ROSETTI MARINO

Consolidated Financial Statements

31 December 2021

Approved by the BoD on 31/03/2022

I N D E X

DIRECTORS’ REPORT ON OPERATIONS,

ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

Dear Shareholders,

The consolidated financial statements of the Group for 2021 report a net loss of Euro 54,727 thousand after depreciation and amortisation of Euro 6,999 thousand, writedowns of current assets of Euro 355 thousand and allocations to provisions for risks of Euro 819 thousand.

We present below an overview of the operating performance in 2021 and analysis of how the business can be expected to develop going forward.

OPERATING PERFORMANCE

The reporting period was again adversely affected by the spread of the Covid-19 pandemic and it greatly suffered from the failure to acquire orders in 2020 as a result of the slump in the price of oil. Both of these events led to a further, significant reduction in volume of production (it was down by around 21% from Euro 205 million in 2020 to Euro 161 million in 2020) and a knock-on effect on results for the year.

Covid-19 related consequences further increased the time taken to complete contracts acquired before the outbreak of the pandemic and few were completed during the year. The impact was felt, especially, in the construction and commissioning phases where the fourth wave of the virus caused major delays – primarily affecting the Parent Company – because of employees absent in quarantine and the fact that many Italian and foreign Vendors were unable to travel to construction sites.

Cost increases due to the need to find replacement personnel and operate with several shifts also worsened the situation for a number of key sub-contractors who had already been severely tested by the difficult market conditions; this had caused serious problems for the Ravenna area, in particular, where the “ban on drilling” had put work in the Natural Gas District on hold for more than two years. In order to avoid suspending works and prevent even worse consequences for clients, the Parent Company had to cover part of the losses of these sub-contractors, thus further increasing its own costs. These additional expenses were on top of the extra cost of the extended presence of the Parent Company’s own “Project Teams” on contracts and of the utilisation of production areas for at least six months more than expected.

Alongside this difficult situation, the Group has had to deal with a lack of willing on the part of clients to accept and recognise possible extra

contractual revenues both because works were not completed during the year and because Energy Companies also found themselves in financial difficulty because of low oil prices, a situation that has changed greatly only recently.
The drastically negative operating performance caused by the severe effects of the pandemic did not leave the Shipbuilding Business Unit untouched either. It also saw major, unforeseen operating cost increases and an increase in the time needed to complete contracts. Only the Repair & Refit segment managed to achieve fairly satisfactory results, confirming the strong appeal of the new dry dock at the San Vitale Yard in the eyes of third parties. The year 2021 was also characterised by the delivery by subsidiary Rosetti Superyachts S.p.A. (RSY) of its first superyacht; this event created significant interest and success on the market and could lead to important future effects for the Parent Company, too.
We highlight the recovery in sales activities for the Group companies and their overseas branches. This follows the abrupt stop seen in previous periods, especially in Qatar and Russia.
Kazakhstan and Nigeria have also seen new order acquisitions take off again, albeit with lower volumes than in the past, for now. Nonetheless, the Group believes these are the first signs of a quicker recovery, driven by higher natural gas and oil prices.
Although an unprecedented loss has been reported for 2021, the year also recorded two extremely important positive factors. The first of these was the strong recovery on the part of the Energy market, as a consequence of the general economic recovery as the pandemic eased. This trend then accelerated strongly in the first quarter of 2022 when, following the outbreak of the conflict in Ukraine, European Energy Companies began frantically to seek Natural Gas procurement sources that can reduce their reliance on Russia, in the short-medium term. The second positive factor recorded in 2021 is the confirmation of the great confidence that Energy Companies place in the Group. During this period of extreme difficulty, the Group has demonstrated exceptional operational reliability and flexibility. The positive opinion of the Energy Companies is confirmed by the strong increase in the order backlog which has already grown by 339% compared to prior year (Euro 544 million against Euro 124 million).
Moreover, major new tenders will soon be awarded and the Group is reasonably hopeful that it will secure more important contracts.

The improved commercial environment is not limited to demand for new Oil & Gas Platforms. Rather, it also regards the Group's product range in the Renewable Energy (Offshore Wind and Biomethane, in particular) and superyachts markets.

A selection of the key performance indicators is provided below:

	31.12.21	31.12.20
G.I.P. (in thousands of Euro)	161,223	205,025
(A1+A2+A3 of the income statement)		
EBITDA (in thousands of Euro)	(56,636)	(32,671)
(A+B-10-12-13 of the income statement)		
EBITDA / GIP	(35.13)%	(15.94)%
EBIT (in thousands of Euro)	(64,809)	(40,423)
(A+B of the income statement)		
EBIT / GIP	(40.20)%	(19.72)%
Profit before tax (in thousands of Euro)	(65,697)	(40,866)
(item 22 of the income statement)		
Profit before tax / GIP	(40.75)%	(19.93)%
Net profit (in thousands of Euro)	(54,727)	(32,604)
(item 23 of the income statement)		
Net profit / GIP	(33.94)%	(15.90)%
R.O.E	(32.37)%	(17.90)%
(Net profit / Opening Group equity)		

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 Group 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 Group operates is provided below. Please refer to the Notes to the Financial Statements for more detailed analysis of the numbers themselves:

Energy Business Unit

With value of production of around Euro 124 million in 2021 (Euro 165 million in 2020), the energy segment was confirmed as the Group's main operating segment.

Production activities were carried out in the Oil & Gas Platform sector

(Euro 99 million), in the Wind sector (Euro 15 million) in the Biomethane Upgrading sector (Euro 6 million), in the Brownfield sector (Euro 3 million) and in the Onshore sector (Euro 1 million).
New order acquisitions in the Energy Business Unit totalled around Euro 373 million in 2021 and improved by a further Euro 75 million in the first quarter of 2022. However, this strong sales performance had a minimal impact on the 2021 reporting period. The only related activities that year involved engineering work and a few purchases that resulted in only a small percentage of completion of works.
During the period, the Parent Company's operating activities were primarily focused on completing contracts acquired before the pandemic. This largely involved working to make up for delays accumulated during the restrictions that severely affected these contracts for around two years. Only in the first quarter of 2022 has it been possible to complete, finally, projects for Qatar, the United Kingdom and Denmark. Negotiations with clients are currently underway with a view to obtaining the recognition of some of the additional costs incurred because of Covid. The Group's Senior Management believes these negotiations could bear fruit with a positive P&L impact in 2022.
In Kazakhstan, the yard owned by subsidiary Kazakhstan Caspian Offshore Industries Llp only operated to a limited extent throughout the year and was severely affected by the block on investments by local oil companies. However, the trend reversed between the end of 2021 and the beginning of 2022 and business has taken off again somewhat with the acquisition of two, important new orders. The situation in Nigeria has been similar. The activities of associated company Rosetti Pivot Ltd have shown timid signs of picking up for some weeks now and the workload is expected to grow over the coming months.
As already stated, Qatar has confirmed itself as a country with an excellent outlook. Thanks to the acquisition of a new order during the reporting period, the branch in that country enjoyed a constant workload.
With regard to new order acquisitions in 2021, it is work highlighting the fact that the Group has managed to negotiate highly advantageous terms of payment with its clients and these will guarantee positive cash flows from contracts.
Finally, we note that, at a time when Energy prices are particularly high, the Group has found clients open and willing to accept price

adjustment mechanisms to reflect the increases in the cost of materials seen in the last few months of 2021. Furthermore, the Group intends to incorporate automatic price adjustment mechanisms into all new contracts under negotiation.
It is also worth highlighting the fact that the activities carried out during the year in the Renewable Energy field were met with full satisfaction on the part of a client base that was wholly new to the Group. This leaves room for optimism over the positive development of the Offshore Wind business where there has been a growing number of calls for tenders. The same applies to the Biomethane business where the Group is present through subsidiary GM Green Methane S.r.l. – control of which was acquired during the first half of 2021 – which, since the start of 2022, has recorded a strong increase in orders; they now total Euro 23 million, including Euro 18 million signed between the end of 2021 and the beginning of 2022.

Shipbuilding Business Unit

Shipbuilding activities were also greatly affected by the pandemic but the Business Unit has increased its volume of work with value of production totalling Euro 23 million in 2021 (against Euro 6 million in 2020).
Despite the significant increase in the volume of work and the satisfactory level of new order acquisitions – Euro 31 million – operating activities during the period were characterised (as for the Energy Business Unit) by the difficult progress with work on contracts acquired before the pandemic and by efforts to make up delays that led to an explosion in direct costs and to hefty losses on contracts. Nonetheless, the year was charactered by the final delivery and notable commercial success of the first superyacht ever built by the Group, the RSY 38m EXPLORER. The vessel won the "Revelation of the Year" award at Cannes Boat Show and is currently on display at Palm Beach Boat Show. Work is currently in progress on two new orders for the same model of superyacht and negotiations for more sales contracts are in progress. The year was also characterised by a more than acceptable performance in the Repair & Refit sector where volumes are expected to grow further, also thanks to the first orders taken for repair work on superyachts. Finally, it should be recalled that, in 2021, the Group purchased the AMT Carrier barge. The specifications of this barge are far superior to those of the AMT Mariner (which was scrapped during

the year) because it is capable not only of transporting and launching vessels activities but can also two them, thus opening up important new opportunities to the Group, still in the Repair & Refit field.

Process Plants Business Unit

This business segment is entirely handled by subsidiary Fores Engineering and its associated companies. In 2021, it generated value of production of around Euro 16 million against around Euro 34 million in 2020.

In 2021, the substantial lack of work meant that value of production was down by half on prior years. The year was also characterised by negative events regarding a number of major projects; these mainly affected subsidiary Fores Engineering S.r.l. and led to significant extra costs and to delays.

Commercial activities were also severely affected by the restrictions introduced in response to the pandemic and by the resulting global slowdown in investment also triggered by oil price volatility and by a change of strategic direction for the energy industry as a whole. Indeed, uncertainty created by the pandemic, tension caused by oil price fluctuation and the major changes underway with the energy transition have greatly altered the macroeconomic environment and the impact on the Group's future plans has been all too clear and significant.

The workload could soon recover strongly as the Parent Company picks up important new orders in future.

CAPITAL EXPENDITURE

In 2021, the Group incurred capital expenditure totalling Euro 6,938 thousand with Euro 2,556 thousand invested in intangible assets and Euro 4,382 thousand in tangible assets. Note that some Euro 2,142 thousand of the increase in intangible assets is due to the inclusion in the scope of consolidation of newly acquired company GM Green Methane S.r.l..

The main investment on intangible assets has regarded the purchase and implementation of software designed to improve certain business processes.

Investment on tangible assets has mainly regarded the Parent Company and relates to the purchase of a new barge (AMT Carrier).

The level of investment confirms the Group's commitment to ensuring it continues to improve its competitiveness, safety record and respect for the environment.

FINANCIAL SITUATION

For a more detailed analysis of cash flows during the year, please see the statement of cash flows.
At this point, we would highlight the fixed asset coverage ratio (amply financed through equity) and the net financial position which remains comfortably positive despite a slight decrease compared to prior year.
Financial fixed assets mainly include receivables from associated companies Rosetti Pivot Ltd (Euro 397 thousand) and Rigros S.r.l. (Euro 775 thousand) in relation to two loans made at the launch of their respective businesses in order to provide them with the financial resources needed during the start-up phase.

Some of the most important financial and equity ratios are shown below:

	31.12.21	31.12.20
Short-term NFP (in thousands of Euro)	83,234	65,098
(CIII + CIV of Assets – D4 current of Liabilities)		
Fixed asset coverage margin (in thousands of Euro)	103,462	123,804
(M/L term liabilities + total equity – fixed assets)		
Fixed asset coverage ratio	1.83	1.99
(M/L term liabilities + total equity / fixed assets)		
Financial independence index	33.96%	50.64%
(Total equity / Total assets)		
Ratio of financial income(expenses) to GIP	(0.41)%	0.36%
(Financial income and expenses / GIP)		

It should be noted that "Net financial position" is not specifically defined under Italian GAAP. Therefore, the methods applied by the Group 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.

With regard to the financial risks relating to trade receivables, we note that the Group 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. However, we note that, as the Group tends to operate on a few, large contracts, its receivables are highly concentrated on a small number of clients. Given this fact, it is standard 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 and to continue to monitor outstanding receivables thoroughly during performance of the work.

The Group's short-term net financial position is comfortably positive so there are no difficulties in raising financial resources or risks associated with interest rate fluctuation.

Some of the loans arranged by the Group are also subject to covenants which were respected as at 31 December 2021.

We also note that, thanks to large advance payments received, the contract on progress for project D33 – destination Russia – as analysed in more detail in the "Business outlook" paragraph below, currently has a highly positive treasury balance (around Euro 33 million); this means there will be no financial risk in the event that works are suspended as a result of any future legislative measures (at present, there are no sanctions that prevent work from continuing as normal but future developments cannot be predicted).

The Group 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, the Group 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. In relation to project D33 for a client in Russia, the Group is safeguarded against the exchange rate risk resulting from the weakening of the Rouble thanks to the particular terms of the contract with the end client.

It should be noted that when business is conducted in countries whose local currencies are not easily traded and are subject to significant fluctuation (e.g. Kazakhstan), it is not possible to perform effective exchange risk hedging.

PERSONNEL

For all of the Group companies – including the Parent Company – the skill and professionalism of personnel are viewed as extremely important intangible assets.
As at 31 December 2021, the headcount came to 907 employees, a net decrease of 171 compared to 31 December 2020.
In more detail, we note that the number of senior managers has decreased by four while white collar and blue collar employee numbers have decreased by 63 and 104, respectively. The headcount changes for each of the Group companies are as follows: decreases have been recorded by Kazakhstan Caspian Offshore Industries Llp (-131), the Parent Company (-19), Fores Engineering S.r.l. (-12), Rosetti Kazakhstan Llp (-9) and Tecon S.r.l. (-5); meanwhile, there have been increases for Rosetti Superyachts S.p.A. (+2 à) and Fores Engineering Algerie EURL (+1).
We also highlight the headcount decreases for Basis Congo Sarl (-6 employees) and Rosetti General Contracting Construcoes Serviços Lda (-2) following liquidation); and the increases due to the inclusion in the scope of consolidation of GM Green Methane S.r.l. (+7 employees) and Rosetti Marino Project OOO (+3).
The type of business conducted means that the risk of accidents, including potentially fatal accidents, is high. For this reason, the Group has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events.
All of the production facilities owned by the Group have been certified compliant with the BS-OHSAS18001 standard.
Furthermore, 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 business activities of the Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.

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. The “Business outlook” paragraph and the ”Significant events after the reporting date” section of the Notes also contain comments on the Company’s exposure to direct and indirect risks potentially deriving from the conflict that has recently broken out between Russia and Ukraine.

Activities relating to Legislative Decree 231/01 on administrative responsibility

In 2020, the Supervisory Board appointed by the Parent Company duly sent us Six Monthly Reports on its activities. The Board of Directors has acknowledged these reports which do not contain any facts or issues worthy of note.

Information on the environment

The Group 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.

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

The Group has made a major effort to develop and spread a Culture of Sustainability with particular attention 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 by the Parent Company in October 2018. This was followed by a series of initiatives designed to encourage the spread of a culture of sustainability among all personnel.

Research and development

Research and development is mainly carried out by the Parent Company's Business Development unit and by subsidiary Fores Engineering S.r.l..

These activities have regarded the following projects, in particular:

- 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 capabilities by conducting feasibility studies on conceptual definition, design and scale-up and/or constructive methodologies in relation to innovative new concept floating marine wind turbines also able to operate in adverse wind and sea conditions, as well as related energy conversion sub-stations;
- acquisition of new knowledge and technical capabilities through preliminary analysis and feasibility studies with a view to the development of innovative wave power generation solutions;
- acquiring new knowledge and technical skills through conceptual studies, theoretical feasibility reviews and pre-design work on innovative solutions for the reduction of CO2 emissions or for the capture, reutilisation and transformation of CO2 into synthetic fuel, as follows:
  - study of valid, scalable, replicable solutions for the conversion of existing offshore infrastructures and renewable energy technologies to reduce CO2 emissions;
  - development of solutions for the reutilisation and/or

transformation of CO_2 into synthetic fuel (electrified green methanol, subject to patent application);
  - acquisition of new knowledge and technical skills for the development of innovative methods of CO_2 absorption, using ionic liquids, for possible transformation into synthetic fuel;
  - development of methods of capturing and utilising CO_2 in olivine ore, a magnesium and calcium silicate, for use in the ceramics or construction sector;
  - development of innovative solutions for the disposal of mud and sand build ups for the constant maintenance of the seabed near keys with zero emissions (CO_2, NO_x, SO_x).
- acquisition of new knowledge and technical skills through feasibility studies, technical investigations and preliminary design for the experimental and pre-competitive development of innovative vessels powered by lithium batteries and hydrogen fuel cells i.e. zero emissions;
- establishment of an integrated laboratory inside the production complex of subsidiary Fores Engineering S.r.l. with the aim of developing new technologies in the context of the circular economy while studying relevant phenomena and issues:
  - identification of a process to produce hydrogen via electrolysis, utilising the electrical surplus produced by photovoltaic systems or other renewable sources;
  - the production of synthetic methane by combining the hydrogen described above with the CO_2 captured by biogas upgrading plants or of other origin, always with decarbonisation in mind;
  - the development and optimisation of a production system using photovoltaic panels, with storage based on flow batteries – "Renewable energy and storage";
- digitalisation of internal business processes as launched in the fourth quarter of 2020, involving the entire business structure, but then suspended in 2021; hopefully, it will recommence in the second half of 2022;
- digital ready products, a project that has been suspended for now as it is economically unfeasible in current market conditions.

We are confident that the successful outcome of these innovations will produce have a positive impact on the Group's future performance.

Treasury share transactions

There were no transactions in treasury shares during the year. Therefore, the number of treasury shares held by the Parent Company remained unchanged at 200,000 (par value of Euro 1.00 each) or 5.0% of share capital.

BUSINESS OUTLOOK

At 31.12.2021, the order backlog for contracts acquired but not yet completed amounted to around Euro 469 million (Euro 124 million at 31.12.2020). The order backlog has now increased by a further Euro 75 million thanks to a major order acquired in the last few days. Therefore, the order backlog now amounts to Euro 544 thousand.

We note the following with regard to the main commercial and operational developments on the market in the various segments where the Group operates:

Energy Business Unit

The order backlog stands at around Euro 466 million (Euro 77 million at 31 December 2020) and has significantly increased thanks to recent order acquisitions.

The order backlog may be broken down by sector as follows: Oil & Gas Platforms – Euro 396 million; Brown Fields - Euro 40 million; Biomethane Upgrading – Euro 20 million; and Wind – Euro 10 million.

We must highlight the fact that the most significant project in progress in the platforms business is destined for the Baltic Sea in Russia (Kaliningrad Offshore). Despite the many, severe sanctions that have been imposed on Russia as a result of the conflict in Ukraine, Senior Management highlights a number of strong reasons for calm. Above all, cash flow from the contract is highly positive in the Group's favour. Second, the client – the most important private sector Oil Company in the Russian Federation – has shown a strong desire to complete the project not only by continuing to fulfil its contractual obligations but, also, by advancing several important payments (at present, all receivables from the Russian client have been collected and there were no problems with the transfer of the amounts in question to Italy). Third, it should be recalled that in relation to project D33 for Russia,

the Group is protected against the exchange rate risk should the Rouble weaken thanks to the particular terms of the contract with the end client. Moreover, the platform jacket – the first item to be delivered as part of the project – is currently under construction in Kaliningrad, all of the materials are already on site and construction work is proceeding to plan. Finally, we note that the Group is monitoring the potential impact of sanctions on work on the contract on the Russian market. This is being performed with the support of analysis by law firms and professional associations and no serious issues have been identified to date.
Given the above, it is clear that the Group will do everything possible to complete the project and meet client expectations, for as long as the contract cash situation remains positive and unless there are any legislative impediments that bring work on the project to a hold. We sincerely hope that this tragic conflict will end as soon as possible and with it the dramatic humanitarian, social and economic consequences that it has caused.
That said, it is equally important to state that the conflict in Ukraine has triggered a search – probably irreversible – for other sources of hydrocarbons procurement, instead of Russia, especially on the part of European countries. Since February 2022, this process has led to a rapid acceleration in the launch of projects that had been on hold for years and which now have ideal economic and geopolitical conditions. In more detail, in addition to the new contract recently acquired for Argentina, the Group is optimistic about winning at least once contract destined for Libya and one destined for Qatar. For this very reason, it has been decided that the platform destined for Argentina will be built at the yard of associated company Rosetti Ali & Sons Llc in Abu Dhabi rather than in Ravenna where the yard will be kept available for the Libyan platforms.
Another consequence of the strong, recent market recovery has been the high level of demand for Technical Services from Oil Companies to the Parent Company in order to accelerate the start of projects. It is worth recalling that projects of this type involve low economic volumes. They are risk-free, generate high margins and do not require requests for any bank guarantees. This makes them of great interest to the Parent Company. A sharp increase in volumes for this type of activity is expected in the second half of 2022.
Finally, it should be noted that, from 2022 onwards, the Group is

expected to show a major increase in the volume of work in the Offshore Wind sector and in the production of Biomethane plants thanks to orders acquired through subsidiary GM Green Methane S.r.l..
Meanwhile, as already stated, from a commercial perspective, the Group finds itself faced with vastly improved market conditions, also in Qatar and Nigeria, where important new order acquisitions can be expected in 2022. Finally, we note that the Group companies – and the Parent Company in particular – will be heavily involved in an organisational effort to strengthen existing operational and production capacity and ensure they are structurally well placed to deal with the major workload that can be expected in the years ahead, also operating at several different sites.
Finally, we note that, at the beginning of January 2022, mass protests in Kazakhstan led to public disorder and the introduction of a state of emergency in the whole country until 19 January 2022. During the protests, restrictions were imposed on Internet access, bank transactions and air travel. This made it impossible for businesses to operate normally in Kazakhstan at that time.
The situation in Kazakhstan stabilised and the authorities regained control on 15 January 2022.
We note that the Group took proactive measures, limiting access to its construction yard and introducing remote working so as to reduce the risk for its employees. The Group is monitoring the economic and political situation in Kazakhstan while adopting measures deemed necessary in order to foster the Company's sustainability and business development in the near future- Although the public disorder has not had any significant, direct effects on Group operations, it has not been possible to determine any contingent effects on the financial statements and the Group will continue to monitor the situation throughout the rest of the year.

Shipbuilding Business Unit
The order backlog of the Shipbuilding Business Unit amounts to around Euro 38 million (around Euro 26 million at 31 December 2020), including Euro 27 million in the Superyachts sector, Euro 10 million in the Tugboats sector and Euro 1 million in the Repair & Refit sector.
In terms of shipbuilding, the Group has decided to concentrate on superyachts – as a result of orders taken by subsidiary RSY and on Refit & Repair.

The orders recently taken by RSY and ongoing negotiations for new contracts make it reasonable to expect a healthy volume of work and increasing profitability going forward. This represents a return on the investment made in recent years in order to break into this business. For now, the Group is concentrating on replicas and variants of the RSY 38m EXPLORER but, from 2023 onwards, it will look at new, larger yachts.
The characteristics of the Repair & Refit sector are similar to those described for Energy BU Technical Service projects. Volumes are expected to increase thanks to the Group's entry into the superyacht business and to new opportunities for the towing of vessels with the new Carrier barge.

Process Plants Business Unit

The Process Plants Business Unit has an order backlog of around Euro 40 million (around Euro 21 million at 31 December 2020). However, some Euro 5 million of this total has been suspended by the client in relation to a contract destined for Mozambique; it is expected that work on said contract will get underway again in 2023.
Forecasts for 2022 show that subsidiary Fores Engineering S.r.l. has overcome the critical situation recorded in 2021. Value of production of Euro 43 million is forecast for 2022, enabling the subsidiary to return to profit.
Meanwhile, commercial efforts will focus on taking advantage of new market opportunities and of the contracts acquired by the Parent Company.

Dear Shareholders,
The activities carried out by the Group in 2021 have generated a net loss of Euro 54,727 thousand.
We invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna 31/03/2022

For the Board of Directors
The Chief Executive Officer
Oscar Guerra

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021:

- ***Balance Sheet***
- ***Income Statement***
- ***Statement of Cash Flows***
- ***Notes***

BALANCE SHEET (Amounts in thousands of Euro

ASSETS	*2021*	*2020*
A) DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**0**	**0**
B) NON-CURRENT ASSETS:		
I Intangible assets		
1) start-up and expansion costs	3	7
2) development costs	1,647	0
3) industrial patent rights	74	100
4) concessions, licences, trademarks and similar rights	359	366
5) goodwill	3,406	4,387
7) other intangible assets	1,106	1,442
TOTAL INTANGIBLE ASSETS	6,595	6,302
II Tangible assets:		
1) land and buildings	103,859	104,842
2) plant and machinery	2,599	2,592
3) industrial and commercial equipment	4,081	3,913
4) other tangible assets	3,989	3,265
5) assets under construction and payments on account	521	1,175
TOTAL TANGIBLE ASSETS	115,049	115,787
III Financial assets:		
1) investments:		
a) in subsidiaries		0
b) in associated companies	21	21
d-bis) in other entities	160	158
2) receivables:		
a) from subsidiaries		
due after more than a year	0	80
b) from associated companies		
due after more than a year	1,172	1,141
d-bis) from others	1,213	1,252
TOTAL NON-CURRENT FINANCIAL ASSETS	2,566	2,652
TOTAL NON-CURRENT ASSETS	**124,210**	**124,741**
C) CURRENT ASSETS:		
I Inventory:		
1) raw, ancillary and consumable materials	1,441	1,921
2) work in progress and semi-finished goods	16	23
3) contract work in progress	46,192	52,255
5) payments on account	4,760	7,821
TOTAL INVENTORY	52,409	62,020
II Receivables:		
1) due from clients (trade)	46,697	42,890
2) due from subsidiaries	0	3
3) due from associated companies	2,864	2,827
4) due from parent company	12	12
5bis) tax receivables	8,520	11,274
5ter) deferred tax assets	28,598	18,410
5quarter) due from others		
- due within a year	1,779	1,503
- due after more than a year	283	160
TOTAL RECEIVABLES	88,753	77,079
III Current financial assets:		
5) derivatives	479	1,825
6) other securities	37,892	67,269
TOTAL FINANCIAL ASSETS	38,371	69,094
IV Cash and cash equivalents:		
1) bank and post office accounts	69,033	25,725
3) cash and cash equivalents on hand	74	81
TOTAL CASH AND CASH EQUIVALENTS		69,107
TOTAL CURRENT ASSETS	**248,640**	**233,999**
D) PREPAID EXPENSES AND ACCRUED INCOME	**1,228**	**957**
TOTAL ASSETS	**374,078**	**359,697**

LIABILITIES AND SHAREHOLDERS' EQUITY			*2021*
A)	**SHAREHOLDERS' EQUITY:**		
I	Share capital	4,000	4,000
III	Revaluation reserve	60,709	60,709
IV	Legal reserve	1,000	1,010
VI	Other reserves	139,515	147,601
VII	Cash flow hedge reserve	(213)	(423)
VIII	Retained earnings (Accumulated losses)	(24,692)	(174)
IX	Net profit (loss) for the year	(54,727)	(32,604)
X	Negative reserve for treasury shares held	(5,100)	(5,100)
XI	Consolidation reserve	23	23
XII	Translation reserve	(5,438)	(5,985)
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP	**115,077**	**169,057**
	Capital and reserves attributable to minorities	11,955	13,083
	TOTAL EQUITY ATTRIBUTABLE TO THE GROUP AND TO MINORITIES	**127,032**	**182,140**
B)	**PROVISIONS FOR RISKS AND CHARGES:**		
1)	Provisions for retirement benefits and similar obligations	360	360
2)	Tax provisions	10,375	10,104
3)	Derivatives	213	440
4)	Other	4,955	6,224
	TOTALE FONDI RISCHI ED ONERI	**15,903**	**17,128**
C)	**T.F.R.**	**4,192**	**4,325**
D)	**PAYABLES:**		
3)	shareholder loans payable	1,419	867
4)	bank borrowing:		
	- due within a year	24,244	29,802
	- due after more than a year	80,532	44,931
5)	payables to other lenders		
	- due within a year	8	8
	- due after more than a year	13	21
6)	payments on account	63,807	20,134
7)	due to suppliers (trade)	43,813	47,624
10)	due to associated companies	82	21
12)	tax payables	5,244	3,113
13)	payables to social security and pensions institutions	2,373	2,266
14)	other payables	5,278	7,133
	TOTAL PAYABLES	**226,813**	**155,920**
E)	**ACCRUED EXPENSES AND DEFERRED INCOME**	**138**	**184**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**374,078**

INCOME STATEMENT (AMOUNTS IN THOUSANDS OF EURO)	*2021*	2020
A) VALUE OF PRODUCTION:		
1) Revenues from sales and services	170,638	192,003
2) Change in inventories of WIP, semi-finished and finished products	(7)	23
3) Change in contract work in progress	(9,408)	12,999
4) Increase in fixed assets due to capitalisation of internal works	8	4
5) Other revenues and income:		
a) operating grant income	751	1,641
b) other	4,497	4,519
TOTAL VALUE OF PRODUCTION	**166,479**	**211,189**
B) COST OF PRODUCTION:		
6) Raw, ancillary and consumable materials and goods	(51,555)	(61,967)
7) Services	(112,391)	(119,483)
8) Leases and rentals	(5,389)	(8,668)
9) Personnel:		
a) wages and salaries	(37,886)	(39,131)
b) social contributions	(10,118)	(10,449)
c) T.F.R. / Employee severance indemnity	(2,296)	(2,253)
d) retirement benefits and similar obligations	(273)	68
e) other personnel costs	(134)	(161)
Total personnel costs	(50,707)	(51,926)
10) Amortisation, depreciation and writedowns:		
a) amortisation of intangible assets	(2,273)	(1,968)
b) depreciation of tangible assets	(4,726)	(4,232)
d) writedown of current receivables and cash and cash equivalents	(355)	(955)
Total amortisation, depreciation and writedowns	(7,354)	(7,155)
11) Change in inventory of raw, ancillary and consumable materials and goods for resale	(631)	(725)
12) Provisions for risks	(819)	(597)
14) Sundry operating expenses	(2,442)	(1,091)
TOTAL COST OF PRODUCTION	**(231,288)**	**(251,612)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(64,809)**	**(40,423)**
C) FINANCIAL INCOME AND EXPENSES:		
15) Income from equity investments:		
d) dividends and other income from other entities	1	1
16) Other financial income:		
c) from current securities other than equity investments	1,084	1,378
d) income other than the above		
- interest and fees from subsidiaries	0	3
- interest and fees from associated companies	67	92
- interest and fees from others and sundry income	68	122
17) Interest and other financial expenses:		
a) towards subsidiaries	(646)	0
d) other	(1,357)	(1,711)
17bis) exchange gains and losses	122	861
TOTAL FINANCIAL INCOME AND EXPENSES	**(661)**	**746**
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS		
18) Revaluations:		
a) of equity investments	2	0
c) of current securities	57	56
d) of derivatives	97	4
19) Writedowns:		
a) of equity investments	(293)	(864)
b) of non-current financial assets	()	0
c) of current securities	(17)	(186)
d) of derivatives	(73)	(199)
TOTAL ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	**(227)**	**(1,189)**
PROFIT (LOSS) BEFORE TAXATION (A+B+C+D)	**(65,697)**	**(40,866)**
20) Taxes on income for the year	8,832	7,116
NET PROFIT (LOSS) FOR THE YEAR INCLUDING AMOUNT PERTAINING TO NON-CONTROLLING INTERESTS	**(56,865)**	**(33,750)**
Profit (loss) for year pertaining to non-controlling interests	(2,138)	(1,146)
NET PROFIT (LOSS) - GROUP	**(54,727)**	**(32,604)**

STATEMENT OF CASH FLOWS (thousands of Euro)	**31/12/2021**	**31/12/2020**
A. CASH FLOWS from operating activities (indirect method)		
Profit (Loss) for the period	(54,727)	(32,604)
Taxes on income	(8,832)	(7,116)
1. Profit (Loss) for the period before taxes on income	(63,559)	(39,720)
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	2,160	4,568
Depreciation/Amortisation of non-current assets	6,999	6,200
Adjustments to value of financial assets and liabilities (derivatives) not involving any cash flows	210	362
Other adjustments for non-cash items	0	(227)
2. Cash flows before changes in NWC	(54,190)	(28,817)
Changes in net working capital		
(increase) decrease in inventory	14,010	(11,994)
(increase) decrease in current receivables	(14,458)	25,057
Increase (decrease) in trade payables and other payables	42,316	(29,140)
(increase) decrease in prepaid expenses and accrued income	(249)	195
Increase (decrease) in accrued expenses and deferred income	(64)	(243)
(increase) decrease in other working capital items	(2,123)	(3,514)
3. Cash flows after changes in NWC	(14.758)	(48.456)
Other adjustments		
(Taxes on income paid)	0	(667)
(Use of provisions)	(3.968)	(8.107)
CASH FLOWS from operating activities (indirect method) (A)	**(18,726)**	**(57,230)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in:		
Intangible assets	(424)	(91)
Tangible assets	(3,134)	2,966
Non-current financial assets	86	261
Current financial assets	30,723	237
Changes in scope of consolidation	3,644	0
CASH FLOWS FROM INVESTING ACTIVITIES (B)	**30,895**	**3,373**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Debt		
Loans arranged	69,654	35,125
Loans repaid	(39,059)	(31,428)
Equity		
Dividends (and advances on dividends) paid	0	(1,900)
Change in scope of consolidation	(10)	(100)
Translation reserve	547	(2,598)
CASH FLOWS FROM FINANCING ACTIVITIES (C)	**31,132**	**(901)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**43,301**	**(54,758)**
OPENING CASH AND CASH EQUIVALENTS	**25,806**	**80,564**
CLOSING CASH AND CASH EQUIVALENTS	**69,107**	**25,806**

Note: *the interest accounted for is substantially equally to that received/paid; disposals are not significant so are not shown; investments had largely been paid for at the date of preparation of the financial statements.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the requirements of the Italian Civil Code and consist of the balance sheet and the income statement (prepared in the formats required, respectively, by Articles 2424 and 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of the Italian Civil Code), the statement of cash flows (prepared using the indirect method, in accordance with Italian Accounting Standard OIC 10) 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.

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), including the amendments issued in December 2017 and those issued in January 2019, and by the standards issued by the International Accounting Board (IASB), insofar as the latter are consistent with Italian law.

The items reported in the financial statements were measured based on the prudence and accruals principles, on a going concern basis and taking account of the principle of materiality.

The financial statements have been prepared on a going concern basis. When reaching their conclusion that this was the correct approach, the Directors took account of uncertainty regarding the current economic environment in light of the conflict between Russia and Ukraine (with particular reference to the possible consequences for the only contract in progress for an end client in Russia, a contract with a highly positive treasury situation), the 2022 Budget approved by the Parent Company

Board of Directors on 28.01.2022, the Group Business Plan 2022-2024 updated by the Board of Directors on 31.03.2022 and the liquid financial assets reported in the Parent Company financial statements at 31 December 2021, as set out below. When reaching their conclusions, the Directors also took account of oil price increases which directly lead to a recovery in investment/capex by the major oil companies. The major orders acquired in 2021 and reflected in the Budget and Business Plan are evidence of this, as are the negotiations currently in progress for the award of major contracts, especially in the Energy sector.
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 rate 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.
The consolidated financial statements as at 31 December 2021 have been prepared using the financial statements of the individual companies included within the scope of consolidation, as obtained from the statutory financial statements and consolidation packages prepared by the respective Boards of Directors. These financial statements have been appropriately adjusted, as necessary, to bring them into line with the accounting policies described below.

CONSOLIDATED REPORTING DATE

All of the entities included in the consolidated financial statements on a line-by-line basis have the same annual reporting date as the consolidated reporting date.

CONSOLIDATION PRINCIPLES

The consolidated financial statements have been prepared based on the financial statements approved by the General Meetings or Boards of Directors of the consolidated companies, as adjusted – as appropriate –

to bring them into line with the Group's accounting principles, or based on financial information submitted by the consolidated companies and prepared in accordance with the Parent Company's instructions.

The accounting principles adopted when preparing the consolidated financial statements are those adopted by the Parent Company to prepare its separate financial statements i.e. those adopted by most of the consolidated companies. This is except for the fact that investments in associated companies are valued using the equity method or the proportionate method rather than the cost method and for the accounting treatment of assets held under finance leases, as illustrated later in these Notes.

A) Consolidation methods

Subsidiaries are consolidated on a line-by-line basis. The primary criteria adopted for that method are as follows:

- the carrying amount of equity investments is eliminated against the related shareholders' equity; the difference between the acquisition cost and shareholders' equity of investees is allocated, where possible, to the asset and liability items of the companies within the scope of consolidation. Any residual amount, where negative, is recognised under a shareholders' equity item entitled "Consolidation reserve"; where positive, it is recognised under an asset item entitled "Goodwill" and amortised over five years where that amount represents future income-generating capacity;
- significant transactions between consolidated companies and payables, receivables and unrealised profits deriving from transactions between Group companies, net of any tax effect, are eliminated;
- non-controlling interests in shareholders' equity and net profit are disclosed under specific items in the consolidated balance sheet and income statement;
- companies acquired during the year are consolidated with effect from the date on which a majority interest was obtained. If acquisition occurs during the final days of the year, the acquired company is consolidated with effect from the following reporting period.

B) Translation into Euro of the financial statements of foreign companies

The separate financial statements of each Group company are prepared in the currency of the main economic environment in which each company operates (the functional currency). For consolidated financial reporting purposes, the financial statements of each foreign entity are prepared in Euro which is the Group's functional currency and the currency used to prepare its consolidated financial statements.

When preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries with functional currencies other than the Euro are translated at the exchange rates in force at the reporting date. Income and expenses are translated at the average exchange rates for the period. Foreign exchange differences deriving from the translation of opening shareholders' equity at year-end exchange rates and the translation of the income statement at the average rates for the year are recognised in the shareholders' equity item "Translation reserve". This reserve is released to the income statement as income or expense in the period when the related subsidiary is sold.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 31 December 2021 include the financial statements of all companies directly and indirectly controlled by Rosetti Marino S.p.A. (the Parent Company) pursuant to Article 2359 of the Italian Civil Code.

Investments in associated companies have been included using the equity method except for Rosetti Congo Sarl and Basis Pivot Ltd which have been excluded because they are non-operational and for RigRos S.r.l. and Rosetti Ali & Sons Llc which have been consolidated on a proportionate basis.

A list of equity investments in subsidiaries and associated companies is provided below (in thousands of Euro):

Company name	Location	Share capital	% interest held
Subsidiaries			
FORES ENGINEERING S.r.l.	Forlì	1,000	100.0%
ROSETTI KAZAKHSTAN Llp (1)	Kazakhstan	198	100.0%
FORES ENG. ALGERIE Eurl (2)	Algeria	1,616	100.0%

ROSETTI MARINO UK Limited	United Kingdom	0	100.0%
ROSETTI MARINO SUPERYACHTS S.p.A.	Ravenna	1,500	100.0%
ROSETTI MARINO PROJECT OOO	Russia	250	100.0%
ROSETTI LYBIA Jsc	Libya	622	65.0%
GM GREEN METHANE S.r.l.	Ravenna	100	60.0%
TECON S.r.l.	Milan	47	60.0%
K.C.O.I. Llp (3)	Kazakhstan	1,160	50.0%
Associated companies			
ROSETTI CONGO Sarl (*)	Congo	152	50.0%
RIGROS S.r.l.	Ravenna	100	50.0%
ROSETTI PIVOT Ltd	Nigeria	2,818	49.0%
ROSETTI ALI E SONS Llc	Abu Dhabi	36	49.0%
BASIS PIVOT Ltd (*)	Nigeria	46	45.0%

(1) Including 10% held indirectly through Fores Engineering S.r.l.
(2) Held indirectly through Fores Engineering S.r.l.
(3) Including 5% held indirectly through Rosetti Kazakhstan Llp
(*) Not included in the scope of consolidation

During 2021, the following changes occurred compared to prior year:
- liquidation of subsidiary Rosetti General Contracting Construcoes Serviços Lda, based in Madeira;
- liquidation of subsidiary Rosetti Marino Singapore Pte Ltd, based in Singapore;
- liquidation of associated company Fores do Brasil Sistemas e Equipamentos Industrias Ltda, based in Brazil;
- acquisition of 60.0% of the quota capital of subsidiary GM Green Methane S.r.l., a company based in Ravenna, for Euro 500 thousand and subsequent injection of capital through waiver of a financial receivable of Euro 540 thousand;
- payment of Euro 500 thousand to subsidiary Rosetti Superyachts S.p.A. to cover losses;
- acquisition of the remaining 10% of share capital of subsidiary Rosetti Marino Project Ooo and subsequent injection of capital of Euro 250 thousand;
- payment of additional capital of Euro 200 thousand into associated company Rosetti Ali & Sons Llc, based in Abu Dhabi;

- payment of Euro 45 thousand to associated company Rigros S.r.l. to cover losses accumulating;
- merger through incorporation of Basis Congo Sarl into Rosetti Congo SARL.

The subsidiaries and associated companies included in the scope of consolidation operate in the following sectors:

- Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Fores Engineering S.r.l. and Fores Engineering Algèrie Eurl: design, construction and maintenance of automation and control systems;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Lybia Jsc, Rosetti Marino UK Limited, Rosetti Marino Project ooo, Rosetti Pivot Ltd and Rosetti Ali & Sons Llc: construction of offshore and onshore oil facilities;
- Rosetti Kazakhstan Llp: provision of technical services;
- Rosetti Superyachts S.p.A.: construction of superyachts;
- GM Green Methane S.r.l.: construction of biomethane plants;
- Rigros S.r.l.: regeneration of a shipyard area next to the Parent Company headquarters.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF PARENT COMPANY ROSETTI MARINO S.P.A. AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR

The following is the statement of reconciliation between the shareholders' equity and profit for the year reported in the financial statements of the Parent Company and the corresponding consolidated figures as at 31 December 2021:

	Share-holders' Equity	Profit /(Loss) for the Year
AMOUNTS REPORTED IN FINANCIAL STATEMENTS OF ROSETTI MARINO S.p.A. AT 31/12/21	112,209	(47,281)
Consolidation adjustments:		
a. Difference between the carrying amount of consolidated equity investments and		

the valuation of those equity investments according to the equity method	1,692	(7,345)
b. Effect of accounting for finance lease agreements for tangible assets in accordance with the finance lease method	1,753	(114)
c. Reversal of unrealised profits/losses resulting from transactions between Group companies	(88)	(19)
e. Allocation of deferred tax assets and liabilities pertaining to the tax effect (where applicable) of consolidation adjustments	(489)	32
AMOUNTS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021	115,077	(54,727)

ACCOUNTING POLICIES

The accounting policies described below were updated by the Italian Accounting Standards Board / "OIC" in the version issued on 22 December 2016 – in response to the changes introduced by Legislative Decree 139/2015 – and amended by both the "Amendments" issued on 29 December 2017 and the "Amendments" issued on 28 January 2019.
The most significant accounting policies applied when preparing the financial statements at 31 December 2021 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 and

development costs are expensed in their entirety during the year in which they are incurred.
The difference between the acquisition cost and the equity of subsidiaries is allocated, where possible, to the assets and liabilities of the entities included in the consolidation. Any residual, positive amount is allocated to the asset caption “Goodwill” and amortised over five years when this amount expresses future income generating capacity.

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.
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 and set out in the note on Tangible Assets.
During the previous reporting period, in a deviation from the accounting policy described above, for some assets, the Group 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.
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

Tangible assets held under finance lease agreements are reported using the “finance lease method” which provides for:

- the recognition of an asset equal to the original amount of the assets acquired under finance lease agreements at the time of signature of such agreements;
- the recognition of the related principal element of the outstanding liability towards the leasing company;
- the allocation to the income statement, in place of lease instalments for the period, of depreciation charges and financial expenses for the period, as included in the finance lease instalments.

Equity investments

Equity investments in associates are measured using the equity method or the proportionate method if they are 50% owned. Equity investments in other entities are measured at cost, as are investments in dormant/non-operational subsidiaries. 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 loss cease to apply.

Inventory

Raw 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 spanning more than one year is measured at year-end 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 estimate total revenues.

This percentage is calculated as the ratio of costs incurred as at 31 December 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.
Contract work in progress of a duration of less than one year is measured at specific production cost (completed contract method).
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, including directly attributable auxiliary expenses, 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, as determined in accordance with the accrual basis of accounting.

Provisions for risks and charges

Provisions for risks and contingencies 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. When measuring risks and contingencies, risks and losses that came to light between the reporting date and the date the consolidated financial statements were prepared were also taken into account.
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 and are mainly used as hedging instruments to manage the risk of exchange rate and interest rate fluctuation.
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 the 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.

TFR/Employee severance indemnity 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 for inflation based on indices.
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; this is except for subsidiaries GM Green Methane S.r.l., Tecon S.r.l. and Rosetti Superyachts S.p.A. which continue to make allocations to the TFR provision.

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

Costs and revenues 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. Related party transactions take place on an arm’s length basis.

Grants towards capital expenditure and operating expenses

Grants towards capital expenditure and operating expenses are recognised when they are collected.

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 accounted for in the period when the right of the investing company to receive them arises as a result of resolutions approved by the General Meetings of the investee companies.

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 and in accordance with Italian GAAP requirements for the treatment of income taxes.

Deferred tax assets and liabilities are also recognised on temporary differences between the reported result for the year and taxable income. They are calculated based on the rate of taxation expected to be applicable in the fiscal year that the differences will reverse, in application of the "liability method".

Deferred tax assets are recognised when it is reasonably certain that there will be sufficient future taxable income to ensure their recovery.

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.

Comparison and presentation of amounts

In the interest of greater clarity and comprehensibility, all figures in the balance sheet, income statement, notes and accompanying attachments are stated in thousands of Euro.

COMMENTS ON THE MAIN ASSET ITEMS

NON-CURRENT ASSETS

INTANGIBLE ASSETS

Although the Group reports a significant loss for 2021, we do not believe the loss constitutes an indicator of impairment of intangible assets as it was caused entirely by the extraordinary circumstances triggered by the Covid-19 pandemic and by the failure to acquire new orders in prior year because of a temporary slump in oil prices and is not structural in nature. These conclusions are confirmed by the Group Business Plan for 2022-2024, as updated by the Parent Company Board of Directors on 31.03.2022.

Start-up and expansion costs

The above item underwent the following changes during the year (in thousands of Euro):

	31/12/20	Incr.	Decr.	31/12/21
Start-up and expansion costs	7	0	(4)	3

Development costs

This item underwent the following changes during the year (in thousands of Euro):

	31/12/20	Incr.	Decr.	31/12/21
Development costs	0	1,876	(229)	1,647

This amount consists of entirely of investment made in prior years in business development by newly acquired subsidiary GM Green Methane S.r.l..

Industrial patent rights

Movements on this item during the year were as follows (in thousands of Euro):

	31/12/20	Incr.	Decr.	31/12/21
Patents	100	12	(38)	74

This item includes the net amount of the patents acquired by subsidiary Tecon S.r.l.

Concessions, licences, trademarks and similar rights

Movements on this item during the year were as follows (in thousands of Euro):

	31/12/20	Incr.	Decr.	Forex diff.	31/12/21
Licences	11	0	(1)	2	12
Concession of land rights	355	0	(13)	0	342
Trademarks	0	5	0	0	5
Total concessions, licences etc.	**366**	**5**	**(14)**	**2**	**359**

The above items are amortised over the period of the user license agreements, the term of concessions of land rights and 18 years for trademarks.

The increase for the year relates entirely to the entry of newly acquired subsidiary GM Green Methane S.r.l. into the scope of consolidation.

Other intangible assets

This item is analysed as follows (in thousands of Euro):

	31/12/20	Incr.	Decr.	Forex diff.	31/12/21
Deferred Expenses	6	0	(4)	0	2
Software	263	20	(131)	8	160
Leasehold improvements	1,173	41	(270)	0	944
Total other intangible assets	**1,442**	**61**	**(405)**	**8**	**1,106**

The increase in Software includes Euro 14 thousand for the purchase by the Parent Company of management software used in the various business processes; the remainder of the increase is due to the entry of

newly acquired subsidiary GM Green Methane S.r.l. into the scope of consolidation.
The increase in Leasehold improvements is entirely due to improvements made to the dry dock at the San Vitale Yard, again by the Parent Company.
Decreases are entirely due to amortisation which 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 investments in that asset category;
- over the residual duration of the lease agreement for costs incurred at the Milan offices.

Goodwill
This item regards the positive difference between the amount paid by the Parent Company to acquire investments in Group companies and the corresponding portion of equity of said companies at the acquisition date.
In more detail, the balance consists of the residual consolidation differences of Euro 2 thousand arising on the acquisition of 40% of Tecon S.r.l., Euro 2,922 thousand arising on the acquisition of 49% of U.A.E. company Rosetti Ali & Sons Llc and Euro 482 thousand arising on the acquisition of 60% of GM Green Methane S.r.l..

TANGIBLE ASSETS

A detailed breakdown of this item, movements during the year and the depreciation rates applied are provided in an attachment to these Notes.
In 2021, ordinary depreciation was calculated at rates representing the useful lives of the tangible assets.
Although the Group reports a significant loss for 2021, we do not believe the loss constitutes an indicator of impairment of the tangible assets as it was caused entirely by the extraordinary circumstances triggered by the pandemic and by the failure to acquire new orders in prior year because of the temporary slump in the price of oil; the loss is not structural in nature. These conclusions are confirmed by the Group Business Plan for 2022-2024, as updated by the Parent Company Board of Directors on 31.03.2022.
“Assets under construction and payments on account” mainly includes

construction work not yet completed by subsidiary Kazakhstan Caspian Offshore Industries Llp, work not yet completed by the Parent Company on the installation of a winch for towing and mooring on the AMT Carrier barge and, to a minor extent, capex in progress by subsidiary Fores Engineering S.r.l..

FINANCIAL ASSETS

Equity investments

A detailed breakdown of non-consolidated equity investments is provided below (in thousands of Euro):

	Interest held	**31/12/20**	**Incr.**	**Decr.**	**31/12/21**
Associated companies:					
Rosetti Congo Sarl (*)	50%	0	0	0	0
Basis Pivot Ltd (**)	45%	21	0	0	0
Total associated companies		**21**	**0**	**0**	**0**
Other entities:					
Cassa Risparmio Ravenna		121	2	0	123
O.M.C.		20	0	0	20
SAPIR		3	0	0	3
CAAF Industrie		2	0	0	2
Consorzio Cura		1	0	0	1
Consorzio Destra Candiano		1	0	0	1
Other entities		10	0	0	10
Total other entities		**158**	**2**	**0**	**160**

(*) Investment written down in full

(**) Non-operational/dormant company

The investment in Cassa di Risparmio di Ravenna S.p.A. has been increased by Euro 2 thousand to bring its carrying amount into line with fair value at 31 December 2021.

Receivables from associated companies

This item may be broken down as follows (in thousands of Euro):

	31/12/20	**Incr.**	**Decr.**	**31/12/21**
Rosetti Pivot Ltd	366	31	0	397
Rigros S.r.l.	775	0	0	775
Total receivables	**1,141**	**31**	**0**	**1,172**

The receivable from associated company Rosetti Pivot Ltd entirely consists of the residual amount of a loan of Euro 397 thousand granted to it in order to meet its funding requirements during the start-up period before its operating activities got underway. The loan bears interest at a rate in line with market rates.
The receivable from associated company Rigros S.r.l. consists of 50% of a loan totalling Euro 1,550 thousand that was granted to said company to enable it to purchase a plot of land next to the Parent Company headquarters. The loan bears interest at a rate in line with market rates.

Receivables from others
This item, amounting to Euro 1,213 thousand (Euro 1,252 thousand at 31 December 2020), mainly consists of two receivables: the first receivable of Euro 617 thousand is for grants that will be collected in future years by the Parent Company from the Ministry of Infrastructure and Transport for project "ROSMANDITEN" (process innovation project in the shipbuilding segment commenced in prior years) while the second receivable regards a long-term investment of Euro 428 thousand made by subsidiary Tecon S.r.l.

CURRENT ASSETS

INVENTORY

This item may be broken down as follows (in thousands of Euro):

	31/12/2021	**31/12/2020**
Raw materials	3,040	3,297
Obsolescence provision	(1,599)	(1,376)
	1,441	1,921
WIP and semi-finished products		
	16	23
Contract work in progress	46,192	52,255
Advances to suppliers	4,760	7,821
Total inventory	**52,409**	**62,020**

Measurement of year-end inventory at weighted average purchase cost does not lead to any appreciable difference compared to a current cost measurement. In order to bring inventory into line with its estimated realisable value, an obsolescence provision of Euro 1,599 thousand has been recorded.

WIP and semi-finished products consists of superyachts under construction, as valued using the specific construction cost method.

Long-term contract work in progress is measured based on consideration accruing with reasonable certainty (percentage of completion method). It is stated net of payments on account received based on the state of completion of the works: see the note on “Value of Production” for more details about the calculation method and on the comparison with prior year figures. The change compared to prior year is due to the different percentage of completion of contracts in progress.

RECEIVABLES

Due from clients (trade)

This item includes receivables from clients arising as a result of normal commercial transactions.

It may be broken down as follows (in thousands of Euro):

	31/12/21	**31/12/20**
Due from clients - Italy	8,128	4,663
Due from clients – Other EU	9,491	16,874
Due from clients – Non-EU	30,435	23,291
Provision for bad debts	(1,357)	(1,938)
Total due from clients (trade)	**46,697**	**42,890**

The increase in total trade receivables compared to prior year is due to different timing of collections in relation to progress with contracts as described above.

The nature of the Group’s business means that trade receivables are not very diversified with 55.41% (56.32% in prior year) of the total due from the five leading clients by outstanding balance.

The provision for bad debts, which has decreased compared to prior year, is considered reasonable in light of the collection risks relating to trade receivables. It has been determined on an overall basis taking account of collection risks relating to certain specific factors. The provision reflects a prudent assessment by the Directors of the collection risk regarding these receivables, also considering the amount of overdue balances and agreements reached.

Receivables from associated companies

This item may be analysed as follows (in thousands of Euro):

	31/12/21			
	Trade	Financial	Tot.	31/12/20
Rosetti Pivot Ltd	2,720	38	2,758	2,486
Rigros S.r.l.	0	2	2	3
Rosetti Ali & Sons Llc	104	0	104	159
Rosetti Congo Sarl	0	0	0	179
Total	**2,824**	**40**	**2,864**	**2,827**

All trade and financial transactions with associated companies take place on an arm's length basis. No further losses on receivables from associated companies are expected in addition to those already reflected in the financial statements.

Receivables from parent company

The receivables from parent company Rosfin S.p.A., amounting to Euro 12 thousand (Euro 12 thousand at 31 December 2020), are trade receivables. The related transactions were entered into on an arm's length basis and no provision has been made as the Directors believe the receivables will be collected in full.

Tax receivables

This item may be broken down as follows (in thousands of Euro):

	31/12/21	31/12/20
VAT receivable	3,838	4,113
Credit for substitute tax on reval'n of TFR	7	10
Other tax receivables	151	336
Foreign tax receivable	2,058	2,154
IRAP receivable	319	1,320
IRES receivable	2,147	3,341
Total	**8,520**	**11,274**

The VAT receivable includes the annual VAT credit of Euro 2,761 thousand arising on ordinary commercial transactions and a VAT credit of Euro 1,077 thousand for which a refund has been requested but not yet obtained.

The IRAP credit is due to both to the fact that payments made on account in prior years exceeded the tax actually due and to credits arising in 2014 and 2017 pursuant to Article 19(1) B of Decree Law no

91/2014 (the "competitiveness" decree). Said decree 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 that may be used in future periods.
The IRES receivable is mainly due to the fact that income tax payments made on account in prior years exceeded the taxes actually due.

Deferred tax assets
Deferred tax assets, amounting to Euro 28,598 thousand and including Euro 22,847 thousand reported in the Parent Company financial statements, have been recognised on all positive temporary differences. The theoretical tax effects on temporary differences have been calculated based on current rates. Deferred tax assets due to tax losses have been recognised to the extent that the Company believes it is reasonably certain that there will be sufficient future taxable income against which to offset the tax loss carryforwards within the period during which they are deductible under tax law. This conclusion was reached based on the future taxable income forecast in the Group Business Plan for 2022-2024, as updated by the Parent Company Board of Directors on 31.03.2022. The existence of deferred tax liabilities of Euro 6,602 thousand, as described in the later note "Tax provisions", was also taken into account. Following this analysis, the decision was taken not to recognise deferred tax assets on tax losses totalling around Euro 5,475 thousand.
Detailed movements on this item are provided in an annex to these Notes.

Receivables from others
This item may be broken down as follows (in thousands of Euro):

	31/12/21	**31/12/20**
Due within a year:		
Due from employees	155	114
Insurance refunds receivable	4	2
Sundry	1,620	1,387
Total	**1,779**	**1,503**
Due after more than a year:		
Guarantee deposits	283	160
Total	**283**	**160**

All of the above amounts are considered recoverable so no provision for bad debts has been recorded.
"Sundry" includes Euro 1,278 thousand (the equivalent of USD 1,447 thousand) of receivables due from Broadview Engineering Limited in respect of payment for its equity interest in newly incorporated Nigerian company Shoreline Logistics Nigeria Limited.

CURRENT FINANCIAL ASSETS

The following table shows changes in current financial assets:

	31/12/20	Diff.	31/12/21
Derivatives	1,825	(1,346)	479
Other current securities	67,269	(29,377)	37,892
Total financial assets	**69,094**	**(30,723)**	**38,371**

Derivatives entirely consists of derivative instruments classified as held for trading as they do not satisfy hedge accounting requirements.
Other Current Securities – down by Euro 29,377 thousand compared to prior year - entirely consists of temporary investments of cash by the Parent Company (and immediately accessible), mainly in insurance policies (Euro 27 million), mutual fund units 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

Bank and post office accounts
The balance of Euro 69,033 thousand at 31 December 2021 consisted entirely of funds held in bank accounts.

Cash and cash equivalents on hand
The balance at 31 December 2021 mainly consisted of cash on hand and amounted to Euro 74 thousand (Euro 81 thousand at 31 December 2020).
The change in cash and cash equivalents compared to prior year is explained in the statement of cash flows.

PREPAID EXPENSES AND ACCRUED INCOME

This item may be broken down as follows (in thousands of Euro):

	31/12/21	31/12/20
Prepaid rental costs	8	13
Prepaid moveable asset rental costs	162	90
Other prepaid expenses	1,058	854
Total prepaid expenses and accrued income	**1,228**	**957**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

COMMENTS ON THE MAIN LIABILITY AND EQUITY ITEMS

SHAREHOLDERS' EQUITY

Movements on the items included in Shareholders' equity are shown in an attachment.
The main shareholders' equity items are commented on below:

Share capital
At 31 December 2021, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

Revaluation reserve
This 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 increased in 2008 as a result of the revaluation of fixed assets under Law 2/09 and again in 2020 following the revaluation of fixed assets under Decree Law 104/2020 (converted into Law 126/2020).
The reserve is taxable in case of distribution but it may be utilised to cover losses. It is also distributable in compliance with the procedure set out by Article 2445 (2) and (3) of the Italian Civil Code, giving rise to

taxable income for the Company and the shareholders.

Legal reserve
This reserve includes portions of annual earnings allocated in prior years.

Other reserves
This reserve consists of portions of annual earnings allocated in prior years.

Cash flow hedge reserve
Movements on this reserve reflect future cash flows from derivatives which are considered “cash flow hedging instruments".

Retained earnings (Accumulated losses)
This includes the prior year retained earnings of several subsidiaries consolidated on a line-by-line basis.

Net profit (loss) for the year
This includes the net profit or loss for the year.

Negative reserve for treasury shares held
This reserve reflects the value of treasury shares held by the Company.

Translation reserve
This reserve regards differences arising on the translation of the foreign currency financial statements of companies not resident in Italy but included in the scope of consolidation and due to differences between the year-end exchange rate (used to translate Balance Sheet items) and the average exchange rate for the year (used to translate Income Statement items).

PROVISIONS FOR RISKS AND CHARGES

Provisions for retirement benefits and similar obligations
This item amounts to Euro 360 thousand and entirely consists of amounts allocated for Directors’ leaving indemnities of subsidiary Tecon S.r.l..

Tax provisions

This item – totalling Euro 10,375 thousand, of which Euro 6,602 thousand reported in the Parent Company's separate financial statements - includes a deferred tax provision of Euro 10,153 thousand calculated on all taxable temporary differences (Euro 9,912 thousand at 31 December 2020) and a current tax provision of Euro 221 thousand (Euro 192 thousand at 31 December 2020).

Note that the theoretical tax effect of the temporary differences has been calculated based on current tax rates. The change in this item compared to prior year is shown in an attachment to these Notes.

Provision for derivatives

This caption, amounting to Euro 213 thousand (Euro 440 thousand at 31 December 2020), represents the contra-entry to the amount recorded under the "Cash flow hedge reserve" in shareholders' equity. The key features of the derivatives are set out below:

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Intesa San Paolo S.p.A.
Notional amount: Euro 2,500 thousand
Duration: 60 months
Period: 28/02/2018 - 28/02/2023
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 19 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Intesa San Paolo S.p.A.
Notional amount: Euro 5,000 thousand
Duration: 59 months
Period: 31/07/2019 - 17/06/2024
Rate: Euribor 6 months
Frequency: Six-monthly instalments
MTM: Euro 17 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Unicredit S.p.A.

Notional amount: Euro 2,503 thousand
Duration: 60 months
Period: 21/07/2020 - 31/07/2025
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 9 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Unicredit S.p.A.
Notional amount: Euro 14,795 thousand
Duration: 69 months
Period: 21/06/2021 - 31/03/2027
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 16 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Credit Agricole Italia S.p.A.
Notional amount: Euro 4,395 thousand
Duration: 48 months
Period: 16/07/2019 - 16/07/2023
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 24 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Credit Agricole Italia S.p.A.
Notional amount: Euro 1,403 thousand
Duration: 60 months
Period: 29/06/2020 - 29/06/2025
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 4 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Banco BPM
Notional amount: Euro 5,000 thousand
Duration: 72 months
Period: 11/01/2021 - 31/12/2026

Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 12 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Banco BPM
Notional amount: Euro 5,000 thousand
Duration: 71 months
Period: 21/10/2021 - 30/09/2027
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 31 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from BPER Banca S.p.A.
Notional amount: Euro 5,654 thousand
Duration: 48 months
Period: 29/01/2020 - 29/01/2024
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 19 thousand

Type: IRS agreement – Rosetti Marino S.p.A.
Underlying contract type: loan from Banca Monte dei Paschi di Siena S.p.A.
Notional amount: Euro 15,000 thousand
Duration: 72 months
Period: 13/01/2021 - 31/12/2026
Rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 45 thousand

Type: IRS agreement – Fores Engineering S.r.l.
Bank: Banca Popolare Dell’Emilia Romagna
Notional amount Euro: 3,000 thousand
Duration: 48 months - 4 years
Period: 20.04.2020 - 20.10.2023
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 3 thousand

Type: IRS agreement – Fores Engineering S.r.l.
Bank: Unicredit
Notional amount Euro: 1,000 thousand
Duration: 42 months - 4 years
Period: 27.01.2020 - 31.07.2023
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 2 thousand

Type: IRS agreement – Fores Engineering S.r.l.
Bank: Banco BPM S.p.A.
Notional amount Euro: 2,500 thousand
Duration: 60 months - 5 years
Period: 11.12.2020 - 11.09.2025
Rate: Euribor 3months Frequency: quarterly instalments
MTM: Euro 8 thousand

Type: IRS agreement – Fores Engineering S.r.l.
Bank: Banca Popolare Dell'Emilia Romagna
Notional amount Euro: 2,000 thousand
Duration: 48 months - 5 years
Period: 19.04.2021 - 19.01.2027
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 4 thousand

We note that the main Italian Group companies have adopted a system of powers and procedures to regulate the signature of derivative agreements, as approved by their respective Boards of Directors.
In more detail, with regard to derivatives used to hedge the exchange rate risk, the Board of Directors approves the limits for use in relation to the arrangement of derivatives and, within said limits, the Finance and Accounting Department determines which derivatives are most appropriate to hedge the risk.
Meanwhile, derivatives used to hedge the interest rate risk in relation to loans are specifically approved by the Board of Directors together with the financing that is to be hedged.

Other provisions

Movements on this item during 2021 were as follows (in thousands of Euro):

	31/12/20	Incr.	Decr.	Forex Diff.	31/12/21
Provision for future risks	3,658	392	(2,405)	0	1,645
Provision for contractual risks	2,508	427	0	24	2,959
Provision for coverage of losses	58	780	(487)	0	351
Total other provisions	**6,224**	**1,599**	**(2,892)**	**24**	**4,955**

The provision for future risks represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties. The increase in the provision is due to an amount allocated by subsidiary Kazakhstan Caspian Offshore Industries Llp during the reporting period.

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

The provision for coverage of losses has been created in relation to the portion of negative equity of investee companies not included in the scope of consolidation.

T.F.R./EMPLOYEE SEVERANCE INDEMNITY PROVISION

Movements on the provision during the year were as follows (in thousands of Euro):

Balance at 31-12-2020	4,325
Amount accruing and recorded in income statement	2,296
Other movements	12
Utilisation	(2,441)
Balance at 31-12-2021	**4,192**

The TFR/employee severance indemnity provision at 31 December 2021 represents the indemnity accruing in favour of employees that will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation mainly consists of transfers to supplementary pension funds in relation to amounts accruing during the year following changes introduced by Law no 296 of 27 December 2006 (Finance Act 2007).

PAYABLES

No payables are secured on Group assets.
A breakdown of payables is provided below together with movements on the various component items during the year:

Bank borrowing

This item includes:

	Amount	Expiry date	Guarantees
Rosetti Marino S.p.A.			
Intesa Sanpaolo S.p.A. (*)	2,500	28/08/2023	
Credit Agricole Italia S.p.A. (*)	4,395	16/07/2023	
Intesa Sanpaolo S.p.A. (*)	5,000	17/06/2024	
Monte dei Paschi di Siena S.p.A.	1,667	31/12/2022	
BPER Banca S.p.A. (*)	5,654	29/01/2024	
Credit Agricole Italia S.p.A. (*)	1,403	29/06/2025	Govt.
Unicredit S.p.A. (*)	2,503	31/07/2025	Govt.
Banco BPM S.p.A. (*)	5,000	31/12/2026	Govt.
Monte dei Paschi di Siena S.p.A. (*)	15,000	31/12/2026	Govt.
Simest	480	31/12/2027	
Credito Emiliano S.p.A.	2,786	30/06/2025	Govt.
Unicredit S.p.A. (*)	14,795	30/06/2027	Govt.
MedioCredito Centrale S.p.A.	6,682	31/03/2027	Govt.
Banco BPM S.p.A. (*)	5,000	30/09/2027	Govt.
Cassa Depositi e Prestiti	10,000	30/09/2027	Govt.
Fores Engineering S.r.l.			
Unicredit S.p.A. (*)	585	31/07/2023	
BPER Banca S.p.A. (*)	2,006	20/10/2023	
BPER Banca S.p.A. (*)	2,000	19/01/2027	Govt.
Banco BPM S.p.A. (*)	2,345	11/09/2025	Govt.
Intesa Sanpaolo S.p.A. (*)	506	28/02/2022	
MedioCredito Centrale S.p.A.	1,000	30/09/2025	Govt.
MedioCredito Centrale S.p.A.	1,000	30/09/2025	Govt.
GM Green Methane S.r.l.			
La Cassa Di Ravenna S.p.A.	5,000	30/06/2027	Govt.

Credito Emiliano S.p.A.	376	28/05/2023	Govt.
Tecon S.r.l.			
MedioCredito Centrale S.p.A.	1,600	18/02/2027	Govt.
Rosetti Superyachts S.p.A.			
La Cassa Di Ravenna S.p.A.	4,919	30/11/2026	Govt.

(*) loan covered by Interest Rate Swap derivative agreement that fulfils accounting requirements to be treated as a hedging instrument.

In addition to the above loans, subsidiary Fores Engineering S.r.l. has arranged facility for advances on invoices with Intesa Sanpaolo S.p.A. of Euro 571 thousand.

Some of the loans arranged by the Group are also subject to covenants that were respected at 31 December 2021.

Payables to other lenders

This item refers to finance arranged by subsidiary Tecon S.r.l. in order to purchase a company car.

Payments on account

This item includes advances upon orders and milestone payments received from clients towards contracts in progress.

	31/12/21	31/12/20
Contract work in progress	4,969	5,490
Advances from third party clients	58,838	14,644
Total	**63,807**	**20,134**

The increase compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on "Contract work in progress".

Due to suppliers (trade)

This item may be broken down as follows (in thousands of Euro):

	31/12/21	31/12/20
Due to suppliers - Italy	28,795	31,387
Due to suppliers – other EU	4,661	4,648
Due to suppliers – non-EU	10,357	11,589
Total	**43,813**	**47,624**

The decrease compared to prior year reflects the reduction in production activity.

Payables to associated companies

This item includes the following short-term payables (in thousands of Euro):

	31/12/21	31/12/20
Rosetti Congo Sarl	61	0
Basis Pivot Ltd	21	21
Total	**82**	**21**

These payables, totalling Euro 82 thousand, include trade payables due to Rosetti Congo Sarl (Euro 61 thousand) and the payable to Basis Pivot Ltd for the portion of share capital subscribed but not yet paid (Euro 21 thousand).

Tax payables

This item may be broken down as follows (in thousands of Euro):

	31/12/21	31/12/20
Personal income tax (IRPEF) deducted at source	1,935	1,979
Income taxes payable	0	102
Substitute tax on revaluation of fixed assets	151	226
Foreign income taxes payable	1,212	767
Substitute tax on revaluation of TFR	40	0
VAT payable	1,434	16
Other taxes not on income	472	23
Total tax payables	**5,244**	**3,113**

This item mainly consists of personal income tax (IRPEF) deducted at source from the remuneration of employees and freelance workers and income tax payables of the Group's foreign subsidiaries.

Pension and social security payables

This item includes employee and employer social security and pension contributions payable to social security and pensions institutions. The balance is broadly in line with 31 December 2020.

Other payables

This item may be broken down as follows (in thousands of Euro):

	31/12/21	31/12/20
Due to employees	4,812	4,468
Due to freelance contractors	11	8
Due to pension funds	371	359
Sundry payables	84	2,298
Total other payables	**5,278**	**7,133**

This item largely consists of amounts due to employees.

ACCRUED EXPENSES AND DEFERRED INCOME

This item may be broken down as follows (in thousands of Euro):

Accrued expenses:	31/12/21	31/12/20
Accrued loan interest expenses	34	75
Accrued expenses re forward sales / Purchases	0	2
Other	104	98
	138	**175**
Deferred income:		
Other	0	9
	0	**9**
Total accrued expenses and deferred income	**138**	**184**

These items represent portions of income and expenses that relate to different reporting periods than the one in which they were collected or paid. They have been determined in accordance with the accrual principle.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

VALUE OF PRODUCTION

Revenues from sales and services

Revenues from the sale of goods and the provision of services may be broken down as follows (in thousands of Euro):

	2021	2020
Energy Business Unit	130,911	162,567
Shipbuilding Business Unit	18,582	1,994
Process Plants Business Unit	20,426	26,029
Sundry services	719	1,413
Total revenues from sales and services	**170,638**	**192,003**

Revenues may be broken down by geographical area as follows (in thousands of Euro):

	2021	2020
Revenues from Italian clients	32,713	13,059
Revenues from other EU clients	76,977	93,811
Revenues from non-EU clients	60,948	85,134
Total revenues from sales and services	**170,638**	**192,003**

Given the nature of the Group business, revenues are fairly concentrated with 55.81% of total revenues from sales and services generated by the five largest clients (71.04% in prior year). This concentration is mainly apparent in the Energy Business Unit.

Change in WIP and semi-finished products

This item shows a negative balance of Euro 7 thousand and represents the valuation of the WIP of subsidiary Rosetti Superyachts S.p.A. at 31 December 2021.

Change in contract work-in-progress

This item may be analysed as follows (in thousands of Euro):

	2021	2020
Opening contract WIP at 1/1	(52,255)	(39,259)
Change in scope of consolidation	(3,204)	0
Exchange difference	(141)	3
Closing contract WIP at 31/12	46,192	52,255
Total change in contract WIP	**(9,408)**	**12,999**

At 31 December 2021, the change in contract work in progress included

Euro (8,412) thousand relating to the Energy Business Unit, Euro (4,034) thousand relating to the Process Plants Business Unit and Euro 3,038 thousand relating to the Shipbuilding Business Unit.
For details of the valuation method, see the note on "Revenues from sales and services" and the valuation criteria set out at the start of these Notes.

Increases in fixed assets due to internal costs capitalised
This item, amounting to Euro 8 thousand (Euro 4 thousand at 31 December 2020), includes costs capitalised by the Parent Company and by subsidiary Fores Engineering S.r.l. that led to increases in "Intangible assets" (Euro 1 thousand) and "Tangible assets".

Other revenues and income
This item may be broken down as follows (in thousands of Euro):

	2021	2020
Grants towards operating expenses	751	1,641
Total "Grants towards operating expenses"	**751**	**1,641**
Recharge of expenses to third parties	859	1,136
Hires and rentals	8	30
Gains on asset disposals	16	0
Reversal of excess provisions for risks	1.241	2.647
Out of period income	230	115
Other	2.143	591
Total other revenues and income		

"Grants towards operating expenses" mainly comprises: Euro 64 thousand of grants towards the photovoltaic solar power systems installed by the Parent Company at the S. Vitale yard and at the Via Trieste site; Euro 19 thousand of grants received from Fondirigenti and Fondimpresa in reimbursement of costs incurred by the Parent Company to carry out training plans; Euro 176 thousand of grants in the form of tax credits arising on R&D carried out by the Parent Company in 2020; Euro 2 thousand of grants in the form of tax credits maturing for cultural donations made during the year; Euro 5 thousand of grants in the form of tax credits maturing in terms of Art. 32 of Decree Law 73/2021 (credit in relation to costs incurred in June, July and August to combat the Covid-19 emergency e.g. sanitisation of work areas and purchase of PPE); and Euro 320 thousand of grants received

from Simest S.p.A. following approval of assisted finance – partly non-refundable – for the Parent Company out of the 394/81 Fund. We also note that subsidiary GM Green Methane S.r.l. received a non-refundable grant of Euro 150 thousand.
Note that Reversal of excess provisions for risks regards provisions that were created in prior years but are no longer required.
Finally, we note that, in 2021, the Parent Company received an insurance pay-out of Euro 1,621 thousand in respect of damage in 2020 to the "AMT MARINER" barge for reasons attributable to the company that was operating it.

COST OF PRODUCTION

Purchases

This item may be broken down as follows (in thousands of Euro):

	2021	2020
Raw materials	48,660	58,610
Ancillary materials and consumables	2,862	3,311
Other purchases	33	46
Total purchases	**51,555**	**61,967**

The decrease compared to prior year reflects the reduction in production activities.

Costs for services

This item may be broken down as follows (in thousands of Euro):

	2021	2020
Sub-contracting and outsourcing	90,850	90,785
Repairs and maintenance	1,269	1,336
Electricity, water and heating	1,672	1,230
Other production costs	9,338	17,814
Sundry personnel costs	2,373	2,144
Selling costs	1,292	549
Statutory auditors' fees	59	68
Directors' fees	573	888
External auditors' fees	148	154
General, administrative and insurance costs	4,817	4,515
Total costs for services	**112,391**	**119,483**

The decrease compared to prior year reflects the reduction in production activities.

Lease and rental costs

This item may be broken down as follows (in thousands of Euro):

	2021	2020
Property rental	1,908	2,072
Hire / Rental of moveable assets	3,045	6,185
Maintenance of leased or rented property/assets	18	3
Concession fees	57	47
Software rental	361	361
Total lease and rental costs	**5,389**	**8,668**

The decrease in this item is mainly due to the nature of the contracts in progress in prior year which required increased rental/hire of moveable assets.

Personnel costs

The income statement contains a breakdown of personnel costs. The decrease is mainly concentrated in the Kazakhstan companies as a result of the lower value of production in that country.

The following table shows changes in the workforce by category during the year

:

	31/12/20	Increases	Decreases	31/12/21
Sen. managers	49	7	(11)	45
White collar	722	99	(162)	659
Blue collar	307	11	(115)	203
Total	**1,078**	**117**	**(288)**	**907**

Depreciation, amortisation and writedowns

The breakdown required has been provided in the Income Statement.

Details of depreciation charges on tangible assets are provided in a specific attachment.

“Writedowns of current receivables” represents the accrual made for the year to ensure that the bad debt provision covers the credit risk regarding outstanding receivables.

Change in inventory of raw materials

This item may be broken down as follows (in thousands of Euro):

- Opening inventory at 01/01/21 (3,297)

- Change in inventory obsolescence provision	(223)
- Change in scope of consolidation	(151)
- Closing inventory at 31/12/21	3,040
Total	**(631)**

The change in the inventory obsolescence provision is entirely due to the decrease for the year.

Allocations to provisions for risks

This item includes the amounts allocated as described under the caption “Provisions for Risks and Charges”.

Sundry operating expenses

This item may be broken down as follows (in thousands of Euro):

	2021	**2020**
Taxes and duties other than income tax	837	622
Loss on asset disposals	1,195	7
Out of period expenses	175	214
Other operating expenses	235	248
Total sundry operating expenses	**2,442**	**1,091**

This item mainly includes the loss of Euro 1,195 thousand generated by the scrapping of the "AMT MARINER" barge.

FINANCIAL INCOME AND EXPENSES

Income from equity investments

This item includes dividends from other companies, as paid by Porto Intermodale Ravenna S.p.A. (S.A.P.I.R.).

Other financial income

This item may be broken down as follows (in thousands of Euro):

	2021	**2020**
c) Income from current securities other than equity investments:		
- dividends from securities management		0
- interest income on securities	1,001	1,353
- gains on disposals	83	25
Total	**1,084**	**1,378**
d) Income other than the above:		
- interest from subsidiaries	0	3
- interest from associated companies	67	92
- interest from others and sundry income:		

- bank interest income	55	104
- interest income from clients	9	0
- sundry interest income	2	18
- other income	2	0
Total	**135**	**217**

Interest and other financial expenses

This item may be broken down as follows (in thousands of Euro):

	2021	**2020**
a) towards subsidiaries		
- loss from liquidation	646	0
Total	**646**	**0**
d) other:		
- interest expense on bank current accounts	10	5
- interest expense on bank loans	1,266	799
- securities management commission	41	5
- losses on securities	24	628
- sundry interest expenses	16	274
Total	**1,357**	**1,711**

Exchange gains and losses

This item may be broken down as follows (in thousands of Euro):

	2021	**2020**
Exchange gains	688	2,890
Unrealised exchange gains	411	393
Exchange losses	(867)	(1,797)
Unrealised exchange losses	(110)	(625)
Total	**122**	**861**

ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS

"Adjustments to value of financial assets" shows a negative balance of Euro (227) thousand (Euro (1,189) thousand in 2020) and includes the following adjustments:

- revaluation of equity investments by Euro 2 thousand;
- revaluation of current securities by Euro 57 thousand;
- revaluation of derivative instruments by Euro 97 thousand;
- writedown of equity investments by Euro (293) thousand;
- writedown of current securities by Euro (17) thousand;
- writedown of derivative instruments by Euro (73) thousand.

TAXES ON INCOME FOR THE YEAR

This item is analysed as follows (in thousands of Euro):

	2021	2020
Current taxes	1,652	2,102
Prior year taxation	(549)	108
Deferred taxes	2	79
Deferred tax income	(9,937)	(9,405)
Total taxes on income for the year	**(8,832)**	**(7,116)**

See the specific attachment to these Notes for a breakdown of deferred taxes and deferred tax income.

OFF BALANCE SHEET COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

GUARANTEES GIVEN

Sureties

This item consists of Euro 116,185 thousand of sureties given by insurers and banks to the Group's clients as guarantees of proper performance of works and to release amounts withheld for warranty purposes.

DISCLOSURES IN TERMS OF ARTICLE 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 75 thousand

Date received: various dates in 2021
Reason: grants to net metering account

Name of funding body: Ministry for the Economy and Finance – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 124 thousand
Date received: 16/12/2021
Reason: R&D grant for costs incurred in 2019

Name of funding body: Ministry for the Economy and Finance – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 17 thousand
Date received: 16/12/2021
Reason: R&D grant for costs incurred in 2020

Name of funding body: Ministry for the Economy and Finance – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 5 thousand
Date received: 16/12/2021
Reason: Covid-19 sanitisation grant (Art. 32 DL 73/2021) for costs incurred in 2021

Name of funding body: Ministry for the Economy and Finance – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 28 thousand
Date received: 16/02/2021
Reason: Covid-19 sanitisation grant (Art. 125 DL 34/2020) for costs incurred in 2020

Name of funding body: Simest S.p.A. – Rosetti Marino S.p.A.
Amount received: Euro 320 thousand
Date received: 21/05/2021
Reason: non-refundable grant from 394/81 Fund.

Name of funding body: Tax Authorities – GM Green Methane S.r.l.
Amount received: Euro 150 thousand
Date received: 31/12/2021
Reason: equalisation subsidy in relation to Covid-19 pandemic

Name of funding body: Ministry of cultural heritage and tourism – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 1 thousand
Date received: 16/12/2021
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 thousand
Date received: 16/12/2021
Reason: Art Bonus subsidy for payments incurred in 2019

Name of funding body: Ministry of cultural heritage and tourism – Rosetti Marino S.p.A.
Amount offset against other taxes: Euro 1 thousand
Date received: 16/12/2021
Reason: Art Bonus subsidy for payments incurred in 2020

Name of funding body: Ministry of Infrastructure and Transport – Rosetti Marino S.p.A.
Amount received: Euro 47 thousand
Date received: 03/06/2021
Reason: grant to finance projects for product or process innovation in the shipping field – project called "ROSMANDITEN "

Name of funding body: Ministry for the Economy and Finance – Fores Engineering S.r.l.
Amount accruing: Euro 3 thousand
Amount offset: Euro 68 thousand
Date of offsetting: 16 December 2021
Reason: Tax Credit for R&D activities in 2020 - Art.1 of Law no 190 of 23 December 2014 (Government Budget 2015).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

At the beginning of January 2022, mass protests in Kazakhstan led to public disorder and the introduction of a state of emergency in the whole country until 19 January 2022. During the protests, restrictions were imposed on Internet access, bank transactions and air travel. This made it impossible for businesses to operate normally in Kazakhstan at that time.

The situation in Kazakhstan stabilised and the authorities regained control on 15 January 2022.

We note that the Group was proactive in limiting access to its construction yard and introducing remote working so as to reduce the risk for its employees. The Group is monitoring the economic and political situation in Kazakhstan while adopting measures deemed necessary in order to foster the Company's sustainability and business development in the near future. Although the public disorder has not had any significant, direct effects on Group operations, it has not been possible to determine any contingent effects on the financial statements and the Group will continue to monitor the situation throughout the rest of the year.

As everyone is all too aware, on 24 February 2022, political tension between Ukraine and Russia intensified and resulted in a Russian invasion of Ukrainian territory. Many countries have imposed packages of economic sanctions on Russia and the conflict between the two countries is still in progress with future developments unforeseeable at the moment. These circumstances – extraordinary in nature and extent – have direct and indirect consequences for economic activity and have created a context of general uncertainty. It is impossible to predict how things will develop and what effect the situation will have on: i) prices and availability of raw materials and energy, ii) demand on international markets and iii) inflation and interest rate trends.

We also note that: i) work is currently in progress on a project destined for Russia worth a total of Euro 201 million, ii) payments received in respect of this project total Euro 73 million, including Euro 16 million received after 24 February 2022, iii) outstanding receivables relating to the project – albeit regarding an invoice not yet due for payment – amount to Euro 10 million, iv) at present, the treasury position of this project stands at Euro 33 million thanks to the large advance payments received and, for this reason, the Group believes it has sufficient funding to deal with any suspension of the project (unforeseeable at present).

Finally, we note that the Board of Directors is monitoring the potential impact of sanctions on work on the contract on the Russian market. This is being performed with the support of analysis by law firms and

industry associations.
Although the sanctions imposed have not yet directly impacted the Group's operations on the Russian market, the potential effects of the situation on the financial statements cannot be determined for now and the Group will monitor the situation constantly throughout the remainder of the year. Accordingly, Group Management has concluded that, in terms of Italian Accounting Standard OIC 29, the conflict between Russia and Ukraine is a subsequent event that need not be reflected in the amounts reported in the financial statements. Consequently, it has not been taken into account when determining the amounts reported in the consolidated financial statements at 31 December 2021.

ANNEXES

The following annexes contain supplementary information in addition to that provided in the Notes of which they are an integral part.
Said information is contained in the following annexes:
- Statement of movements on shareholders' equity for the years ended 31 December 2021 and 31 December 2020;
- Detailed analysis of tangible assets at 31 December 2021;
- Temporary differences resulting in recognition of deferred tax assets and liabilities.

ROSETTI MARINO S.p.A.
STATEMENT OF MOVEMENTS ON CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(in thousands of Euro)

	Share capital	Revaluation reserve	Legal reserve	Other reserves	Cash flow hedge reserve	Ret. Earnings (Accum. losses)	Neg. Reserve for treasury shares held	Translation reserve	Consolidation reserve	Net profit for the year	Total	Equity of minority interests
BALANCE AT 31 DECEMBER 2019	**4.000**	**36.969**	**1.110**	**144.873**	**(785)**	**(16)**	**(5.100)**	**(3.387)**	**23**	**4.470**	**182.157**	**16.841**
Net profit for 2019:												
- to reserves	0	0	0	4.440	0	(158)	0	0	0	(4.282)	0	0
- dividends	0	0	0	(1.712)	0	0	0	0	0	(188)	(1.900)	0
Translation reserve	0	0	0	0	0	0	0	(2.598)	0	0	(2.598)	(2.612)
Cash flow hedge reserve	0	0	0	0	362	0	0	0	0	0	362	0
Revaluation of tangible assets	0	23.740	0	0	0	0	0	0	0	0	23.740	
Change in scope of consolidation	0	0	(100)	0	0	0	0	0	0	0	(100)	0
Net loss for 2020	0	0	0	0	0	0	0	0	0	(32.604)	(32.604)	(1.146)
BALANCE AT 31 DECEMBER 2020	**4.000**	**60.709**	**1.010**	**147.601**	**(423)**	**(174)**	**(5.100)**	**(5.985)**	**23**	**(32.604)**	**169.057**	**13.083**
Net profit for 2020:												
- to reserves	0	0	0	(8.086)	0	(24.518)	0	0	0	32.604	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	0	547	0	0	547	1.010
Cash flow hedge reserve	0	0	0	0	210	0	0	0	0	0	210	0
Revaluation of tangible assets	0	0	0	0	0	0	0	0	0	0	0	
Change in scope of consolidation	0	0	(10)	0	0	0	0	0	0	0	(10)	0
Net loss for 2021	0	0	0	0	0	0	0	0	0	(54.727)	(54.727)	(2.138)
BALANCE AT 31 DECEMBER 2021	**4.000**	**60.709**	**1.000**	**139.515**	**(213)**	**(24.692)**	**(5.100)**	**(5.438)**	**23**	**(54.727)**	**115.077**	**11.955**
	4.000	60.709	1.000	139.515	(213)	(24.692)	(5.100)	(5.438)	23	(54.727)	115.077	11.955

STATEMENT OF MOVEMENTS ON TANGIBLE ASSETS FOR THE YEAR ENDED 31 DECEMBER 2021

(in thousands of Euro)

	Opening situation			Movements during the year									Closing situation		
	Historical Cost	Accum. Deprec'n	Balance 31/12/20	Additions			Disposals			Change of category	Forex diff.	Ordinary deprec'n	Historical Cost	Accum. Deprec'n	Balance 31/12/21
				Purchases	Int. Works	Revaluation	H/Cost	Revaluations	Acc Dep'n						
Yards and buildings:															
- land	66.799	(4.862)	61.937	7	0	0	0	0	0	0	22	0	66.828	(4.862)	61.966
- yards and buildings	76.474	(33.767)	42.707	4	0	0	0	0	0	274	920	(2.124)	77.672	(35.891)	41.781
- light constructions	6.024	(5.826)	198	17	0	0	0	0	0	0	0	(103)	6.041	(5.929)	112
Plant and machinery:															
- plant	18.317	(16.014)	2.303	1.021	0	0	0	0	(2)	0	0	(915)	19.338	(16.931)	2.407
- dry dock	7	(7)	0	0	0	0	0	0	0	0	0	0	7	(7)	0
- treatment plant	239	(239)	0	0	0	0	0	0	0	0	0	0	239	(239)	0
- machinery	6.236	(5.947)	289	14	0	0	(55)	(3)	58	0	0	(111)	6.192	(6.000)	192
- electrical systems	26	(26)	0	0	0	0	0	0	0	0	0	0	26	(26)	0
Industrial and commercial equipment	12.014	(8.101)	3.913	97	0	0	(42)	0	32	678	196	(793)	12.943	(8.862)	4.081
Other tangible assets:															
- office furniture	2.381	(1.684)	697	49	0	0	(4)	0	5	0	11	(228)	2.437	(1.907)	530
- IT equipment	3.718	(3.014)	704	49	0	0	(12)	0	14	0	15	(214)	3.770	(3.214)	556
- commercial vehicles	539	(527)	12	0	0	0	0	0	0	0	0	(12)	539	(539)	0
- automobiles	805	(525)	280	15	0	0	(4)	0	5	0	13	(99)	829	(619)	210
- barge	3.707	(2.135)	1.572	2.814	0	0	(2.030)	0	464	0	0	(127)	4.491	(1.798)	2.693
Assets under construction and payments on a/c	1.175	0	1.175	295	0	0	0	0	0	(952)	3	0	521	0	521
Total	**198.461**	**(82.674)**	**115.787**	**4.382**	**0**	**0**	**(2.147)**	**(3)**	**576**	**0**	**1.180**	**(4.726)**	**201.873**	**(86.824)**	**115.049**

TEMPORARY DIFFERENCES RESULTING IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

Article 2427(14) of the Italian Civil Code

Deductible difference	*Deferred Tax Assets at 31/12/2020*		*Decreases*		*Increases*		*Forex diff.*	*Deferred Tax Assets at 31/12/2021*	
	Taxable amount	Tax	Taxable amount	Tax	Taxable amount	Tax		Taxable amount	Tax
Provision for contractual risks	209	51	0	0	415	100	0	624	151
Provision for bad debts	1.328	275	557	133	0	0	0	771	142
Provision for contingent risks	340	388	2.172	89	0	0	0	(1.832)	299
Unrealised exchange losses	382	92	383	92	27	7	0	26	7
Depreciation of tangible assets	978	266	599	84	0	0	3	379	185
Directors' fees payable	8	1	0	0	0	0	0	8	1
Tax losses	55.856	13.463	257	58	40.855	9.691	37	96.454	23.133
Inventory obsolescence provision	1.311	301	31	8	124	30	6	1.404	329
Loss-making contracts	15.345	3.406	14.195	3.407	12.295	2.951	0	13.445	2.950
Provisions for employee bonuses	0	0	0	0	0	0	0	0	0
Other provisions	577	167	454	105	5.462	1.311	28	5.585	1.401
Total	**76.334**	**18.410**	**18.648**	**3.976**	**59.178**	**14.090**	**74**	**116.864**	**28.598**

Taxable differences	*Deferred Taxes at 31/12/2020*		*Decreases*		*Increases*		*Forex diff.*	*Deferred Taxes at 31/12/2021*	
	Taxable amount	Tax	Taxable amount	Tax	Taxable amount	Tax		Taxable amount	Tax
Unrealised exchange gains	122	29	122	29	100	24	0	100	24
Depreciation of tangible assets	11.090	2.945	0	0	839	183	148	11.929	3.276
Amortisation of intangible assets	15	2	0	0	0	0	0	15	2
Other provisions	244	58	241	59	25	6	0	28	5
Revaluation of land for statutory reporting purposes only	22.786	6.357	0	0	0	0	0	22.786	6.357
Consolidation entries	1.494	521	133	32	0	0	0	1.361	489
Total	**35.751**	**9.912**	**496**	**120**	**964**	**213**	**148**	**36.219**	**10.153**

EXTERNAL AUDITORS' REPORT

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Rosetti Marino S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Rosetti Marino S.p.A. (the "Group"), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Rosetti Marino S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Directors of Rosetti Marino S.p.A. are responsible for the preparation of the report on operations of the Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at December 31, 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Group as at December 31, 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Mauro Di Bartolomeo
Partner

Bologna, Italy
April 14, 2022