capital	(44,515,585)	11,563,382
Other adjustments		
Interest received/(paid)	651,966	902,505
(Taxes on income paid)	0	(1,399,449)
Dividends received	4,300,709	5,806,721
(Use of provisions)	(3,820,798)	(9,763,758)
Other receipts/(payments)	0	0
Total other adjustments	1,131,877	(4,453,981)
Cash flows from operating activities (A)	(43,383,708)	7,109,401
B) Cash flows from investing activities		
Tangible assets		
(Investments)	(767,952)	(2,767,260)
Disposals	64	116,812

Intangible assets

(Investments)	(703,188)	(700,569)
Disposals	0	0
Non-current financial assets		
(Investments)	(24,785)	(16,942,580)
Disposals	5,674,126	5,693,959
Current financial assets		
(Investments)	(6,673,325)	(17,928,332)
Disposals	5,970,983	13,230,031
(Acquisition of businesses net of cash and cash equivalents)	0	0
Disposal of businesses net of cash and cash equivalents	0	0
Cash flows from investing activities (B)	3,475,923	(19,297,939)

C) Cash flows from financing activities

Debt		
Increase/(Decrease) in short-term bank borrowing	0	0
Loans arranged	23,625,000	35,000,000
(Loans repaid)	(31,918,160)	(19,613,917)
Equity		
Paid share capital increases	0	0
(Reimbursement of capital)	0	0
Sale/(Purchase) of treasury shares	0	0
(Dividends and advances on dividends paid)	(1,900,000)	(2,660,000)
Cash flows from financing activities (C)	(10,193,160)	12,726,083
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(50,100,945)	537,545
Opening cash and cash equivalents		
Bank and post office accounts	57,234,645	56,628,051
Cheques	0	0
Cash and cash equivalents on hand	38,563	107,612
Total opening cash and cash equivalents	57,273,208	56,735,663
Of which not freely available for use	0	0
Closing cash and cash equivalents		
Bank and post office accounts	7,139,704	57,234,645
Cheques	0	0
Cash and cash equivalents on hand	32,558	38,563
Total closing cash and cash equivalents	7,172,262	57,273,208
Of which not freely available for use	0	0

Footnote to the statement of cash flows

The following table shows the assets and liabilities acquired with the merger that did not give rise to cash flows:

	AMOUNT
ASSETS	
Investments in intangible assets	604,078
Investments in tangible assets	515,911
Investments in financial assets	20,632
Provision for doubtful debts	353,485
LIABILITIES	
Employee severance indemnity / “TFR” provision	1,923,285
Bank borrowing arranged	625,000

Notes to the Financial Statements as at 31-12-2020

Notes to the Financial Statements, opening section

Basis of preparation

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in the formats required, respectively, by Articles 2424, 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of the Italian Civil Code) and these notes. The purpose of the notes is to illustrate, analyse and, in some cases, supplement the figures reported in the financial statements. They contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, by other provisions of the Italian Civil Code on financial reporting and by other previous laws. The notes also provide such additional information considered necessary to provide a true and fair representation, even though not specifically required by law. The statement of cash flows has been prepared based on the indirect method in compliance with Italian Accounting Standard OIC 10.

Where necessary, statutory reporting requirements have been supplemented with the accounting standards recommended by the Standard-Setting Committee of Italy's National Council of Accountants and revised by the Italian Accounting Board, as amended and supplemented by the OIC (*Organismo Italiano di Contabilità* or Italian Accounting Board) and by the standards issued by the International Accounting Board (IASB), insofar as the latter are consistent with Italian law.

The financial statements have been prepared on a going concern basis as there is no significant uncertainty in that regard: this conclusion was reached taking account of the uncertainty resulting from the current economic climate and triggered by the Covid-19 pandemic, as described in the Directors' Report, the 2021 Budget approved by the Company Board of Directors on 29 January 2021 and the amount of the highly liquid financial assets reported in the financial statements at 31 December 2020, as described below.

The items reported in the financial statements were measured based on the prudence and accruals principles. Application of the prudence principle meant that items included in each asset or liability caption were valued separately in order to avoid offsetting of losses that should have been recognised and profits that should not as they had not been realised. In accordance with the accrual principle, the effect of transactions and other events has been accounted for an allocated to the period to which such transactions and events relate and not to the period when the related cash movements (collections and payments) occur. For accounting purposes, priority is given to the economic substance of the underlying transactions rather than to their legal form.

Amounts are stated in Euro, unless otherwise specified.

Accounting policies

The most significant accounting policies applied when preparing the financial statements at 31 December 2020 in compliance with the requirements of Article 2426 of the Italian Civil Code and the aforementioned accounting standards are as follows:

Intangible assets

Intangible assets are recognised at purchase or production cost, including related expenses. They are systematically amortised over their expected useful lives. When, irrespective of the amortisation already recorded, the value of an intangible asset is impaired, it is adjusted accordingly. If, in subsequent years, the grounds for an impairment loss cease to apply, the original amount is restored, except with regard to goodwill, consolidation difference and "Deferred expenses" in terms of Article 2426(5) of the Italian Civil Code.

Advertising and research costs are expensed in their entirety during the year in which they are incurred.

Tangible assets

Tangible assets are recognised at purchase or production cost, net of any grants towards capital expenditure and adjusted for certain assets in application of specific revaluation laws. The criteria followed in carrying out the revaluation, the methods adopted in applying it and the limits within which the revaluation was performed are consistent with the terms of Law no 126 of 13 October 2020 and have been accounted for in accordance with the preliminary guidelines of draft Interpretation document no 7 of Law no 126 of 13 October 2020 “Accounting for the revaluation of business assets and equity investments”, as issued by the Italian Accounting Standards Board / OIC.

Cost includes related expenses and direct and indirect costs to the extent reasonably attributable to the asset.

Tangible assets are systematically depreciated each year on a straight-line basis using rates of depreciation determined in relation to the residual useful lives of the assets.

During the reporting period, in deviation from the accounting policy described above, for some assets, the Company suspended the allocation to the income statement of some 25% of the full depreciation charge, representing the period of around three months during which production activities were suspended because of the Covid-19 pandemic; this was done pursuant to Article 60(7-ii) to (7-v) of the Decree Law. The suspension also involved the creation of an equity reserve of the same amount that will remain non-distributable until the various assets affected have been depreciated in full. Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, as adjusted for depreciation only.

Ordinary maintenance costs are expensed in their entirety to the income statement, whereas those that involve improvements are allocated to the relevant assets and depreciated on the basis of the residual useful life of the asset in question.

Assets held under finance leases

Assets held under finance leases are accounted for in accordance with Italian GAAP which requires lease instalments to be recognised as period costs with advance payments treated as prepaid expenses and the asset recorded in the balance sheet in the year when the final purchase option is exercised.

Equity investments and securities (classed as non-current assets)

Assets held under finance leases are accounted for in accordance with Italian GAAP which requires lease instalments to be recognised as period costs with advance payments treated as prepaid expenses and the asset recorded in the balance sheet in the year when the final purchase option is exercised.

The carrying amount is determined on the basis of the purchase or subscription price. Cost is then written down for impairment when the investee companies incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset these losses. The original amount is restored in later years if the grounds for the impairment adjustment cease to apply.

InventoryRaw materials

Raw materials are measured at the lower of purchase or production cost, determined using the weighted average cost method, and estimated realisable value.

Contract work-in-progress and revenue recognition

Contract work in progress with a duration of less than one year is measured at specific construction cost.

Contract work in progress spanning more than one year is measured at the reporting date on the basis of the consideration accruing with reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimated total revenues. It is reported under contract work in progress net of consideration recorded under revenues as it has been definitively earned following recognition by the client as consideration for the value of the work performed. This percentage is calculated as the ratio of costs incurred as at 31 December 2020 to estimated total costs. Additional consideration is included in contract revenues only when it is formally accepted by the client before the reporting date or, if there has been no formal acceptance, at the reporting date, it is highly probable that the request for additional consideration will be accepted based on the most recent information and historical experience.

Payments on account made by clients while a project is ongoing, in respect of work done and usually agreed on a “state of completion” basis, is recorded under revenue while advances received from clients at the outset of contract work are recognised under the item “Payments on account” on the liabilities side of the balance sheet. Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts that can be estimated with reasonable accuracy are deducted from the value of contract work in progress, on the assets side of the balance sheet, in the period they come to light. If such losses exceed the value of the contract work in progress, the Company records a specific provision for risks, on the liabilities side of the balance sheet, for the excess amount.

Receivables

Receivables are reported using the amortised cost method, taking account of the time factor and estimated realisable amount. The amortised cost method is not applied when its effects would be irrelevant i.e. when transaction costs, commission paid between the parties and all other differences between initial amount and amount on maturity are immaterial or the receivables are short-term (i.e. due within a year). Trade receivables due after more than a year from the time of initial recognition – without payment of interest or with interest significantly different than market rates – are initially recognised at the amount determined by discounting future cash flows at the market rate of interest. The difference between the initial recognised value of the receivable as so determined and terminal value is recorded in the income statement as financial income over the period of the receivable, using the effective interest method.

The value of receivables, determined as above, is adjusted, as necessary, by a specific provision for bad debts, as deducted directly from the receivables in order to bring them into line with their estimated realisable amount. The estimate of the provision for bad debts includes forecast losses due to credit risks that have already materialised or are considered probable as well as losses for other collection issues that have already emerged or which have not yet emerged but are considered probable.

Current financial assets

Current financial assets are recognised at the lower of purchase or subscription cost and realisable amount based on market performance.

The original cost of such securities is restored when the grounds for previously recognised impairment adjustments cease to apply.

Cash and cash equivalents.

Cash and cash equivalents are recognised at their nominal amount. Amounts denominated in foreign currency are stated at reporting date exchange rates.

Prepaid expenses and accrued income, accrued expenses and deferred income

These items include portions of costs and revenues common to two or more reporting periods, in accordance with the accrual basis of accounting.

Provisions for risks and charges

Provisions for risks and charges are created to cover losses or liabilities that are certain or probable but whose amount and due date could not be determined at year end. The amounts provided represent the best possible estimate based on the information available.

Risks for which the emergence of a liability is merely possible are disclosed in the Note on provisions without making any accrual to a provision for risks and charges.

Derivative instruments

Derivative instruments are financial assets and liabilities measured at fair value.

Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented relationship between the item hedged and the financial instrument and the effectiveness of the hedge – as regularly tested – is high.

When the derivatives hedge the risk of changes in cash flow from the hedged instruments (“cash flow hedges”), the effective portion of the gains or losses on the derivative financial instrument is suspended under equity. Gains or losses relating to a ineffective portion of a hedge are recorded in the income statement. When the related operation is realised, gains and losses accumulated in equity to date are recorded in the income statement when the operation in question is realised (as adjustments to the income statement captions affected by the hedged cash flows).

Therefore, changes in the fair value of hedging derivatives are allocated:

- in the income statement, to captions D18 or D19 in case of a fair value hedge of an asset or liability recorded in the financial statements together with changes in the fair value of the hedged items (where the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recorded in the income statement caption affected by the hedged item);
- in a specific equity reserve (under caption AVII “Reserve for cash flow hedges”) in case of cash flow hedges in order to offset the effects of the hedged cash flows (the ineffective portion is recorded under captions D18 and D19).

Changes in the fair value of derivatives classified as held for trading – because they do not meet hedge accounting requirements – are recorded in the balance sheet and allocated to the income statement under captions D18 or D19.

Employee severance indemnity / “TFR” provision

The employee severance indemnity provision covers the full liability accruing up to 31 December 2006 towards employees under applicable legislation, collective labour agreements and supplementary company agreements. The liability is adjusted each year in accordance with Article 2120 of the Italian Civil Code.

Note that the changes to TFR rules introduced by Law no 296 of 27 December 2006 (“Finance Act 2007”) and by subsequent Decrees and implementation Regulations have amended the accounting methods applied to TFR entitlement accruing as at 31 December 2006 and to that accruing from 1 January 2007 onwards. Following the establishment of the “Fund for payment to private sector employees of the employee severance indemnity in terms of Article 2120 of the Italian Civil Code” (Treasury Fund managed by INPS on behalf of the State), employers with at least fifty employees are obliged to pay into said Treasury Fund portions of TFR entitlement accruing in favour of employees who have not opted to pay their entitlement into a supplementary pension fund. The TFR liability reported in the financial statements is stated net of amounts paid to said INPS Treasury Fund.

Payables

Payables are reported using the amortised cost method, taking account of the time factor. The amortised cost method is not applied to payables when its effect is insignificant. The effect is considered insignificant for short-term payables (i.e. payables due within a year). For details of the amortised cost method, see the note on Receivables.

Revenues and costs

Revenues and costs are recognised in accordance with the prudence and accruals concepts required by Article 2423-bis of the Italian Civil Code while recorded related prepayments and accruals in terms of Article 2425-bis. Revenues include consideration invoiced for production carried out during the year where the revenues have been definitively earned.

Grants towards capital expenditure and operating costs

Grants towards capital expenditure and operating expenses are recognised in the period when the right to receive them becomes certain.

In prior years, in order to take advantage of the suspension of taxation under tax rules in force until 31 December 1997, for the amount permitted by tax rules, part of the grants received was recorded under shareholders’ equity item “other reserves.

Dividends

Dividends are recognised during the year in which distribution is approved by the company paying them.

Taxes on income for the year

Income taxes are recorded on the basis of estimated taxable income in accordance with current tax rules, taking account of applicable exemptions and tax credits due.

Deferred tax assets and liabilities are calculated on temporary differences between the value of assets and liabilities for statutory reporting purposes and the corresponding amounts for tax purposes. They are measured taking account of the tax rate the Company is expected to incur in the year in which such differences will form a part of taxable income, considering rates in force or already announced at the reporting date. They are recorded, respectively, under “deferred tax provision” on the Liabilities side under 4 ter) of provisions for risks and charges and under “Deferred tax assets”. Deferred tax assets are recognised for all deductible temporary differences in compliance with the prudence principle if it is reasonably certain that, in the years they will reverse, there will be taxable income of not less than the differences arising. Meanwhile, deferred tax liabilities are recognised in relation to all taxable temporary differences.

With effect from 2017, the Company opted to participate in the Rosetti Group consolidated taxation arrangement in terms of Articles 117-129 of the Consolidated Income Taxes Act (T.U.I.R.). Rosetti Marino S.p.A. acts as consolidating entity and determines a single taxable base for all group companies taking part in the tax consolidation. In this way, taxable income can be offset against tax losses in a single tax return. The agreement enables consolidating company Rosetti Marino S.p.A. to utilise the tax losses generated by the consolidated companies and obliges it to recognise a credit in their favour when and to the extent that the tax losses are utilised.

Translation into Euro of foreign currency items

Receivables and payables in foreign currency are originally accounted for at the exchange rates in effect when the transactions are recorded.

Exchange differences arising on the collection of receivables and settlement of payables in foreign currency are recognised in the income statement.

Receivables and payables in foreign currency for which exchange risk hedging transactions have been arranged are adjusted to the base exchange rate of the said hedging transactions.

At year-end, receivables and payables in foreign currency for which hedging transactions have not been arranged are translated on the basis of the exchange rate in force at the reporting date. Gains and losses arising from this translation are credited and debited to the income statement as financial income or expenses.

Any net gain arising after considering unrealised exchange gains and losses is allocated to a specific non-distributable reserve until it is realised.

Other information

Exceptions pursuant to Article 2423 (4) of the Italian Civil Code

No exceptions pursuant to Article 2423(4) of the Italian Civil Code were made when preparing the attached financial statements.

Preparation of consolidated financial statements

As it holds significant controlling investments, as defined by Article 2359 of the Italian Civil Code, the Company is obliged to prepare consolidated financial statements at 31 December 2020, in accordance with Legislative Decree 127/91. The Company has prepared such financial statements by the deadline required by Article 46(4) of the said Decree. They supplement these financial statements and are contained in a separate document.

Significant events during the reporting period

The merger through absorption of Basis Engineering S.r.l. took place during the reporting period. The merger did not involve any change in the share capital of the merging/absorbing company (Rosetti Marino S.p.A.) which remained at Euro 4,000,000 nor did it involve any change to its shareholders' equity given that the carrying amount of the investment held by Rosetti Marino S.p.A in Basis Engineering S.r.l., as reported in the financial statements at 31 December 2019, was perfectly in line with the equity of that company.

The merger was legal effective from the date of registration in the Register of Companies while the merger document specifically provides that for accounting and economic purposes, with the transactions of the merged/absorbed company recorded in the financial statements of the merging/absorbing company, the merger is effective from 1 January 2020 with the tax effects of the merger backdated to the same date.

In order to provide a better understanding of the accounting effects of the merger, at the foot of the Notes to the Financial Statements, a specific aggregated Balance Sheet and Income Statement have been provided with columns showing the following:

- amounts reported in the financial statements at 31.12.2020;
- amounts reported in the prior year financial statements (31.12.2019) of the merging/absorbing company;
- amounts reported in the prior year financial statements (31.12.2019) of the merged/absorbed company;
- adjustments to eliminate the intra-Group costs/revenues, receivables and payables from the prior year financial statements (31/12/2019); - the amounts recorded at 31.12.2019 are the result of the aggregation of the two companies after of the elimination adjustments.

In the remainder of these Notes, comments refer to the most significant changes recorded with reference to amounts resulting from the inclusion of the merged balances of the merged/absorbed company.

Notes to the financial statements, assets

Non-current assets

Intangible assets

Intangible assets amount to Euro 1,620 thousand (Euro 1,310 thousand at 31.12.2019) and are analysed as follows:

- “Concessions, licences, trademarks and similar rights”, amounting to Euro 354 thousand, includes the net carrying amount of the consideration paid to acquire rights, expiring in 2050, on land adjacent to the Piomboni Yard;
- “Other intangible assets” includes leasehold improvements of Euro 1,173 thousand (Euro 779 thousand at 31.12.2019) and software of Euro 93 thousand (Euro 139 thousand at 31.12.2019).

Movements on intangible assets

Details of intangible assets and movements thereon are provided in the table below:

	Concessions, licences, trademarks and similar rights	Goodwill	Intangible assets in progress and payments on account	Other intangible assets	Total intangible assets
Opening amount					
Cost	600,832	-	25,195	1,663,846	2,289,873
Revaluations	-	-	-	-	0
Amortisation (Accumulated amortisation)	(234,434)	-	0	(745,535)	(979,969)
Impairment adjustments	-	-	-	-	0
Net carrying amount	366,398	-	25,195	918,311	1,309,904
Changes during year					
Additions	-	-	-	99,110	99,110
Reclassifications (of net carrying amount)	-	-	(25,195)	25,195	0
Disposals (of net carrying amount)	-	-	-	-	0
Revaluations during the year	-	-	-	-	0
Amortisation for the year	12,013	-	-	380,851	392,864
Impairment adjustments made during year	-	-	-	-	0
Other changes	-	-	-	604,078	604,078
Total changes	(12,013)	0	(25,195)	347,532	310,324
Closing amount					
Cost	600,832	-	0	2,668,935	3,269,767
Revaluations	-	-	-	-	0
Amortisation (Accumulated)	(246,447)	-	-	(1,403,092)	(1,649,539)
Impairment adjustments	-	-	-	-	0
Net carrying amount	354,385	-	0	1,265,843	1,620,228

Concessions, licences, trademarks and similar rights

This caption has decreased by Euro 12 thousand due to amortisation charged over the period of the land rights concession.

Intangible assets in progress and payments on account

This caption has a zero balance now that the Company has completed work on updating software used for management of non-compliance, internal audit, lessons learned and corrective action (Euro 7 thousand) and carried out work on the

drydock at the S. Vitale yard in relation to the separation of the waters used in the hull washing process (Euro 18 thousand).

Other intangible assets

The increase in this caption is mainly due to Euro 76 thousand for the purchase and implementation of management software used in the various business processes and to Euro 652 thousand of leasehold improvements.

The increase in leasehold improvements is mainly due to the inclusion of the amount reported in the financial statements of merged company Basis Engineering S.r.l and reflects the net carrying amount of leasehold improvements to the Milan offices which are subject to a lease agreement due to expire on 18.04.2027.

Decreases totalling Euro 381 thousand regard amortisation for the year. Amortisation is charged at different rates for the various types of capitalised cost, as follows:

- on a straight-line basis over three years for software;
- over the period of the land rights for capex in that area;
- over the residual period of the lease agreement for leasehold improvements to the Milan offices.

Although the Company has reported a significant loss for 2020, the loss is not considered an indicator of impairment of its intangible assets as the loss was triggered solely by the extraordinary circumstances created by the pandemic and is not of a structural nature. This assessment is also confirmed by the Group Business Plan 2021-2023 approved by the Company Board of Directors on 30 September 2020.

Tangible assets

Tangible assets amount to Euro 81,580 thousand (Euro 53,854 thousand at 31.12.2019). The caption includes fixed assets forming part of the Company's permanent organisation. The long-term nature of the assets refers to their use rather than their inherent characteristics. Such assets are normally deployed for income generating purposes as part of ordinary activities and are not destined for sale or for transformation into products sold by the Company.

With regard to tangible assets, the Company has exercised the possibility offered by Article 110 of Decree Law no. 104/2020, the "August Decree", as converted by Law 126/2020 published in S.O. no. 37/L of Official Gazette no 253 of 13.10.2020 and, based on the fair value determined by an independent appraiser, has revalued certain land owned by it at the three production sites (head office in via Trieste, Piomboni Yard and S. Vitale Yard) by a total of Euro 28,896 thousand. Part of the revaluation (Euro 6,109 thousand) was performed for statutory reporting and tax purposes in relation to land not the subject of a previous revaluation in 2008/2009 while the remainder (Euro 22,787 thousand) was performed for statutory reporting purposes only for all of the land relating to the Piomboni and S. Vitale Yards..

The Directors opted to frank the revaluation of Euro 6,109 thousand for tax purposes by paying a substitute tax of 3%. Therefore, they recognised substitute tax liabilities of Euro 183 thousand and created a reserve subject to taxation in case of distribution/utilisation of Euro 5,926 thousand. Meanwhile, with regard to the revaluation for statutory reporting purposes only of Euro 22,787 thousand, a deferred tax provision of Euro 6,358 thousand was created together with a reserve of Euro 16,429 thousand subject to taxation upon distribution. As indicated above, the revaluation was carried out based on an appraisal that determined the fair value of the assets in question applying a valuation method that took account of current market prices for similar assets and considered the replacement cost for an asset with the same characteristics and use of the asset under valuation. We note that the revaluation does not exceed the value attributable to the assets in terms of their remaining useful lives, as estimated for each individual asset. For accounting purposes, the appraised amounts were allocated to the historical cost of the assets which had a net carrying amount of Euro 31,880 thousand at 31 December 2020, prior to the revaluation.

As a result of the shutdown of production activities for around three months to combat the spread of the Covid pandemic, for most of its tangible assets, the Company opted to suspend the allocation to the income statement of a portion of depreciation (25%, in proportion to the duration of the production shutdown) in terms of Art. 60 (7-ii) to (7-v) of Decree Law 104/2020. This suspension involved the creation of an equity reserve of the same amount (Euro 545 thousand) that will remain non-distributable until the various assets affected have been depreciated in full.

Therefore, the ordinary depreciation of the Company, as shown in the relevant table, has been calculated at rates felt to represent the remaining useful lives of the tangible assets, as reduced by 25% for most assets in 2020.

The depreciation rates applied were as follows:

Buildings:

- Buildings 3.00%
- Lightweight constructions 10.00%
- Plant and machinery:
 - General and specific plant 10.00%
 - Water treatment plant 15.00%
 - Machinery 15.50%
 - Industrial and commercial equipment 25.00%
- Other tangible assets:
 - Office furniture and fittings 12.00%
 - Electronic office equipment 20.00%
 - Commercial vehicles 20%
 - Automobiles 25.00%
 - Barges 9.00%

Some categories of tangible assets include revaluations performed in prior years and in the current year under Laws 576/1975, 72/1983, 413/1991, 266/2005, 2/2009 and 126/2020.

Although the Company has reported a significant loss for 2020, the loss is not considered an indicator of impairment of its tangible assets as the loss was triggered solely by the extraordinary circumstances created by the pandemic and is not of a structural nature. This assessment is also confirmed by the Group Business Plan 2021-2023 approved by the Company Board of Directors on 30 September 2020.

Movements on tangible assets

Details of tangible assets and movements thereon during the year are shown in the following table:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets under construction and payments on a/c	Total tangible assets
Opening amount						
Cost	41,634,885	20,668,625	3,068,107	4,080,616	384,316	69,836,549
Revaluations	34,849,492	1,309,412	-	-	-	36,158,904
Depreciation (Accumulated depreciation)	(28,143,853)	(18,932,271)	(2,811,904)	(2,253,545)	-	(52,141,573)
Net carrying amount	48,340,524	3,045,766	256,203	1,827,071	384,316	53,853,880
Changes during year						
Additions	56,866	77,203	50,758	62,112	5,100	252,039
Reclassifications (of net carrying amount)	9,002	115,811	-	-	(124,813)	0
Disposals (of net carrying amount)	-	3,357	3,517	35,270	-	42,144
Revaluations during the year	28,896,006	-	-	-	-	28,896,006
Depreciation for the year	795,808	758,504	78,422	301,928	-	1,934,662
Impairment adjustments made during year	-	-	-	-	-	0
Other changes	-	3,357	2,804	549,042	-	555,203
Total changes	28,166,066	(565,490)	(28,377)	273,956	(119,713)	27,726,442
Closing amount						
Cost	41,700,753	20,858,282	3,115,348	5,169,584	264,603	71,108,570
Revaluations	63,745,498	1,309,412	-	-	-	65,054,910
Depreciation (Accumulated depreciation)	(28,939,661)	(19,687,418)	(2,887,522)	(3,068,557)	-	(54,583,158)
Net carrying amount	76,506,590	2,480,276	227,826	2,101,027	264,603	81,580,322

The main additions for the year included:

- Land and buildings: revaluation of land (Euro 28,896 thousand) and improvements to existing buildings at the S. Vitale Yard (Euro 30 thousand) and at the Piomboni Yard (Euro 33 thousand);
- Plant and machinery: realisation of a new technical installation (Euro 8 thousand), a fire detection system (Euro 7 thousand) and a dust extraction system in the “Metalwork” building (Euro 9 thousand) at the S. Vitale Yard, work carried out on overhead travelling cranes at the Piomboni Yard and at headquarters (Euro 116 thousand), purchase of automated welding equipment (Euro 18 thousand) at the Piomboni Yard;
- Industrial equipment: purchase of a lifting sling bar (Euro 18 thousand) and realisation of a cover for compressed air tanks (Euro 5 thousand) at the S. Vitale Yard, purchase of mooring ropes (Euro 11 thousand) at the Piomboni Yard and purchase of a cutting machine for the workshop (Euro 6 thousand) at headquarters;
- Other tangible assets: inclusion of amount from financial statements of merged company Basis Engineering S.r.l. (Euro 516 thousand);
- Assets under construction: work not yet completed on the design of a new industrial building to be constructed at the S. Vitale Yard (Euro 5 thousand).

Decreases mainly relate to the depreciation charge for the year and, to a minor extent, to the sale of plant, machinery and industrial equipment.

Financial fixed assets

As at 31 December 2020, the Company has financial fixed assets totalling Euro 33,085 thousand (Euro 40,189 thousand at 31.12.2019).

This item includes investments in subsidiaries of Euro 4,781 thousand (Euro 6,879 thousand at 31.12.2019), investments in associated companies of Euro 17,827 thousand (Euro 17,821 thousand at 31.12.2019), investments in other entities of Euro 148 thousand (Euro 151 thousand at 31.12.2019) and non-current financial receivables of Euro 10,329 thousand (Euro 15,338 thousand at 31.12.2019).

Non-current receivables mainly include four medium term loans granted to subsidiary Rosetti Marino Project Ooo (Euro 80 thousand) and to associated companies Rigros S.r.l (Euro 1,550 thousand), Kazakhstan Caspian Offshore Industries Llp (Euro 7,500 thousand) and Rosetti Pivot Ltd (Euro 366 thousand).

The loan to subsidiary Rosetti Marino Projekt Ooo was disbursed in 2019r and is intended to cover the initial costs incurred by that company.

The loan to associated company Kazakhstan Caspian Offshore Industries Llp represents the outstanding amount of a loan disbursed in several stages from 2009 in order to enable that company it to build and then expand its yard in Kazakhstan. The loan receivable from associated company Rigros S.r.l. was disbursed in 2017 in order to finance the purchase of a plot of land next to the headquarters of Rosetti Marino S.p.A.

The loan to associated company Rosetti Pivot Ltd represents the outstanding amount of a loan disbursed during in 2018 to cover its start-up operating expenses.

All of the loans are interest bearing on arm's length terms and, after adjustment for impairment, are expected to be recoverable in full given the expected growth of the associated companies as per the Group's business plan for the years 2021-2023.

During the year, following the issue of the related decree, a receivable from the Ministry of Transport and Infrastructure (Euro 664 thousand) was recognised under financial fixed assets in relation to grants that will be collected in annual instalments of Euro 47 thousand in future years in relation to project "ROSMANDITEN" (process innovation project in the shipbuilding segment commenced in prior years)

Movements on financial fixed assets, other securities and derivatives

The most significant changes during the year in relation to investments in subsidiaries, associated companies, other entities and securities are shown in the following table:

	Investments In subsidiaries	Investments in associated companies	Investments in other entities	Total investments
Opening amount				
Cost	14,967,661	18,384,602	228,295	33,580,558
Revaluations	43,179	1,090,910	10,640	1,144,729
Impairment adjustments	(8,131,427)	(1,654,828)	(88,333)	(9,874,588)
Net carrying amount	6,879,413	17,820,684	150,602	24,850,699
Changes during year				
Acquisitions	4,153	-	-	4,153
Disposals (of net carrying amount)	127	-	-	127
Impairment adjustments made during year	986,245	14,113	2,330	1,002,688
Other changes	(1,115,991)	20,632	-	(1,095,359)
Total changes	(2,098,210)	6,519	(2,330)	(2,094,021)
Closing amount				
Cost	11,231,076	18,405,234	228,295	29,864,605
Revaluations	-	1,090,910	10,640	1,101,550
Impairment adjustments	(6,449,873)	(1,668,941)	(90,663)	(8,209,477)
Net carrying amount	4,781,203	17,827,203	148,272	22,756,678

The following changes compared to prior year took place in 2020:

- Payment of Euro 1,500 thousand to subsidiary Rosetti Superyachts S.p.A. to cover losses maturing and restatement of the carrying amount of the investment at relevant portion of equity by means of an impairment adjustment of Euro 950 thousand;
- Increase of Euro 4 thousand in the investment held in subsidiary Rosetti General Contracting Construcões Serviços Lda of Madeira following the transfer of the portion of that company held by merged company Basis Engineering S.r.l;
- Liquidation of subsidiary Rosetti Marino Mocambique Limitada with resulting derecognition of the carrying amount of the investment;
- Restatement of carrying amount of investment in subsidiary Rosetti Libya Jsc at relevant portion of equity by means of an impairment adjustment of Euro 1 thousand;
- Writedown in full of the carrying amount of investment in subsidiary Rosetti Marino Singapore Pte Ltd given partial reimbursement of share capital (Euro 34 thousand) and accompanying restatement of carrying amount at relevant portion of equity by means of an impairment adjustment of Euro 35 thousand;
- Elimination of the carrying amount of the investment in Basis Engineering S.r.l. (Euro 2,581 thousand) following the previously mentioned merger through absorption of that company.
- Transfer from merged company Basis Engineering S.r.l of the investment in subsidiary Basis Congo Sarl. That investment was written down in full in prior years by Basis Engineering S.r.l;
- Sale of the entire investment in subsidiary Rosetti Marino Ooo based in Odintsovo – Moscow district;
- Alignment of the carrying amount of investment in associated company Rosetti Pivot Ltd with the relevant portion of equity per the latest approved financial statements at 31.03.2020 by means of an impairment adjustment of Euro 7 thousand;

- Transfer from merged company Basis Engineering S.r.l of the investment in associated company Basis Pivot Ltd. The share capital has yet to be paid;
- Alignment of the carrying amount of investment in associated company Rigros S.r.l. with the relevant portion of equity by means of an impairment adjustment of Euro 7 thousand;
- Restatement of carrying amount of shares in La Cassa di Ravenna SpA at fair value at 31.12.2020 by means of an impairment adjustment of Euro 2 thousand.

Note that, under investments in subsidiaries, the “Other changes” caption of “Changes during the reporting period” includes the elimination of the investment in subsidiary Basis Engineering S.r.l.

Investments in other entities, amounting to Euro 148 thousand (Euro 151 thousand at 31 December 2019), are analysed as follows:

- Cassa di Risparmio di Ravenna Spa - Euro 121 thousand;
- Consorzio CURA - Euro 1 thousand;
- Porto Intermodale di Ravenna – SAPIR - Euro 3 thousand;
- CAAF Industrie - Euro 2 thousand;
- Consorzio Destra Candiano - Euro 1 thousand;- O.M.C. - Euro 20 thousand.

Changes in and maturity of non-current receivables

The most significant changes during the year are shown in the following table:

	Opening amount	Changes during year	Closing amount	Amount due within a year	Amount due after more than a year	of which due after more than 5 years
Non-current receivables from subsidiaries	80,000	-	80,000	-	80,000	-
Non-current receivables from associated companies	15,090,088	(5,673,999)	9,416,089	366,089	9,050,000	-
Non-current receivables from others	168,348	664,125	832,473	47,438	785,035	426,942
Total non-current receivables	15,338,436	-	10,328,562	413,527	9,915,035	-

As previously stated, non-current receivables mainly include medium/long-term loans granted to subsidiary Rosetti Project Ooo and to associated companies Kazakhstan Caspian Offshore Industries Llp, Rigros S.r.l. and Rosetti Pivot Ltd. The decrease in receivables from associated companies is due to partial repayment of the loans granted to Kazakhstan Caspian Offshore Industries Llp (decrease of Euro 5,500 thousand) and to Rosetti Pivot Ltd (decrease of Euro 174 thousand).

The increase in receivables from others is entirely due to grants that will be collected in future years from the Ministry of Infrastructure and Transport for project "ROSMANDITEN" (process innovation project in the shipbuilding segment commenced in prior years).

Information on non-current investments in subsidiaries

As at 31 December 2020, the Company had investments in subsidiaries totalling Euro 4,781 thousand (Euro 6,879 thousand as at 31.12.2019).

A detailed breakdown of investments in subsidiaries is provided in the following table together with highlights from their 2020 financial statements.

Name	City (if in Italy) or country	Tax Number (for Italian companies)	Capital in Euro	Profit (Loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount
Fores Engineering Srl	Forlì	02178650400	1,000,000	1,336,409	10,285,928	10,285,928	100,00%	603,308
Rosetti Superyachts Spa	Ravenna	02586850394	1,500,000	(950,371)	1,764,880	1,764,880	100,00%	1,764,880
Rosetti Marino Singapore Pte Ltd	Singapore		63,080	(75,937)	0	0	100,00%	0
Rosetti Marino UK Ltd	Scotland		115	47,325	115,059	115,059	100,00%	119
Rosetti General Contracting Construcoes Servicos Lda	Portugal		49,880	(70.705)	799.423	799.423	100,00%	55.542
Rosetti Kazakhstan Llp	Kazakhstan		198,161	(574,164)	1,097,215	987,494	90,00%	178,901
Rosetti Marino Project Ooo	Russia		143	(30,039)	(39,960)	(35,964)	90,00%	0
Rosetti Libya Jsc	Libya		622,084	(717)	433,332	281,666	65,00%	281,666
Tecon Srl	Milan	6503230150	46,500	(442,472)	3,200,360	1,920,216	60,00%	1,896,786
Basis Congo Sarl	Congo		99,090	13,600	(437,096)	(262,258)	60,00%	0
Total								4,781,202

The subsidiaries operate in the following sectors:

- Fores Engineering S.r.l (which owns 100% of Fores Engineering Algérie and 75% of Fores do Brasil Sistemas e Equipamentos Industriais Ltda which operate in the same segment, plus 10% of Rosetti Kazakhstan Llp): design, construction and maintenance of automation and control systems;
- Basis Congo Sarl and Tecon S.r.l: multi-disciplinary design of oil and petrochemical facilities;
- Rosetti Marino UK Ltd, Rosetti Marino Project Ooo and Rosetti Libya Jsc: construction of offshore and onshore oil facilities;
- Rosetti General Contracting Construcoes Servicos Lda: ship charter and services and operating activities on foreign markets;
- Rosetti Superyachts Spa: construction of superyachts;
- Rosetti Marino Singapore Pte Ltd and Rosetti Kazakhstan Llp (which owns 5% of KCOI): supply of technical services. Rosetti Libya Jsc, Rosetti Marino Project Ooo and Rosetti Marino Singapore Pte Ltd are currently non-operating/dormant.

The difference between the carrying amount of the investment held in Basis Congo Sarl and the related equity is covered by the provision for trade receivables from that company, as described in the note below on Receivables from subsidiaries.

Information on non-current investments in associated companies

As at 31 December 2020, the Company held investments in associated companies totalling Euro 17,827 thousand (Euro 17,821 thousand as at 31.12.2019).

The following table contains details of investments in associated companies with highlights from their 2020 financial statements. Note that the figures for Rosetti Pivot Ltd relate to the most recent, approved financial statements at 31/03/2020.

Name	City (if in Italy) or country	Tax Number (for Italian companies)	Capital in Euro	Profit (Loss) for last reporting period in Euro	Equity in Euro	Interest held in Euro	% interest held	Carrying amount
Rigros Srl	Italy	02568990390	100,000	16,222	111,964	55,982	50,00%	49,229
Rosetti Congo Sarl	Republic of Congo		152,448	(259,831)	(621,897)	(310,949)	50,00%	0
Rosetti Pivot Ltd	Nigeria		2,817,869	1,599,189	1,529,183	749,300	49,00%	749,300
Rosetti Ali e Sons Llc	United Arab Emirates		36,357	(385,261)	(334,019)	(163,669)	49,00%	7,322,654
Kazakhstan Caspian Offshore Industries Llp	Kazakhstan		1,159,735	(3,387,784)	23,953,548	10,779,097	45,00%	9,685,172
Fores Do Brasil Ltda	Brazil		111,687	0	863	216	25,00%	216
Basis Pivot Ltd	Nigeria		46,667	0	46,667	21,000	45,00%	20,631
Total								17,827,202

The associated companies operate in the following sectors:

- Fores do Brasil Sistemas e Equipamentos Industriais Ltda: design, construction and maintenance of automation and control systems;
- Basis Pivot Ltd: multi-discipline design of oil and petrochemical plants;
- Rosetti Congo Sarl, Rosetti Pivot Ltd, Rosetti Ali e Sons Llc and Kazakhstan Caspian Offshore Industries Llp: construction of offshore and onshore oil facilities;
- Rigros S.r.l: management of a plot of land for industrial use.

Basis Pivot Ltd and Fores do Brasil Sistemas e Equipamentos Industriais Ltda are currently non-operating/dormant.

The excess of the value of the investment in Ali & Sons Llc over the corresponding portion of equity represents implicit goodwill. This amount is considered recoverable as there has been no change in the future profit outlook of the investee company taken into account at the time of its acquisition.

Current assets

Detailed tables have been prepared for current assets showing the nature of the individual line items and movements thereon during the year.

Inventory

Raw, ancillary and consumable materials

As at 31 December 2020, raw materials inventory amounted to Euro 125 thousand (Euro 106 thousand at 31.12.2019), after an obsolescence provision of Euro 205 thousand (Euro 205 thousand at 31.12.2019). This provision is considered appropriate to bring inventory into line with estimated realisable value.

Inventory includes stock held at the Company's production facilities and warehouses (excluding items received from third parties for various reasons, title to which remains with said third parties), stock owned by the Company but held by third parties and goods in transit property of which has already been transferred to the Company.

Raw materials inventory is valued under the weighted average cost method. Use of this method does not result in any appreciable differences compared to a current cost valuation.

Contract work in progress

This caption, amounting to Euro 36,072 thousand (Euro 34,737 thousand as at 31.12.2019), consists almost entirely of long-term contracts valued using the percentage of completion method. Contract work-in-progress primarily relates to the Energy Business Unit.

Advances to suppliers

Advances to suppliers primarily consist of sums paid to various suppliers and sub-contractors upon placement of the related orders for purchases of materials and for sub-contract agreements.

The following table provides details of changes in inventory over the year:

	Opening amount	Change during year	Closing amount
Raw, ancillary and consumable materials	105,678	19,778	125,456
Contract work in progress	34,736,741	1,334,773	36,071,514
Payments on account	9,029,273	(4,405,840)	4,623,433
Total inventory	43,871,692	(3,051,289)	40,820,403

The decrease of Euro 3,051 thousand compared to prior year is mainly due to the significant reduction in “Contract work-in-progress” as a result of the different percentage of completion of contracts in progress.

Receivables

As at 31 December 2020, receivables amount to Euro 56,693 thousand (Euro 74,170 thousand as at 31.12.2019).

All trade receivables are due within a year so the company has not used the amortised cost valuation method.

Receivables from clients (Trade)

Receivables from clients relate to normal commercial transactions. Given the nature of the Company’s business, trade receivables are highly concentrated with around 85% (93% in prior year) of the total due from the five leading clients by outstanding balance. At 31 December 2020, the “Provision for Bad Debts” amounted to Euro 341 thousand (Euro 966 thousand at 31 December 2019). The decrease is due to excess emerging compared to the amount provided in prior years – as allocated to provisions for bad debts with subsidiaries and associated companies. The remaining provision for bad debts adjusts gross receivables to bring them into line with estimated realisable amount based on an overall assessment taking account of collection risks mainly relating to certain specific factors. The amount provided reflects the prudent approach adopted by the Directors in relation to the receivables collection risk, also taking account of the amount of overdue receivables and any repayment agreements reached, as well as of the current economic climate triggered by the Covid-19 pandemic.

Receivables from subsidiaries

Receivables from subsidiaries include financial receivables of Euro 2,000 thousand and trade receivables of Euro 1,009 thousand.

Financial receivables consist entirely of a loan granted to Fores Engineering S.r.l..

Trade receivables include amounts due from Basis Congo Sarl (Euro 513 thousand), Fores Engineering S.r.l. (Euro 86 thousand), Rosetti Kazakhstan Llp (Euro 30 thousand), Rosetti Marino Project Ooo (Euro 3 thousand), Rosetti Marino UK Ltd (Euro 252 thousand) and Rosetti Superyachts S.p.A. (Euro 125 thousand).

The trade receivables from Basis Congo Sarl have been written down by Euro 837 thousand to reflect their estimated realisable amount.

All trade and financial transactions with subsidiaries take place on an arm’s length basis. Except as stated, the Directors consider all of these receivables to be recoverable in full and no provision for bad debts has been recorded.

Receivables from associated companies

Receivables from associated companies include financial receivables of Euro 200 thousand (loan granted during the reporting period to associated company Rosetti Ali and Sons Llc) and trade receivables of Euro 3,129 thousand. The

loan granted to associated company Rosetti Congo Sarl in 2019 (Euro 300 thousand) was written down in full during the year.

Trade receivables from associated companies include amounts due from Kazakhstan Caspian Offshore Industries Llp (Euro 611 thousand), Rigros S.r.l. (Euro 5 thousand), Rosetti Ali and Sons Llc (Euro 111 thousand), Rosetti Pivot Ltd (Euro 2,486 thousand) and Rosetti Congo Sarl (Euro 6 thousand).

The trade receivables due from Rosetti Congo Sarl have been written down by Euro 419 thousand to reflect their estimated realisable amount.

All trade and financial transactions with subsidiaries take place on an arm's length basis. Except as stated, the Directors consider all of these receivables to be recoverable in full and no provision for bad debts has been recorded.

Receivables from parent companies

Receivables from the parent company amount to Euro 12 thousand and consist entirely of trade receivables. The related party transactions take place on an arm's length basis. As the Directors believe these receivables are recoverable in full, no provision for bad debts has been recorded.

Tax receivables

Tax receivables amount to Euro 5,746 thousand as at 31 December 2020 (Euro 7,128 thousand as at 31.12.2019) and mainly refer to the following categories:

- IRES receivable of Euro 1,743 thousand as a result of consolidated taxation arrangement.
- Foreign tax credit of Euro 1,407 thousand for withholding taxes applied by customers and in respect of which a refund has been requested from the foreign tax authorities.
- Tax credit of Euro 8 thousand maturing during the year and in prior years under Law no 106 of 29 July 2014 (the "Art Bonus" law). That law makes it possible to benefit from a tax credit, split into three annual instalments, of 65% of donations made in support of culture.
- Tax credit of Euro 28 thousand maturing during the year under Article 125 of Decree Law 34/2020. Said decree provides for the possibility of a tax credit in relation to costs incurred during the period for the sanitisation of premises and the purchase of PPE to combat the Covid-19 emergency.
- an IRAP credit of Euro 1,192 thousand, including Euro 988 thousand for payments made on account in prior years in excess of the tax due and Euro 204 thousand for credits arising in 2014 and 2017 pursuant to Article 19(1) B of Decree Law no 91/2014 (the "competitiveness" decree) which made it possible to convert any A.C.E. (Economic Growth Subsidy) surplus into an IRAP credit, to be split into five equal annual amounts. The amount represents the remaining credit yet to be recovered.
- VAT receivable of Euro 1,366 thousand arising during the year on ordinary commercial transactions by the company and the branches.

Deferred tax assets

Deferred tax assets amount to Euro 15,233 thousand (Euro 5,942 thousand at 31 December 201) and have been recognised on all positive temporary differences and calculated at the applicable tax rates. See the relevant tables in the Note on Taxation for details of movements on deferred tax assets. The recoverability of deferred tax assets is reviewed at each reporting date. The Directors believe the amount recognised at 31 December 2020 is recoverable, considering the future taxable income forecast in the Group Business Plan for 2021-2023 approved by the Company Board of Directors on 30.09.2020, as well as the recognition of deferred taxes of around Euro 6,577 thousand in the financial statements at 31 December 2020.

Other receivables

Other receivables mainly include receivables from Broadview Engineering Limited for payment of its stake in newly incorporated Nigerian company Shoreline Logistics Nigeria Limited (Euro 1,180 thousand), guarantee deposits (Euro 30 thousand), receivables from employees (Euro 59 thousand), subsidies receivable for electricity generated by the solar power installations at the head office in Via Trieste and the Yard in San Vitale (Euro 22 thousand) and receivables from insurance companies (Euro 6 thousand). There are no receivables due after more than five years.

Changes in and maturity of receivables classed as current assets

The most significant changes during the year in receivables classed as current assets are shown in the following table:

	Opening amount	Change during year	Closing amount	Due within a year	Due after more than a year
Trade receivables	45,970,774	(17,993,762)	27,977,012	27,977,012	-
Receivables from subsidiaries	9,103,991	(6,094,992)	3,008,999	3,008,999	-
Receivables from associated companies	4,369,810	(950,881)	3,418,929	3,418,929	-
Receivables from parent companies	12,200	0	12,200	12,200	-
Tax receivables	7,128,401	(1,382,630)	5,745,771	5,745,771	-
Deferred tax assets	5,941,955	9,291,028	15,232,983		
Other receivables	1,643,086	(345,864)	1,297,222	1,267,340	29,882
Total receivables classed as current assets	74,170,217	(17,477,101)	56,693,116	41,430,251	29,882

The decrease in receivables from subsidiaries is mainly due to the partial repayment of the loan to Fores Engineering, to the derecognition of the loan to merged company Basis Engineering S.r.l. and to a decrease in trade receivables from Rosetti Superyachts Spa.

The decrease in receivables from associated companies is mainly due to a general decrease in trade receivables and to the writedown of the loan receivable from Rosetti Congo Sarl.

The decrease in tax receivables is mainly due to a decrease in the VAT receivable maturing during the year on ordinary commercial transactions.

The overall increase in deferred tax assets is mainly due to the following changes:

- increase due to non-utilisation of ACE (Economic Growth Subsidy) deduction
- increase due to valuation of contract work in progress
- increase due to the tax loss arising during the year, in relation to which deferred tax assets have been recognised in light of the taxable income forecast in the Business Plan 2021-2023.

Breakdown of receivables classified as current assets by geographical area

The following table contains a breakdown of receivables classed as current assets by geographical area.

Geographical area	Italy	EU	Non-EU	Total
Trade receivables	3,387,734	15,702,520	8,886,758	27,977,012
Receivables from subsidiaries	2,210,519	251,804	546,676	3,008,999
Receivables from associated companies	4,665	-	3,414,264	3,418,929
Receivables from parent companies	12,200	-	-	12,200
Tax receivables	3,794,162	518,763	1,432,846	5,745,771
Deferred tax assets	15,232,983	-	-	15,232,983
Other receivables	EU	Non-EU	Total	
Total receivables classed as current assets	103,179	-	1,194,043	1,297,222
Trade receivables	24,745,442	16,473,087	15,474,587	56,693,116

Current financial assets

Changes in current financial assets

The following table shows changes in current financial assets

	Opening amount	Change during year	Closing amount
Derivatives – assets	4,926,182	(3,100,892)	1,825,290
Other current securities	64,404,021	2,864,870	67,268,891
Total current financial assets	69,330,203	(236,022)	69,094,181

Derivatives – assets includes Euro 1,808 thousand of derivatives classified as held for trading as they do not fulfil hedge accounting requirements and Euro 17 thousand representing the Mark to Market value of the following hedging instruments:

Type: Forward sale contract

Underlying contract type: forward sale Banca Nazionale del Lavoro S.p.A.

Notional amount USD: 3,500,000

Notional amount Euro: 2,881,844

Maturity: 29/01/2021

MTM: Euro 17,006

Changes in the fair value of derivative instruments classified as held for trading are recognised in the Balance Sheet and recorded in the Income Statement in items D18d or D19d.

Other current securities entirely consists of temporary investments of cash, mainly in insurance policies (Euro 58 million), mutual fund units and, to a minor extent, in other equities and bonds. Changes in fair value are recognised in the Balance Sheet and recorded in the Income Statement in items D18c or D19c.

Cash and cash equivalents

Cash and cash equivalents amount to Euro 7,172 thousand (Euro 57,273 thousand at 31.12.2019) and include bank current accounts of Euro 7,140 thousand and cash on hand of Euro 32 thousand.

Changes in cash and cash equivalents are shown in the following table:

	Opening amount	Change during year	Closing amount
Bank and post office accounts	57,234,645	(50,094,941)	7,139,704
Cheques	0	-	0
Cash and cash equivalents on hand	38,563	(6,005)	32,558
Total cash and cash equivalents	57,273,208	(50,100,946)	7,172,262

For more details of the change in cash and cash equivalents compared to prior year, see the statement of cash flows.

Prepaid expenses and accrued income

Details of prepaid expenses and accrued income are provided in the following table:

	Opening amount	Change during year	Closing amount
Prepaid expenses	433,613	27,574	461,187
Total prepaid expenses and accrued income	433,613	27,574	461,187

Prepaid expenses include Euro 86 thousand of prepaid hire/rental costs for moveable assets, Euro 1 thousand of prepaid rental costs and Euro 374 thousand of sundry prepaid expenses.

Notes to the Financial Statements, liabilities and shareholders' equity

Comments on the main Liabilities and Shareholders' Equity items are presented below.

Shareholders' equity

Shareholders' equity includes the following items:

Share capital

At 31 December 2020, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

Reserves

The Revaluation reserve was created in 2005 after the revaluation of fixed assets and the realignment of tax values and values for statutory reporting purposes under Law 266/05. It was increased by Euro 33,368 thousand in 2008 as a result of the revaluation of fixed assets under Law 2/2009. It was increased again, by Euro 22,355 thousand, in 2020 following the revaluation of fixed assets under Decree Law 104/2020 (converted into Law 126/2020), as previously described. The reserve is subject to taxation upon distribution and may be used to cover losses. It may also be distributed in compliance with the procedure laid down by Article 2445(2) and (3) of the Italian Civil Code, giving rise to taxable income for both the Company and the shareholders.

The legal reserve includes portions of net profits allocated in prior years.

During the reporting period, the extraordinary reserve decreased by Euro 1,712 thousand as a result of the remuneration of share capital approved upon approval of the 2019 financial statements and by Euro 545 thousand following the creation of the reserve for deferred depreciation. The reserve consists entirely of profits allocated in prior years.

The Legislative Decree 124/93 reserve consists of amounts allocated in prior years in accordance with said legislative decree.

The Reserve for grants under Art. 55 DPR 917/1986 regards grants received in prior years for shipbuilding activities in terms of Law 599/1982, Law 361/1982 and Law 234/1989.

The reserve for deferred depreciation was created during the reporting period, using the extraordinary reserve, in terms of Article 60(7-ter) of Decree Law 104/2020, converted as amended by Law 126/2020.

Movements on the cash flow hedge reserve reflect the recognition of future cash flows under derivatives designated as "cash flow hedges. Movements during the year show an increase of Euro 393 thousand in order to restate at 31.12.2020 fair value the derivatives in place at that date to hedge variable rate loans and commercial transactions in foreign currency.

The negative reserve for treasury shares represents 200,000 treasury shares with a nominal amount of Euro 25.50 each, as acquired in prior years.

Net loss for the year

A net loss of Euro 24,527 thousand is reported for 2020.

Changes in shareholders' equity items

Movements on shareholders' equity in the past three years and details of possible utilisation and availability for distribution are provided below.

	Share capital	Revaluation reserve	Legal reserve	Extra-ordinary reserve	Reserve under Leg. Decr 124/93 / Grants Reserve	Reserve for deferred depreciation	Negative reserve for treasury shares held	Net profit (loss) for the year	Cash flow hedge reserve	Total
BALANCE AT 31 DECEMBER 2018	4,000	36,969	800	122,144	1,941	0	(5,100)	5,475	(1,498)	164,731
Allocation of net profit for 2018:										
- to extraordinary reserve	0	0	0	2,815	0	0	0	(2,815)	0	0
- dividends	0	0	0	0	0	0	0	(2,660)	0	(2,660)
Change in fair value of cash flow hedges	0	0	0	0	0	0	0	0	734	734
Net profit for 2019	0	0	0	0	0	0	0	188	0	188
BALANCE AT 31 DECEMBER 2019	4,000	36,969	800	124,959	1,941	0	(5,100)	188	(764)	162,993
Allocation of net profit for 2019:										
- dividends	0	0	0	(1,712)	0	0	0	(188)	0	(1,900)
Change in fair value of cash flow hedges	0	0	0	0	0	0	0	0	393	393
Revaluation of tangible assets	0	22,355	0	0	0	0	0	0	0	22,355
Reserve for lower/deferred depreciation	0		0	(545)	0	545	0	0	0	0
Net loss for 2020	0	0	0	0	0	0	0	(24,526)	0	(24,526)
BALANCE AT 31 DECEMBER 2020	4,000	59,324	800	122,702	1,941	545	(5,100)	(24,526)	(371)	159,315
Possible utilisation	B; C o D	A;B;D	A;B	A;B;C	A;B;D	E	E		E	

Some Euro 832 thousand of share capital would be taxable if distributed to the shareholders.

Utilisation of the revaluation reserve, the reserve for government grants and the Legislative Decree 124/93 reserve for any purpose other than to cover losses would be taxable.

Legend:

- A) reserve available for share capital increases
- B) reserve available to cover losses
- C) reserve available for distribution to shareholders
- D) reserve available for distribution to shareholders but taxable on distribution
- E) reserve not available.

Provisions for risks and charges

As at 31.12.2020, provisions for risks and charges amount to Euro 7,336 thousand (Euro 2,917 thousand as at 31.12.2019) and are analysed as follows:

	Provision for retirement benefits and similar obligations	Tax provision, including deferred tax	Derivatives - Liabilities	Other provision	Total prov, for risks and charges
Opening amount	341,367	729,818	791,702	1,054,303	2,917,190
Changes during year					
Allocated	15,542	6,506,491	128,900	35,491	6,686,424
Utilised	356,909	659,330	532,583	1,061,649	2,610,471
Other changes	-	-	-	342,690	342,690
Total changes	(341,367)	5,847,161	(403,683)	(683,468)	4,418,643
Closing amount	0	6,576,979	388,019	370,835	7,335,833

Provision for retirement benefits

This item, utilised in full during the year, included the amount allocated for variable, individual leaving bonuses payable to senior managers.

Tax provisions

This item includes the deferred tax provision of Euro 29 thousand created in relation to unrealised exchange gains which will be subject to taxation in future periods, the deferred tax provision of Euro 6,357 thousand created upon the revaluation of land for statutory reporting purposes only (as previously described) and the provision of Euro 190 thousand created to cover the risk of non-utilisation, as a tax credit, of foreign taxes relating to the period that will be paid in future years.

Provisions for derivatives

This caption, amounting to Euro 388 thousand, represents the Mark to Market value of the following hedging instruments:

Type: IRS agreement

Underlying contract type: loan from Intesa San Paolo SpA

Notional amount Euro: 4,500,000

Duration: 60 months

Period: 28/02/2018 - 28/02/2023

Rate: Euribor 3 months

Frequency: Quarterly instalments

MTM: Euro 58,433

Type: IRS agreement

Underlying contract type: loan from Intesa San Paolo SpA

Notional amount Euro: 7,000,000

Duration: 59 months

Period: 31/07/2019 – 17/06/2024

Rate: Euribor 6 months

Frequency: Six-monthly instalments

MTM: Euro 55,249

Type: IRS agreement

Underlying contract type: loan from Unicredit SpA

Notional amount Euro: 3,000,000

Duration: 60 months

Period: 21/07/2020 - 31/07/2025

Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 31,426

Type: IRS agreement
Underlying contract type: loan from Unicredit SpA
Notional amount Euro: 3,761,088
Duration: 48 months
Period: 22/10/2019 - 31/10/2023
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 26,517

Type: IRS agreement
Underlying contract type: loan from Unicredit SpA
Notional amount Euro: 8,750,000
Duration: 48 months
Period: 16/07/2018 - 31/07/2022
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 63,435

Type: IRS agreement
Underlying contract type: loan from Unicredit SpA
Notional amount Euro: 312,500
Duration: 60 months
Period: 24/06/2016 - 30/06/2021
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 693

Type: IRS agreement
Underlying contract type: loan from Credit Agricole Italia SpA
Notional amount Euro: 6,895,000
Duration: 48 months
Period: 16/07/2019 - 17/07/2023
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 61,182

Type: IRS agreement
Underlying contract type: loan from Credit Agricole Italia SpA
Notional amount Euro: 1,802,000
Duration: 60 months
Period: 29/06/2020 - 30/06/2025
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 18,478

Type: IRS agreement
Underlying contract type: loan from Banco BPM
Notional amount Euro: 3,347,465
Duration: 39 months

Period: 11/10/2019 - 31/12/2022
 Rate: Euribor 3 months
 Frequency: Quarterly instalments
 MTM: Euro 20,859

Type: IRS agreement
 Underlying contract type: loan from BPER Banca SpA
 Notional amount: Euro 8,143,222
 Duration: 48 months
 Period: 29/01/2020 - 29/01/2024
 Rate: Euribor 3 months
 Frequency: Six-monthly instalments
 MTM: Euro 44,863

Type: Forward sales contract
 Underlying contract type: forward sale Banca Nazionale del Lavoro S.p.A.
 Notional amount USD: 2,700,000
 Notional amount Euro: 2,203,848
 Expiry: 15/01/2021
 MTM: Euro 6,884

Other provisions

This item includes a provision for contractual risks of Euro 212 thousand (Euro 177 thousand at 31.12.2019) and a provision for future risks and charges of Euro 159 thousand (Euro 373 thousand at 31.12.2019).

The provision for contractual risks has been created to cover the probable risk of warranty costs.

The provision for coverage of losses was utilised in full during the period to cover the losses accumulated by the subsidiaries in prior years.

The provision for future risks and charges has been created to cover risks relating to ongoing litigation. The decrease in the provision is due to the fact that the circumstances that led to its creation in prior years no longer exist. Note that "other changes" in the table of movements represents the balance transferred to the Company from merged company Basis Engineering S.r.l upon its merger through absorption by the Company.

TFR / Employee severance indemnity provision

The employee severance indemnity provision of Euro 3,026 thousand (Euro 1,125 thousand at 31.12.2019) has been determined in accordance with Article 2120 of the Italian Civil Code. Movements during the year were as follows:

	TFR / Employee severance indemnity provision
Opening amount	1,125,184
Changes during year	
Allocated	1,696,743
Utilised	1,844,846
Other changes	2,048,701
Total changes	1,900,598
Closing amount	3,025,782

The TFR/employee severance indemnity provision at 31 December 2020 represents the indemnity in favour of employees up to 31 December 2006 which will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation during the year consists of transfers of Euro 736 thousand to complementary pension funds, the transfer of Euro 680 thousand to the INPS treasury fund, payment of

indemnities and advances totalling Euro 308 thousand and payment of personal income tax and social security contributions of Euro 121 thousand on behalf of employees.

The balance at 31 December 2020 is stated net of advances paid.

The increase in the provision is mainly due to the merger through absorption of subsidiary Basis Engineering S.r.l (Euro 2,049 thousand).

Payables

Changes in and maturity of payables

There are no payables due after more than five years.

Details of payables and movements thereon are provided in the following table:

	Opening amount	Change during year	Closing amount	Due within a year	Due after more than a year
Bank borrowing	66,161,692	(8,293,160)	57,868,532	23,297,357	34,571,175
Payments on account	33,881,800	(18,024,585)	15,857,215	15,857,215	-
Trade payables	52,300,562	(20,259,227)	32,041,335	32,041,335	-
Payables to subsidiaries	10,028,969	(4,526,454)	5,502,515	5,502,515	-
Payables to associated companies	0	20,632	20,632	20,632	-
Tax payables	2,154,446	262,233	2,416,679	2,416,679	-
Social security payables	1,411,165	226,822	1,637,987	1,637,987	-
Other payables	7,072,582	(1,642,425)	5,430,157	5,430,157	-
Total payables	173,011,216	(52,236,164)	120,775,052	86,203,877	34,571,175

Bank borrowing

This item includes the following financing granted by the banks:

- Banco BPM Spa: Euro 4,867 thousand
- Intesa San Paolo Spa: Euro 11,500 thousand
- Unicredit Spa: Euro 18,824 thousand
- Credit Agricole Italia Spa: Euro 8,697 thousand
- Monte dei Paschi di Siena Spa: Euro 3,333 thousand
- BPER Banca Spa: Euro 8,143 thousand
- Credito Emiliano Spa: Euro 2,505 thousand

The financing granted by Banco BPM S.p.A. consists of two loans. The first loan, signed in 2017, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2022 (outstanding amount at 31 December 2020 – Euro 1,526 thousand). The second loan, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2022 (outstanding amount at 31 December 2020 – Euro 3,341 thousand). In order to hedge the interest rate risk relating to this last loan, the Company has arranged a derivative contract (Interest Rate Swap) which meets the accounting requirements to be treated as a hedging derivative, as previously described.

The financing granted by Intesa San Paolo S.p.A. consists of two loans. The first loan agreement, signed in 2018, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2023 (outstanding amount at 31 December 2020 – Euro 4,500 thousand). The second loan agreement, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2024 (outstanding amount at 31 December 2020 – Euro 7,000 thousand). In order to hedge the interest rate risk relating to these loans, the Company has arranged derivative contracts (Interest Rate Swap) that meet the accounting requirements to be treated as a hedging derivative, as previously described.

The financing granted by Unicredit S.p.A. includes a total of five loans. The first contract, entered into in 2016 by absorbed company Basis Engineering S.r.l. and transferred to the Company after the merger, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2021 (outstanding amount at 31.12.2020 - Euro 313 thousand). The second loan, signed in 2018, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2022 (outstanding amount at 31 December 2020 – Euro 8,750 thousand). The loan is subject to covenants that were respected based on consolidated financial information at 31 December 2020. The third loan, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2023 (outstanding amount at 31 December 2020 – Euro 3,761 thousand). The fourth loan, signed by the Company during the reporting period, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2025 (outstanding amount at 31 December 2020 – Euro 3,000 thousand). The fifth loan, arranged during the reporting period, provides for a fixed rate of interest, the application of interest on a six-monthly basis and reimbursement of the principal in a bullet repayment at the loan maturity date in 2022 (outstanding amount at 31 December 2020 - Euro 3,000 thousand). In order to hedge the interest rate risk relating to the first four loans, the Company has arranged derivative contracts (Interest Rate Swap) which meet the accounting requirements to be treated as a hedging derivative, as previously described.

The financing granted by Credit Agricole Italia S.p.A. comprises two loans. The first loan agreement, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2023 (outstanding amount at 31 December 2020 – Euro 6,895 thousand). The loan is subject to covenants that were respected based on the consolidated financial information at 31 December 2020. The second loan agreement, signed during the reporting period, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2025 (outstanding amount at 31 December 2020 – Euro 1,802 thousand). In order to hedge the interest rate risk relating to these two loans, the Company has arranged a derivative contract (Interest Rate Swap) which meets the accounting requirements to be treated as a hedging derivative, as previously described.

The loan granted by Monte dei Paschi di Siena S.p.A., as arranged in 2019, provides for a floating rate of interest and repayment of principal and interest in six-monthly instalments until the scheduled maturity date in 2022 (outstanding amount at 31 December 2020 – Euro 3,333 thousand).

The financing granted by BPER Banca S.p.A. consists of a loan agreement, signed during the reporting period. It provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2024 (outstanding amount at 31 December 2020 – Euro 8,143 thousand). In order to hedge the interest rate risk relating to the loans, the Company has arranged a derivative contract (Interest Rate Swap) that meets the accounting requirements to be treated as a hedging derivative, as previously described.

The loan granted by Credito Emiliano S.p.A. was arranged during the reporting period. It provides for a fixed rate of interest and for repayment of principal and interest in monthly instalments until the scheduled maturity date in 2021 (outstanding amount at 31 December 2020 – Euro 2,505 thousand).

The Company has elected not to measure these liabilities at amortised cost as application of said method would have no material effect.

It should be noted that, in January 2020, the Company extinguished the loan granted to it by BPER Banca SpA which provided for the bullet repayment of the loan principal of Euro 10 million.

Payments on account

This item includes advances already received from clients and milestone payments for contracts in progress. The decrease compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on “Value of production”.

Due to suppliers (trade)

These payables relate to commercial transactions entered into on an arm's length basis. The company has not discounted these payables. The increase mainly regards the different timing of contracts.

Payables to subsidiaries

These payables refer to commercial transactions entered into on an arm's length basis and include amounts payable to Basis Congo Sarl (Euro 62 thousand), Fores Engineering S.r.l. (Euro 3,207 thousand), Rosetti Marino UK Ltd (Euro 1,580 thousand) and Tecon S.r.l. (Euro 372 thousand).

As these payables are due within a year, the company has not discounted them. The remaining amount of Euro 282 thousand regards capital subscribed but not yet paid in relation to Rosetti Libya Jsc (Euro 281 thousand) and the payable to Rosetti Superyachts Spa for IRES credits transferred to the tax consolidation but not yet utilised (Euro 1 thousand).

Payables to associated companies

These payables refer entirely to the portion of share capital of Basis Pivot Ltd subscribed but not yet paid.

Tax payables

This item mainly consists of personal income tax deducted at source from the remuneration of employees and freelance workers (Euro 1,469 thousand), substitute taxes in relation to the aforementioned revaluation performed during the year (Euro 183 thousand) and direct taxes due by the foreign branches (Euro 765 thousand).

Payables to pensions and social security institutions

This item includes employee and employer social security and pension contributions payable to social security and pension institutions.

Other payables

This item mainly includes payables to employees of Euro 2,785 thousand, payables to Pension funds of Euro 356 thousand and payables to Ali e Sons Marine Engineering Factory for the residual portion of the acquisition price of the investment in associated company Rosetti Ali and Sons Llc (Euro 2,241 thousand).

Breakdown of payables by geographical area

The following table provides a breakdown of payables by geographical area at 31.12.2020:

Geographical area	Italy	EU	Non-EU	Total
Bank borrowing	57,868,532	-	-	57,868,532
Payments on account	7,455,209	6,253,595	2,148,411	15,857,215
Trade payables	22,098,920	4,159,881	5,782,534	32,041,335
Payables to subsidiaries	3,579,945	1,580,000	342,570	5,502,515
Payables to associated companies	-	-	20,632	20,632
Tax payables	1,651,414	-	765,265	2,416,679
Social security payables	1,637,987	-	-	1,637,987
Other payables	3,189,101	-	2,241,056	5,430,157
Payables	97,481,108	11,993,476	11,300,468	120,775,052

Accrued expenses and deferred income

Accrued expenses and deferred income includes Euro 73 thousand of portions of expenses relating to the year that will arise in subsequent reporting periods (Euro 2 thousand of accrued financial expenses relating to forward currency transactions maturing after 31/12/2019 and Euro 71 thousand of accrued interest expenses on loans). It also includes Euro 2 thousand of income received during the period but relating to future periods.

Notes to the financial statements, income statement

Value of production

Value of production amounts to Euro 149,537 thousand (Euro 210,084 thousand in 2019).

Revenues from sales and services

Given the nature of the Company's business, Revenues from sales and services, amounting to Euro 144,416 thousand (Euro 173,549 thousand in 2019), are highly concentrated with around 89% of the total (89% in prior year) generated by the five leading clients.

Change in contract work in progress

This item shows a positive balance of Euro 1,278 thousand (positive balance of Euro 31,563 thousand at 31.12.2019). It includes Euro 768 thousand relating to Energy Business Unit contracts and Euro 519 thousand relating to Shipbuilding Business Unit contracts.

For details of the valuation method adopted, see the accounting policies described at the start of these Notes.

Increases in internal works capitalised

Increases in own work capitalised, amounting to Euro 4 thousand (Euro 69 thousand in 2019), includes capitalised costs that led to increases in Balance Sheet captions "Tangible assets" (Euro 3 thousand) and "Intangible assets" (Euro 1 thousand).

Other revenues and income

This item, amounting to Euro 3,831 thousand (Euro 4,902 thousand in 2019), includes Euro 1,569 thousand of grants towards operating expenses and Euro 2,262 thousand of other revenues.

"Grants towards operating expenses" includes Euro 83 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard and at the Via Trieste site, Euro 84 thousand of grants received from Fondirigenti and Fondimpresa in reimbursement of costs incurred to run training programmes, Euro 322 thousand of subsidies resulting from the tax credit for research and development activities carried out in 2019, Euro 2 thousand of subsidies resulting from the tax credit for donations for cultural initiatives during the year, Euro 28 thousand of grants in the form of tax credits maturing pursuant to Article 125 of Decree Law 34/2020 (credit in relation to costs incurred during the year to combat the Covid-19 emergency e.g. sanitisation of work areas and purchase of PPE), Euro 759 thousand of grants collected (Euro 95 thousand) and to be collected in future periods (Euro 664 thousand) from the Ministry of Infrastructure and Transport towards project Rosmanditen (an innovative product and process initiative in the Shipbuilding segment) and Euro 291 thousand of grants collected from the Ministry of Infrastructure and Transport in respect of the GAIN4CORE and GAIN4MOS projects (initiatives for the development of systems for the liquefaction, storage and distribution of LNG) .

See the specific section with regard to grants falling within the scope of Law no 124 of 4 August 2017.

Other revenues mainly comprise Euro 800 thousand from the secondment of employees to other Group companies, Euro 335 thousand of costs recharged for third party use of utilities and industrial gases, Euro 135 thousand of chargebacks to employees for the use of company cars and Euro 557 thousand of excess provisions for contractual risks reversed after the circumstances that led to their creation in previous reporting periods ceased to exist.

Breakdown of revenues from sales and services by business segment

The following table contains a breakdown of revenues by business segment:

Business segment	2020
Energy	135,689,302
Shipbuilding	7,313,271
Sundry services	1,413,259
Total	144,415,832

Breakdown of revenues from sales and services by geographical area

The following table contains a breakdown of revenues by geographical area:

Geographical area	2020
Italy	11,328,913
EU	93,416,918
Non-EU	39,670,001
Total	144,415,832

Cost of production

Cost of production amounts to Euro 185,935 thousand (Euro 213,875 thousand in 2019).

Purchases of raw, ancillary and consumable materials and goods

This caption, amounting to Euro 42,076 thousand (Euro 70,728 thousand in 2019), includes Euro 40,605 thousand of purchases of raw materials, Euro 1,443 thousand of purchases of ancillary and consumable materials and Euro 28 thousand of purchases of sundry materials. The decrease compared to prior year is due to the lower volume of production activity and a related decrease in purchases of materials.

Services

This item, amounting to Euro 102,293 thousand (Euro 108,093 thousand in 2019), includes the cost of services purchased during ordinary operating activities and consists of the following:

- sub-contracting of Euro 78,991 thousand (Euro 84,126 thousand in 2019);
- electricity, water and heating of Euro 1,155 thousand (Euro 1,147 thousand in 2019);
- general, administrative and insurance costs of Euro 3,242 thousand (Euro 3,765 thousand in 2019);
- repairs and maintenance of Euro 1,079 thousand (Euro 1,329 thousand in 2019);
- sundry personnel costs of Euro 1,383 thousand (Euro 2,796 thousand in 2019);
- selling costs of Euro 503 thousand (Euro 2,335 thousand in 2019);
- other outsourced production costs of Euro 15,446 thousand (Euro 12,074 thousand in 2019);
- audit fees of Euro 93 thousand (Euro 92 thousand in 2019);
- statutory auditors' fees of Euro 48 thousand (Euro 42 thousand in 2019);
- directors' fees of Euro 333 thousand (Euro 387 thousand in 2019);

The decrease compared to prior year is due to the lower volume of production activities as a result of the temporary shutdown because of the pandemic.

Lease and rental costs

Lease and rental costs amount to Euro 7,097 thousand (Euro 4,325 thousand in 2019) and include lease and rental costs regarding tangible and intangible assets, as follows:

- concession fees of Euro 47 thousand (Euro 58 thousand in 2019);
- rental of property of Euro 1,546 thousand (Euro 2,134 thousand in 2019);
- software rental of Euro 203 thousand (Euro 28 thousand in 2019);

- hire/rental of moveable property of Euro 5,301 thousand (Euro 2,105 thousand in 2019).

The decrease compared to prior year is due to the type of contracts in progress which required more rental/hire of moveable property.

Personnel

Personnel expenses of Euro 31,280 thousand (Euro 26,862 thousand in 2019) includes costs incurred for employees during the year and the lower cost compared to prior year is mainly because of payment of lower variable bonuses. The overall increase compared to prior year is due to the merger through absorption of Basis Engineering S.r.l.

Depreciation, amortisation and writedowns

“Depreciation, amortisation and writedowns”, amounting to Euro 2,905 thousand (Euro 2,858 thousand in 2019), includes depreciation and amortisation of tangible and intangible assets and writedowns of current trade receivables. As already described in the Note on Accounting Policies, for some assets, the Company has elected to suspend the allocation to the income statement of a portion of depreciation (25%) in terms of Article 60(7-ii) to (7-v) of Decree Law 104/2020.

Change in inventory of raw, ancillary and consumable materials and goods for resale

This caption has a negative balance of Euro 20 thousand (positive balance of Euro 151 thousand in 2019) and includes the change in value of raw materials inventory (opening inventory of Euro 311 thousand and closing inventory of Euro 331 thousand).

Provisions for risks

This item amounts to Euro 35 thousand (Euro 373 thousand in 2019) and includes amounts allocated during the year to update the provision for contractual risks.

Sundry operating expenses

“Sundry operating expenses”, amounting to Euro 268 thousand (Euro 485 thousand in 2019), mainly includes sundry taxes paid for the year and including IMU/local property tax, chamber of commerce duty, authentication of company books, contribution to Clean-up Consortium, local tax on advertising, excise duty and rights on electricity licence, tax for occupation of public land and refuse tax.

Financial income and expenses

There was net financial income of Euro 5,392 thousand in the year ended 31 December 2020 (net financial income of Euro 6,649 thousand in 2019). It includes all of the Company's financial income and expenses for the year.

Income from equity investments

Income from equity investments amounts to Euro 4,303 thousand (Euro 5,803 thousand in 2019) and mainly includes the dividends paid by subsidiary Rosetti Kazakhstan Llp (Euro 4,299 thousand).

Other financial income

“Other financial income” of Euro 1,688 thousand (Euro 2,749 thousand in 2019) mainly includes the following items:

- financial income from cash investments - Euro 1,378 thousand;
- bank interest income - Euro 16 thousand;
- interest income on loans to subsidiaries Fores Engineering S.r.l. (Euro 16 thousand) and Rosetti Marino project Ooo (Euro 3 thousand);
- interest income on loans to associated companies Kazakhstan Caspian Offshore Industries Llp (Euro 166 thousand), Rigros S.r.l (Euro 5 thousand), Rosetti Congo Sarl (Euro 17 thousand) and Rosetti Pivot Ltd (Euro 72 thousand); - swaps on forward currency transactions - Euro 12 thousand.

Breakdown of interest and other financial expenses by type of debt

Other financial expenses amount to Euro 1,643 thousand (Euro 1,347 thousand in 2019) and mainly include: interest expenses on loans from seven banks (Euro 750 thousand), financial expenses on forward currency sale transactions (Euro 260 thousand) and financial expenses relating to cash investments (Euro 633 thousand).

Breakdown of exchange gains and losses

“Exchange gains and losses” includes Euro 1,303 thousand of realised gains i.e. resulting from the translation into Euro of foreign currency assets and liabilities settled (i.e. collected or paid) during the year and Euro 259 thousand of unrealised exchange losses, resulting from the translation into Euro of foreign currency assets and liabilities not yet settled at the reporting date.

Adjustments to value of financial assets and liabilities

“Adjustments to value of financial assets” is negative by Euro 822 thousand (positive by Euro 346 thousand in 2019) and includes the following adjustments, as described in earlier paragraphs:

- revaluation of securities classed as current assets - Euro 56 thousand;
- revaluation of derivatives - Euro 4 thousand;
- writedown of investments - Euro 498 thousand;
- writedown of securities classed as current assets - Euro 186 thousand;
- writedown of derivatives - Euro 198 thousand.

Taxes on income – current, deferred and deferred tax income

Income taxes have been calculated in accordance with applicable tax laws and regulations and represent the tax expense for the reporting period.

They amount to a total expense of Euro 7,301 thousand (net income of Euro 3,016 thousand in 2019) and include:

- a) current taxes on taxable income for the period generated, in particular, by foreign branches;
- b) taxes relating to prior periods;
- c) deferred taxation and deferred tax income.

The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects

Recognition of deferred taxation and deferred tax income

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	63,317,874	940,849
Total taxable temporary differences	22,909,460	22,786,610
Temporary differences, net	(40,408,414)	21,845,761
B) Tax effects		
Deferred tax provision (assets) at start of year	(5,882,453)	(48,282)
Deferred tax (income) for the year	(3,815,567)	900,266
Deferred tax provision (assets) at end of year	(9,698,019)	851,984

Details of deductible temporary differences

Description	Amount at 31/12/2019	Change tax during the year	Amount at 31/12/2020	IRES rate	IRES tax effect	IRAP rate	IRAP effect
Inventory provision	205,000	0	205,000	24.00%	0	-	-
Provision for contractual risks	176,725	35,491	212,216	24.00%	8,518	-	-
Provision for future risks/ charges	372,808	(214,189)	158,619	24.00%	(51,405)	-	-
Taxed provision for bad debts	0	288,994	288,994	24.00%	69,359	-	-
Unrealised exchange losses	96,616	286,830	383,446	24.00%	68,839	-	-
Contracts in progress	5,783,647	4,459,940	10,243,587	24.00%	1,070,386	-	-
A.C.E. unutilised	875,772	847,460	1,723,232	24.00%	203,390	-	-
Writedown of shares	55,219	(14,721)	40,498	24.00%	(3,533)	-	-
Depreciation of tangible assets	1,237,989	(297,140)	940,849	24,00%	(71.314)	3,90%	(11.588)
Tax loss	12,902,391	33,268,081	46,170,472	24.00%	7,984,339	-	-
Provisional POC based advances	2,509,438	441,524	2,950,962	24.00%	105,966	-	-
Provision for performance related bonuses	341,367	(341,367)	0	24.00%	(81,928)	-	-
Total	24,556,972	38,760,903	63,317,875	-	9,302,617	-	(11,588)

Details of taxable temporary differences

Description	Amount at 31/12/2019	Change during the year	Amount at 31/12/2020	IRES Rate	Tax effect IRES	IRAP rate	Tax effect IRAP
Unrealised exchange gains	46,751	76,099	122,850	24.00%	18,264	-	-
Gain on revaluation of land	-	22,786,610	22,786,610	24.00%	5,468,786	3.90%	888,678
Total	46,751	22,862,709	22,909,460	-	5,487,050	-	-

Notes to the Financial Statements, other information

Workforce details

	Average number
Senior managers	37.6
Managers	65.7
White collars	258.8
Blue collars	38.8

In addition to the persons indicated in the table, the Company uses operations personnel at its foreign branches (average of 18 FTEs per annum).

Off-balance sheet commitments, guarantees and contingent liabilities

GUARANTEES GIVEN BY THE COMPANY

Sureties

This item consists of sureties given by insurers and banks to the Company's clients (Euro 59,632 thousand) and to clients of Group companies (Euro 3,190 thousand) as guarantees of proper performance of works and to release amounts withheld for performance purposes.

The Company has also granted sureties to the banks (Euro 32,764 thousand) as security for the granting of loans and/or the issue of bank guarantees in favour of Group companies.

COMMITMENTS MADE BY THE COMPANY

Forward currency sales

At 31 December 2020, the Company was party to transactions for the forward sale of currency with a nominal amount of Euro 5,086 thousand. This item regards the equivalent of USD 6,200 thousand as per the contracts entered into with a bank to hedge a contract with client Qatargas Operating company Ltd which is invoiced in US Dollars.

For details of the fair value of these hedging instruments, reference should be made to the relevant Balance Sheet sections. From an operational perspective, these contracts are used to hedge the exchange rate risk and satisfy the requirements of Italian GAAP for treatment as hedging transactions.

Significant events after the reporting date

In the period between the reporting date and now, there have been no events that could have a significant impact on operating performance, except for the ongoing situation regarding the Covid-19 pandemic. On that matter, reference should be made to the comments set out in the Directors' Report.

Disclosures in terms of Art. 1(125) of Law no 124 of 4 August 2017

As required by Article 1(125 et seq) of Law 124/2017 on the issue of transparency over public funding, we provided below details of the grants and economic benefits of all types received from public administrations and from parties/entities controlled by them, even indirectly:

Name of funding body: Gestore dei Servizi Energetici GSE S.p.A. – Rosetti Marino S.p.A.

Amount received: Euro 70,083

Date received: various dates in 2020

Reason: grants to net metering account

Name of funding body: Ministry for Infrastructure and Transport – Rosetti Marino S.p.A.

Amount received: Euro 185,955

Date received: 16/01/2020

Reason: grant towards realisation of a number of pilot projects with the aim of developing a system for the liquefaction, storage and distribution/receipt of LNG (liquefied natural gas) - project “GAINN4CORE”

Name of funding body: Ministry for Infrastructure and Transport – Rosetti Marino S.p.A.

Amount received: Euro 104,816 thousand

Date received: 31/07/2020

Reason: grant towards realisation of a project with the aim of developing a system for the storage and micro-liquefaction of LNG (liquefied natural gas) at the port of Ravenna - project “GAINN4MOS”

Name of funding body: Ministry for the Economy and Finance – Rosetti Marino S.p.A.

Amount offset against other taxes: Euro 321,520

Date received: 16/12/2020

Reason: R&D grant for costs incurred in 2019

Name of funding body: Ministry of Infrastructure and Transport – Rosetti Marino S.p.A.

Amount received: Euro 94,871

Date received: 16/12/2020

Reason: grant to finance projects for product or process innovation in the shipping field – project called “ROSMANDITEN”

Name of funding body: Ministry of cultural heritage and tourism – Rosetti Marino S.p.A.

Amount offset against other taxes: Euro 1,337

Date received: 16/12/2020

Reason: Art Bonus subsidy for payments incurred in 2018

Name of funding body: Ministry of cultural heritage and tourism – Rosetti Marino S.p.A.

Amount offset against other taxes: Euro 2,392

Date received: 16/12/2020

Reason: Art Bonus subsidy for payments incurred in 2019

Proposed allocation of net profit or coverage of losses

We propose to take the entire net loss for the year of Euro 24,527 thousand to accumulated losses.

Notes to the Financial Statements, closing section

This section contains the aggregated Balance Sheet and Income Statement for the year ended 31 December 2019 with comparative information at 31 December 2020. The aggregated financial information was prepared by combining information from the financial statements of Rosetti Marino SpA at 31 December 2019 with those of Basis Engineering S.r.l and subsequently eliminating intercompany revenues/costs and receivables/payables, without making any other adjusting entries.

The elimination adjustments were made in order to show significant effects of the merger operation so that they could be retroactively reflected in the financial statements of Rosetti Marino SpA at 31 December 2019, as if the merger had taken place at that date.

The aggregated information does not reflect prospective information as it has been prepared solely in order to represent the effects of the merger. Given the different purposes of the aggregated information and the historical financial statements of the two companies, the two should be read and interpreted separately without looking for accounting links between the schedules.

	Rosetti 2020	Rosetti 2019	Basis 2019	Elimination 2019	Aggregate 2019
BALANCE SHEET - ASSETS					
A) DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL					
B) NON-CURRENT ASSETS:					
<i>I Intangible assets</i>					
4) concessions, licences, trademarks and similar rights	354	367	0	0	367
6) assets in progress and payments on account	0	25	0	0	25
7) other intangible assets	1,266	918	604	0	1,522
TOTAL INTANGIBLE ASSETS	1,620	1,310	604	0	1,914
<i>II Tangible assets:</i>					
1) land and buildings	76,506	48,341	0	0	48,341
2) plant and machinery	2,480	3,046	0	0	3,046
3) industrial and commercial equipment	228	256	0	0	256
4) other tangible assets	2,101	1,827	516	0	2,343
5) assets under construction and payments on account	265	384	0	0	384
TOTAL TANGIBLE ASSETS	81,580	53,854	516	0	54,370
<i>III Financial assets:</i>					
1) investments in:					
a) subsidiaries	4,781	6,879	0	(2,577)	4,302
b) associated companies	17,827	17,821	21	0	17,842
d) entities controlled by parent companies	0	0	4	(4)	0
d-bis) other entities	148	151	0	0	151
2) receivables:					
a) from subsidiaries	80	80	0	0	80
b) from associated companies	9,416	15,090	0	0	15,090
d-bis) from other entities	834	168	0	0	168
TOTAL FINANCIAL ASSETS	33,086	40,189	25	(2,581)	37,633
TOTAL NON-CURRENT ASSETS	116,286	95,353	1,145	(2,581)	93,917
C) CURRENT ASSETS					
<i>I Inventory:</i>					
1) raw, ancillary and consumable materials	125	106	0	0	106
3) contract work in progress	36,072	34,737	48	0	34,785
5) payments on account	4,623	9,029	5	0	9,034
TOTAL INVENTORY	40,820	43,872	53	0	43,925

<i>II Receivables:</i>					
1) from clients (trade)	27,977	45,970	1,470	0	47,440
2) from subsidiaries	3,009	9,105	1,640	(2,453)	8,292
3) from associated companies	3,419	4,369	0	0	4,369
4) from parent companies	12	12	2,025	(2,025)	12
5) from entities controlled by parent companies	0	0	221	(221)	0
5-bis) tax receivables	5,746	7,128	561	0	7,689
5-ter) deferred tax assets	15,233	5,942	765	0	6,707
5- quater) receivables from others:					
due within a year	1,267	1,414	16	0	1,430
due after more than a year	30	230	7	0	237
TOTAL RECEIVABLES	56,693	74,170	6,705	(4,699)	76,176
<i>III Financial assets:</i>					
5) derivatives	1,825	4,926	1	0	4,927
6) other securities	67,269	64,404	0	0	64,404
TOTAL FINANCIAL ASSETS	69,094	69,330	1	0	69,331
<i>IV Cash and cash equivalents:</i>					
1) bank and post office accounts	7,140	57,235	6,137	0	63,372
3) cash and cash equivalents on hand	33	38	3	0	41
TOTAL CASH AND CASH EQUIVALENTS	7,173	57,273	6,140	0	63,413
TOTAL CURRENT ASSETS	173,780	244,645	12,899	(4,699)	252,845
D) PREPAID EXPENSES AND ACCRUED INCOME	461	434	250	0	684
TOTAL ASSETS	290,527	340,432	14,294	(7,280)	347,446
BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY					
A) SHAREHOLDERS' EQUITY					
<i>I Share capital</i>	4,000	4,000	500	(500)	4,000
<i>III Revaluation reserves</i>	59,324	36,969	0	0	36,969
<i>IV Legal reserve</i>	800	800	100	0	900
<i>VI Other reserves:</i>					
1) Extraordinary reserve	122,703	124,959	3,510	(3,603)	124,866
2) Legislative Decree 124/93 reserve	15	15	0	0	15
6) Reserve for grants in terms of art. 55 DPR 917/86	1,926	1,926	0	0	1,926
8) Reserve for depreciation not charged in 2020	545	0	0	0	0
<i>Total other reserves</i>	125,189	126,900	3,510	(3,603)	126,807
<i>VII Cash flow hedge reserve</i>	(371)	(764)	(3)	0	(767)
<i>IX Profit (Loss) for the year</i>	(24,527)	188	(1,526)	1,522	184
<i>X Negative reserve for treasury shares held</i>	(5,100)	(5,100)	0	0	(5,100)
TOTAL SHAREHOLDERS' EQUITY	159,315	162,993	2,581	(2,581)	162,993
B) PROVISIONS FOR RISKS AND CHARGES					
1) retirement benefits and similar obligations	0	341	0	0	341
2) taxation, including deferred tax	6,577	730	102	0	832
3) derivatives	388	792	4	0	796
4) other	371	1,054	343	0	1,397
TOTAL PROVISIONS FOR RISKS AND CHARGES	7,336	2,917	449	0	3,366
C)EMPLOYEE SEVERANCE INDEMNITY / TFR PROVISION	3,026	1,125	2,049	0	3,174
D) PAYABLES					

3) shareholder loans payable	0	0	2,500	(2,500)	0
4) bank borrowing					
due within a year	23,297	27,054	625	0	27,679
due after more than a year	34,571	39,108	313	0	39,421
6) payments on account	15,857	33,882	842	0	34,724
7) due to suppliers (trade)	32,041	52,301	2,356	0	54,657
9) due to subsidiaries	5,503	10,029	62	(1,226)	8,865
10) due to associated companies	21	0	21	0	21
11) due to parent companies	0	0	174	(174)	0
11-bis) due to entities controlled by parent companies	0	0	799	(799)	0
12) tax payables	2,417	2,154	411	0	2,565
13) payables to social security and pensions institutions	1,638	1,411	443	0	1,854
14) other payables	5,430	7,072	669	0	7,741
TOTAL PAYABLES	120,775	173,011	9,215	(4,699)	177,527
E) ACCRUED EXPENSES AND DEFERRED INCOME	75	386	0	0	386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	290,527	340,432	14,294	(7,280)	347,446
INCOME STATEMENT					
A) VALUE OF PRODUCTION					
1) Revenues from sales and services	144,416	173,549	19,175	(11,501)	181,223
3) Change in contract work in progress	1,286	31,563	(1,418)	0	30,145
4) Increase in own works capitalised	4	69	0	0	69
5) Other revenues and income:					
a) operating grant income	1,569	256	10	0	266
b) other	2,262	4,647	419	(250)	4,816
TOTAL VALUE OF PRODUCTION (A)	149,537	210,084	18,186	(11,751)	216,519
B) COST OF PRODUCTION					
6) Raw, ancillary and consumable materials and goods	42,076	70,727	19	0	70,746
7) Services	102,293	108,093	10,112	(11,742)	106,463
8) Lease and rental costs	7,097	4,325	1,016	(9)	5,332
9) Personnel:					
a) wages and salaries	23,190	20,182	6,397	0	26,579
b) social contributions	6,447	4,901	1,833	0	6,734
c) employee severance indemnity	1,688	1,214	486	0	1,700
d) retirement benefits and similar obligations	(119)	199	41	0	240
e) other personnel costs	74	366	22	0	388
Total personnel costs	31,280	26,862	8,779	0	35,641
10) Depreciation, amortisation and writedowns:					
a) amortisation of intangible assets	393	348	87	0	435
b) depreciation of tangible assets	1,935	2,510	112	0	2,622
d) writedown of current receivables and cash and cash equivalents	577	0	24	0	24
Total depreciation, amortisation and writedowns	2,905	2,858	223	0	3,081
11) Change in inventory of raw, ancillary and consumable materials and goods	(20)	150	0	0	150
12) Provisions for risks	36	373	0	0	373
14) Sundry operating expenses	268	486	17	0	503
TOTAL COST OF PRODUCTION (B)	185,935	213,874	20,166	(11,751)	222,289

DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)	(36,398)	(3,790)	(1,980)	0	(5,770)
C) FINANCIAL INCOME AND EXPENSES					
<i>15) Income from investments:</i>					
a) dividends and other income from subsidiaries	4,303	5,803	0	36	5,839
e) dividends and other income from other entities	1	1	36	(36)	1
<i>16) Other financial income:</i>					
c) from securities classified as current assets other than equity investments	1,378	2,165	0	0	2,165
d) income other than the above:					
- interest and charges from subsidiaries	19	37	0	0	37
- interest and charges from associated companies	260	482	0	(11)	471
- interest and charges from other entities and sundry income	30	63	0	0	63
<i>17) Interest and other financial expenses:</i>					
c) to parent companies	0	0	(11)	11	0
e) other	(1,643)	(1,347)	(16)	0	(1,363)
<i>17-bis) Exchange gains and losses</i>	1,044	(555)	4	0	(551)
TOTAL FINANCIAL INCOME AND EXPENSES (C)	5,392	6,649	13	0	6,662
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS					
<i>18) Revaluations:</i>					
a) of equity investments	0	765	0	0	765
b) of non-current financial assets other than equity investments	0	1,335	0	0	1,335
c) of securities classified as current assets other than equity investments	56	49	0	0	49
d) of derivatives	5	473	0	0	473
<i>19) Writedowns:</i>					
a) of equity investments	(498)	(2,080)	0	1,522	(558)
c) of securities classified as current assets other than equity investments	(186)	(34)	0	0	(34)
d) of derivatives	(199)	(163)	0	0	(163)
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS (D)	(822)	345	0	1,522	1,867
PROFIT (LOSS) BEFORE TAXATION (A - B +- C +- D)	(31,828)	3,204	(1,967)	1,522	2,759
<i>20) TAXES ON INCOME FOR THE YEAR</i>					
- current income taxes	1,217	3,583	0	0	3,583
- tax credit	0	0	158	0	158
- prior year taxes	18	(129)	(31)	0	(60)
- deferred taxes	18	5	0	0	5
- deferred tax income	(8,554)	(443)	(568)	0	(1,011)
<i>Total TAXES ON INCOME FOR THE YEAR</i>	<i>(7,301)</i>	<i>3,016</i>	<i>(441)</i>	<i>0</i>	<i>2,575</i>
21) PROFIT (LOSS) FOR THE YEAR	(24,527)	188	(1,526)	1,522	184

These financial statements, comprising the Balance Sheet, the Income Statement and these Notes, present a true and fair view of the balance sheet and financial situation and the result for the year. They reflect the contents of the accounting records.

3. BOARD OF STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS
AS AT 31/12/2020

To the Shareholders' General Meeting of Rosetti Marino SpA

This report has been approved by the Board of Statutory Auditors in time to be made available at the Company's registered office in the fifteen days prior to the first date of calling of the General Meeting scheduled to approve the financial statements.

On 31 March 2021, the Board of Directors approved and made available the financial statements for the year ended 31 December 2020 - including the notes to the financial statements, the Directors' Report and the statement of cash flows – together with the consolidated financial statements of the Rosetti Marino Group.

The Board of Statutory Auditors has confirmed that the changes made to the structure of the financial statements and to the notes compared to that used in prior year do not have either a substantive effect or any impact on a comparison with the amounts reported in prior year.

During the year ended 31/12/2020, the Board of Statutory Auditors performed its work in accordance with the Code of Conduct for Statutory Auditors as recommended by the Italian Accounting Profession ("*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*"), in compliance with statutory requirements.

The Board of Statutory Auditors can confirm the following with regard to the activities carried out by the Company and its organisational and accounting structure:

- the Company's ordinary operating activities did not change during 2020 and are consistent with its corporate objectives;
- the organisational structure and IT procedures as a whole underwent systematic improvement processes in order to achieve more efficient and effective results;
- at present, there is no uncertainty over the Company's ability to continue to operate as a going concern.

This report summarises the activities regarding information required by Article 2429(2) of the Italian Civil Code with regard to:

- the results for the year;
- activities performed in compliance with regulatory duties;
- observations and proposals regarding the financial statements, with particular reference to Article 2423 of the Italian Civil Code;
- reports made in terms of Article 2408 and 2409 of the Italian Civil Codes.

In more detail:

The Board of Statutory Auditors has checked observance of the law and the articles of association and compliance with principles of proper business management.

We attended one Shareholders' General Meeting, seven Meetings of the Board of Directors and Executive Committee Meetings (one or more statutory auditors were present) which were held in accordance with the articles of association and legal rules governing their functioning and can provide reasonable assurance that the resolutions approved were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a conflict of interests and were not such as to threaten the integrity of the Company's assets.

During the meetings held in accordance with Article 2404 of the Italian Civil Code, we obtained from the Directors information on the general operating performance and on the business outlook as well as details of the most significant transactions – in terms of size or characteristics – carried out by the Company and its subsidiaries. We can be reasonably certain that the operations and transactions carried out were in accordance with the law and the articles of association, were not clearly imprudent or risky, did not involve a potential conflict of interests or

violation of a General Meeting resolution and were not such as to threaten the integrity of the Company's assets; we did not identify any unusual transactions with Group companies, third parties or related parties.

During its supervision of related party transactions, the Board of Statutory Auditors checked the consistency, appropriateness and observance of the procedures adopted by the Board of Directors.

We had two meetings with the external auditors and no significant data and no information requiring disclosure in this Report came to our attention. We also had a meeting with the Supervisory Board and acquired information on organisational activities for the purposes of compliance with Legislative Decree no 231/2001, as subsequently supplemented and amended.

We gathered information on and checked the adequacy of the organisational structure, also by gathering information from persons in charge of the various functions. We have no comments to make in this regard.

We verified the adequacy of the administrative and accounting system with regard to its reliability in reporting accurately on operating activities. Based on the work done, by obtaining information from the divisional heads and the external auditors and reviewing Company documents, we have no comments to make in this regard.

No reports in terms of Article 2408 of the Italian Civil Code were received.

No reports in terms of Article 2409 of the Italian Civil Code were made.

During the year, the Board of Statutory Auditors did not issue any opinions provided for by law.

During our supervisory work, as described above, we did not identify any other significant events requiring to be mentioned in this Report.

We have reviewed the financial statements for the year ended 31/12/20 which report a net loss of Euro 24,526,603 and note the following.

We have the general approach to financial reporting and to procedural requirements, have confirmed the financial statements' conformity with legal requirements in terms of their general form and structure and have no comments to make in this regard.

We note that the accounting policies applied to the assets and liabilities were checked and were not significantly different from those adopted in prior years, in compliance with Article 2426 of the Italian Civil Code, except for the revaluation of land. The Board of Statutory Auditors has reviewed the revaluation of certain Company assets, including land, in terms of Decree Law no 104/2020, by revising historical cost with reference to its appraised value.

The effect of this revaluation was to increase the value of land by a total of Euro 28,896 thousand and to create, under equity, a Revaluation reserve of Euro 22,355 thousand, subject to taxation upon distribution.

The revaluation was performed in part for both statutory reporting and tax purposes and, in part, for statutory reporting purposes only, as detailed in the Notes to the Financial Statements under "Tangible assets".

Based on the above, the Board of Statutory Auditors confirms that the net carrying amount of the assets in question, following the revaluation performed by revising historical cost, does not exceed the fair value of each asset revalued in this manner.

We also checked that the Directors' Report complied with applicable requirements.

When preparing the financial statements, the Directors did not deviate from statutory reporting requirements in terms of Article 2423(4) of the Italian Civil Code.

We have checked that the financial statements reflect the facts and information that have come to our attention in the course of our work and have no matters to report in this regard..

The Board of Statutory Auditors has also supervised compliance with procedural requirements for the preparation and publication of the consolidated financial statements at 31 December 2020.

In consideration of the above and based on work done by external auditors Deloitte & Touche S.p.A., who have issued an unqualified report, we unanimously recommend approval of the financial statements of Rosetti Marino SpA for the year ended 31 December 2020, as prepared by the Board of Directors; we also recommend taking the allocating the net loss for the year to accumulated losses”.

Ravenna, 13 April 2021

For the Board of Statutory Auditors

The Chairman

Gian Luigi Facchini

4. EXTERNAL AUDITORS' REPORT



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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39

Agli Azionisti della
Rosetti Marino S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Rosetti Marino S.p.A. (la Società) costituito dallo stato patrimoniale al 31 dicembre 2020, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Richiamo d'informativa

Richiamiamo l'attenzione su quanto indicato nella nota integrativa in cui è fornita l'informativa in merito alla rivalutazione dei terreni effettuata dalla Società alla data del 31 dicembre 2020 ai sensi della legge n. 126/2020 e sui relativi effetti sul valore delle immobilizzazioni, sul patrimonio netto, sui debiti tributari per l'imposta sostitutiva e sul fondo imposte differite.
Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.230,00 i.v.

Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

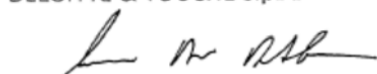
Gli Amministratori della Rosetti Marino S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Rosetti Marino S.p.A. al 31 dicembre 2020, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Rosetti Marino S.p.A. al 31 dicembre 2020 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Rosetti Marino S.p.A. al 31 dicembre 2020 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.



Mauro Di Bartolomeo

Socio

Bologna, 12 aprile 2021

5. MINUTES OF SHAREHOLDERS' MEETING HELD TO APPROVE
THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

The Shareholders' General Meeting of Rosetti Marino S.p.A. – registered office at Via Trieste, 230, Ravenna, Ravenna Register of Companies, Tax Number and VAT Number 00082100397 and wholly paid Share Capital of € 4,000,000 – met at the Company's registered office at 1030 hours on 30 April 2021.

The General Meeting was convened for this day, at the designated time and place, through an announcement published in the Official Gazette of the Italian Republic – Announcements Page no 42 of 08/04/2021 and through announcements published on 09/04/2021 in the AIM Italy – Alternative Capital Market section of the web site of Borsa Italiana www.borsaitaliana.it and in the Investor Relations Section of company web site www.rosetti.it in order to discuss and decide upon the following.

Order of Business

- 1) Review and approval of the Statutory Financial Statements for the year ended 31/12/2020, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report; presentation of the Consolidated Financial Statements at 31/12/2020. Related business and resulting resolutions including:
 - a) approval of the revaluation of Company assets in terms of Decree Law 104/2020;
 - b) creation of a non-distributable reserve in terms of Decree Law 104/2020.
- 2) OMISSIS.
- 3) OMISSIS.
- 4) OMISSIS.

The following were present

- the Board of Directors, as follows
 - Stefano Silvestroni – Chairman;
 - Oscar Guerra – Chief Executive Officer;
 - Luca Barchiesi – Deputy Chairman and Managing Director;
 - Ermanno Bellettini – Deputy Chairman and Managing Director;
 - Gabriele Franco – Managing Director;
 - Maria Alejandra Berardi – Director,while Directors Giorgio Zuffa and Luca Gentili were absent;
- the Board of Statutory Auditors, as follows
 - Gian Luigi Facchini – President, by video link;
 - Renzo Galeotti – Statutory Auditor, by video link;
 - Massimo Luigi Roberto Invernizzi – Statutory Auditor, by video link.

Preliminary matters

In accordance with the Articles of Association, the General Meeting was chaired by the Chairman, Stefano Silvestroni.

Mr Silvestroni confirmed that the General Meeting was properly constituted to decide upon the matters included in the Order of Business as the following four Shareholders, owners of a total of 3,947,600 shares equal to 98.69% of the Share Capital, were present, either in person or by proxy:

- ROSFIN S.p.A., owner of 2,247,600 (two million, two hundred and forty-seven thousand, six hundred) shares, equal to 56.19 % of Share Capital, represented by its Chairman and Legal Representative Gianfranco Magnani, holder of the necessary powers under the Articles of Association;
- SAIPEM S.A., owner of 800,000 (eight hundred thousand) shares, equal to 20% of Share Capital, represented by Francesca Mambelli, on the basis of a proxy filed with the Company and issued by Chief Executive Officer and Legal Representative of said company, Stefano Porcari, on 28 April 2021;
- COSMI HOLDING S.p.A., owner of 700,000 (seven hundred thousand) shares, equal to 17.5% of Share Capital, represented by Francesca Mambelli, on the basis of a proxy filed with the Company and issued on 27 April 2021 by the Sole Director of said company, Sonia Resca;
- ROSETTI MARINO S.p.A., owner of 200,000 (two hundred thousand) shares, equal to 5% of Share Capital, in relation to which, given their status as treasury shares held by the Company, the Chairman duly notes that voting rights are suspended in terms of Article 2357-ter (2) of the Italian Civil Code; the Chairman also notes that, under the same legal provision, any earnings pertaining to these shares shall be allocated on a proportionate basis to the other shares; said company was represented by its Managing Director and Legal Representative Oscar Guerra, holder of the necessary powers thanks to a Board resolution of 22 June 2018.

The Chairman declared the meeting open and recalled that:

- the current Share Capital of Rosetti Marino S.p.A. is wholly paid and amounts to € 4,000,000.00, comprising 4,000,000 shares with a nominal value of € 1.00 each;
- since 06/12/2012, the Company has been listed on the AIM Italy – Alternative Capital Market managed by Borsa Italiana and, therefore, in compliance with the applicable Rules, on 09/04/2021, a notice calling the General Meeting was published on the Borsa Italiana web site in the specific section on the AIM Italy – Alternative Capital Market and on the Company’s own web site;
- checks on compliance with deadlines laid down by law and by the Articles of Association for legitimization of exercise of rights relating to the shares have been performed;
- voting is public and it is proposed that votes should be expressed by a show of hands.

As proposed by the Chairman, the General Meeting nominated Alfonso Levote to act as Secretary and he accepted.

The General Meeting then moved on to deal with the matters on the Order of Business.

- 1) Review and approval of the Statutory Financial Statements for the year ended 31/12/2020, accompanied by the Directors’ Report, the Board of Statutory Auditors’ Report and the External Auditors’ Report; presentation of the Consolidated Financial Statements at 31/12/2020. Related business and resulting resolutions including:

- a) approval of the revaluation of Company assets in terms of Decree Law 104/2020;
- b) creation of a non-distributable reserve in terms of Decree Law 104/2020.

With regard to the first matter on the Order of Business, the Chairman recalled that:

- in accordance with the law, copies of the Financial Statements were made available at the Company’s Registered Office in the 15 days prior to the General Meeting;
- the Shareholders present today have been issued with a file called “ROSETTI MARINO – Statutory Financial Statements as at 31 December 2020” containing:

- Directors' Report on Operations;
 - Board of Statutory Auditors' Report;
 - The Financial Statements;
 - Notes to the Financial Statements;
 - Attachments to the Financial Statements;
 - External Auditors' Report;
- since 9/4/2021, the Financial Statements have also been available online, having been published on the web sites of Borsa Italiana and the Company itself;
- the Consolidated Financial Statements for 2020, approved by the Board of Directors on 31/03/2021 and containing the "Directors' Report on Operations, accompanying the Consolidated Financial Statements as at 31 December 2020", the "Consolidated Financial Statements as at 31 December 2020" and the "External Auditors' Report on the Consolidated Financial Statements, have been made available on the websites of Borsa Italiana and the Company; moreover, a printed copy was issued before the start of today's meeting to all those present.

The Chairman then recalled the following highlights from the financial statements as at 31 December 2020 (in Euro):

BALANCE SHEET

Assets	€ 290,526,939
Liabilities	€ 131,212,031
Share capital and reserves	€ 183,841,511
Loss for the year	€ (24,526,603)

INCOME STATEMENT

Value of Production	€ 149,537,074
Costs and Taxes	€ (174,063,677)
Loss for the year	€ (24,526,603)

At the request of a Shareholder and with the consent of the General Meeting, the remainder of the Notes to the Financial Statements were not read out.

The Chairman then asked Chief Executive Officer Oscar Guerra to comment upon the Directors' Report which highlights the fact that the poor result for 2020 – an unprecedented loss and such a significant one – was primarily because of the enormous increase in costs due to the Covid-19 pandemic. A second factor that contributed towards the Company's unsatisfactory performance was the slump in the price of oil; it fell to below 40 Dollars a barrel throughout 2020, resulting in the de facto suspension of all investment by clients and triggering a reduction in the Company's order backlog. Nonetheless – continued Mr Guerra – the Directors have managed to safeguard the Company's net financial position – still healthily positive – and balance sheet situation which remains very solid. CEO Mr Guerra concluded his intervention by underlining two important, positive factors that enable the Company to look forward with greater confidence. The first factor is that, when results on contracts in progress were estimated for the purposes of preparation of the 2020 Financial Statements, all cost increases due to the Pandemic were considered but, at the same time, no account was taken of the significant additional fees that the Company is negotiating with its clients in order to recover these costs and which could significantly improve the

final results of the contracts in progress. The second factor is that the suspension of investment in the energy sector in recent years is one of the reasons that has recently triggered an oil price increase and reawakened strong interest on the part of the Oil Companies in those projects that were suspended in 2020. Indeed the Company is now involved in major negotiations in both the Oil&Gas and the Offshore Wind segments, the likes of which had not been seen for more than eighteen months. These two factors lead Management to believe that it is reasonable to expect a strong market recovery as early as 2021 and that the Company's profitability will gradually return to pre-crisis levels, also thanks to the business's recently entrance into the renewable energy segment and the commitment of the Rosetti Group to the energy transition and the circular economy.

As the Chief Executive Officer had finished his overview of the Directors' Report on Operations, the Chairman invited Deputy Chairman and Managing Director Luca Barchiesi to illustrate the main highlights of the Financial Statements and any particularly important transactions.

Mr Barchiesi highlighted the following:

- with regard to the results for the year, he noted that the Directors' Report – at pages 3-4 and 7 – sets out the key profit and financial/equity indicators. He underlined the fact that, while hefty losses were reported, the Company still has a strong, positive financial position and a good level of capitalisation;
- he drew the Board's attention to the operation for the revaluation of land in terms of Decree Law no. 104/2020, as described in detail in the Notes to the Financial Statements, under "Tangible assets" (page 16). With regard to said operation, Mr Barchiesi proposed to:
 - approve specifically the revaluation of land in terms of Decree Law no 104/2020, as converted into Law no 126/2020, by a total of € 28,896,006.65, of which € 6,109,365.65 for statutory reporting and tax purposes and € 22,786,610.00 for statutory reporting purposes only;
 - approve the resulting creation of a Reserve subject to taxation upon distribution of € 22,355,260.56 net of substitute taxes and deferred taxes;
- he noted that, for most tangible assets, the Company had made use of the possibility of reducing depreciation by 25% in order to take account of the shutdown of production activities for around three months because of the Covid-19 pandemic. This option, made available by Decree Law 104/2020, involves recording an Equity Reserve of the same amount that will remain non-distributable until the deferred depreciation has been charged in full. Therefore, he recommended that the General Meeting approve the creation of a Non-Distributable Reserve of € 544,864.96 in terms of Decree Law 104/2020 by transferring the related amount from the Extraordinary Reserve;
- he also noted that, as a result of the merger through absorption of Basis Engineering S.r.l. during the reporting period, a comparison with prior year figures could be misleading. In order to make the two reporting periods suitable for comparison, at the foot of the Notes to the Financial Statements, the Company has included a schedule comparing 2020 and 2019 figures per the aggregation of the financial statements of Rosetti Marino SpA and Basis Engineering S.r.l., after the elimination of intercompany items.

Before completing his intervention, Mr Barchiesi read out the Report of External Auditors Deloitte & Touche on the Company's financial statements. They issued an unqualified opinion and raised no exceptions with regard to either the financial statements or the revaluation of the land.

The Chairman then read the resolution proposed by the Board of Directors to take the net loss for the year of € 24,526,602.69 to accumulated losses.

At the invitation of the Chairman of the Board of Directors, the President of the Board of Statutory Auditors addressed the meeting and read out the Statutory Auditors' Report in terms of Article 2429 of the Italian Civil Code.

The Chairman declared open the discussion of the first item on the Order of Business.

Gianfranco Magnani addressed the Meeting on behalf of Parent Company Rosfin SpA and proposed the following with regard to point 1 on the General Meeting Order of Business:

- to approve the Financial Statements as at 31 December 2020;
- to take the net loss of € 24,526,602.69;
- to approve specifically the revaluation of land in terms of Decree Law no 104/2020, converted into Law no 126/2020, by a total of € 28,896,006.65, of which € 6,109,365.65 for statutory reporting and tax purposes and € 22,786,610.00 for statutory reporting purposes only;
- to approve the resulting creation of a Reserve subject to taxation upon distribution of € 22,355,260.56 net of substitute taxes and deferred taxes;
- approve the creation of a Non-Distributable Reserve of € 544,864.96 in terms of Decree Law 104/2020 by transferring the related amount from the Extraordinary Reserve.

No other Shareholder asked to address the Meeting.

At the end of the discussion, the Chairman thanked those present and proceeded with a vote on the Financial Statements of Rosetti Marino S.p.A. as at 31 December 2020 (Financial Statements, Notes and Attachments), as accompanied by the Directors' Report on Operations, the Board of Statutory Auditors' Report and the External Auditors' Report, together with the proposed allocation of the net loss for the year of € 24,526,602.69 to accumulated losses and the proposals to:

- approve the revaluation of land in terms of Decree Law no 104/2020, converted into Law no 126/2020, by a total of € 28,896,006.65, of which € 6,109,365.65 for statutory reporting and tax purposes and € 22,786,610.00 for statutory reporting purposes only;
- approve the resulting creation of a Reserve subject to taxation upon distribution of € 22,355,260.56 net of substitute taxes and deferred taxes;
- approve the creation of a Non-Distributable Reserve of € 544,864.96 in terms of Decree Law 104/2020 by transferring the related amount from the Extraordinary Reserve.

The Chairman invited the General Meeting to vote by a show of hands. Three shareholders with voting rights—owners of a total of 3,747,600 shares, equal to 93.69% of Share Capital – were present either in person or by proxy.

Having completed the voting process, the Chairman declared that the General Meeting of the Company, with the unanimous support of all Shareholders present and entitled to vote

HAD RESOLVED

- 1.a) to approve the Financial Statements as at 31 December 2020;
- 1.b) to take the net loss for the year of € 24,526,602.69 to accumulated losses;

- 1.c) to approve the revaluation of land in terms of Decree Law no 104/2020, converted into Law no 126/2020, by a total of € 28,896,006.65, of which € 6,109,365.65 for statutory reporting and tax purposes and € 22,786,610.00 for statutory reporting purposes only;
- 1.d) to approve the resulting creation of a Reserve subject to taxation upon distribution of € 22,355,260.56 net of substitute taxes and deferred taxes;
- 1.e) approve the creation of a Non-Distributable Reserve of € 544,864.96 in terms of Decree Law 104/2020 by transferring the related amount from the Extraordinary Reserve, as a result of the lower amount of depreciation charged.

Before moving on to the next point on the Order of Business, the Chairman Mr Silvestroni informed the Shareholders that, on 31 March 2021, the Company Board of Directors had approved the Consolidated Financial Statements at 31/12/2020. He also stated that the document had been made available through publication on the websites of Borsa Italian and the Company with effect from 09/04/2021, as well as being issued to all of those present at today's General Meeting.

The Chairman invited the General Meeting to acknowledge the approval of the 2020 Consolidated Financial Statements by the Board of Directors on 31 March 2021 and the presentation of those Financial Statements at today's General Meeting which was attended, in person or by proxy, by three Shareholders representing a total of 3,747,600 Shares, or 93.69% of Share Capital.

Mr Silvestroni then put his proposal to a vote and, once voting had been completed, the Chairman declared that the General Meeting unanimously

ACKNOWLEDGED

that the Consolidated Financial Statements at 31/12/2020 had been approved by the Board of Directors' meeting on 31/03/2021, that the Consolidated Financial Statements at 31/12/2020 had been published on the websites of the Company and Borsa Italiana and, finally, that the Consolidated Financial Statements at 31/12/2020 had been presented to today's General Meeting.

The General Meeting then proceeded to deal with the next item on the Order of Business.

- 2) OMISSIS.
- 3) OMISSIS.
- 4) OMISSIS.

As there was no other business, the Chairman declared the General Meeting over at 1130 hours.

THE SECRETARY
Alfonso Levote

THE CHAIRMAN
Stefano Silvestroni