



ROSETTI MARINO

*Half-year
consolidated
financial
statements
as at 30/06/2022*

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BOARD OF DIRECTORS' REPORT ON OPERATIONS
ACCOMPANYING THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT 30 JUNE 2022

The consolidated financial statements of the Group for the first half of 2022 which we hereby submit for your approval closed with a profit of Euro 1,082 thousand, after recognising Euro 3,519 thousand in depreciation and amortisation and Euro 47 thousand of write-downs of current assets.

The following is a presentation of the summary of the previous year's business management and the foreseeable course of business development.

OPERATING PERFORMANCE

The first half of 2022 shows a significant increase in production activity, which, with respect to the period under review, increased by 110% (Euro 151 million in 2021 compared to Euro 72 million in the first half of 2021).

The recovery especially affected the Energy Business Unit, whose work volumes have more than doubled, and involved all the Group companies engaged in the energy sector with the exception of the subsidiary Fores Engineering S.r.l. As a supplier of equipment, this company will, in fact, experience the market recovery somewhat later than the Main Contractors. Furthermore, this company was negatively affected by the suspension of a major project for Russia.

The increase in GDP was driven by the Parent Company, but in terms of margins, a significant contribution was also made by the companies located in Kazakhstan and Nigeria, where a good recovery in business has finally occurred.

On the other hand, the Shipbuilding Business Unit continued to suffer, experiencing both a contraction in production – also due to a much lower volume of orders – and decidedly unsatisfactory economic results. The period was characterised by considerable commercial activity in the Energy sector and the resumption of work in Qatar, Nigeria, and Kazakhstan, but also by fears over the tightening of sanctions against the Russian Federation, which affected the Parent Company's project in Kaliningrad and convinced the end client to completely revise their execution strategy.

Commercial activity in the Energy sector was centred mainly on tenders to be awarded between the end of 2022 and the beginning of 2023, concerning projects in the Natural Gas, Offshore Wind, and Carbon

Neutrality sectors.

By contrast, commercial activity in the Shipbuilding Business Unit was not characterised by significant tenders or specific acquisition prospects in the short term.

Regarding the Energy Business Unit, work in Qatar is being resumed by the local branch of the Parent Company pending the completion of the registration of a company established under Qatari law, while activities in Nigeria and Kazakhstan are being carried out through the local investee companies Rosetti Pivot Ltd and Kazakhstan Caspian Offshore Industries Llp respectively.

In the field of Renewable Energy, in addition to the good results achieved with regard to the Parent Company's Offshore Wind Energy orders, the subsidiary GM Green Methane S.r.l., which produces biomethane installations, performed very well. Work volumes more than doubled compared to the corresponding period of 2021, and the economic results finally turned positive.

With regard to the changes in the execution strategy of the Parent Company's Project for Russia, it should be noted that negotiations are underway with the end client to reduce the scope of work of both the Russian subsidiary Rosetti Marino Project OOO and the Parent Company. These negotiations have already led to the signing of a number of contractual amendments aimed at ending construction activities in Italy by September 2022 and are continuing to further reduce the Rosetti Group's involvement in the Project. It should be noted that this new execution strategy will lead to a decrease in GDP as at 31 December 2022 compared to the budget estimates, while it is believed that the margin forecasts can be confirmed.

The order book remained at a very satisfactory level, amounting to Euro 452 million compared to Euro 544 million as at 31 December 2021. It is also believed that, as a result of the tenders in which the Group companies are taking part and which will be awarded shortly, this value is expected to grow significantly and quickly, despite the drop in volumes expected for the Russian Project.

The following is a selection of the earnings ratios deemed most significant:

	<u>30.06.22</u>	<u>30.06.21</u>
G.D.P. (in thousands of euros)	150,994	72,321
(A1+A2+A3 of the income statement)		
Ebitda (in thousands of euros)	6,091	(33,772)

(A+B-10-12-13 of the income statement)		
Ebitda / GDP	4.03%	(46.70)%
Ebit (in thousands of euros)	2,525	(37,851)
(A+B of the income statement)		
Ebit / GDP	1.67%	(52.34)%
Gross profit (in thousands of euros)	2,272	(38,459)
(item 22 of the income statement)		
Gross profit / GDP	1.50%	(53.18)%
Net profit (in thousands of euros)	1,082	(28,692)
(item 23 of the income statement)		
Net profit / GDP	0.72%	(39.67)%
R.O.E.	0.94%	(16.97)%

(Net profit / opening shareholders' equity attributable to the Group)

It should be noted that the intermediate results presented in the table, in particular EBITDA and EBIT, are not identified as an accounting measure under Italian accounting standards and, therefore, the criteria for determining the intermediate results applied by the Group may not be consistent with those adopted by other companies and/or groups in the sector and, consequently, may not be comparable.

The following is a discussion of the various business segments in which the Group operates. For further numerical data, the reader is referred to the Explanatory notes.

Energy Business Unit

The activity of building energy plants is that which, with a value of production in the first half of 2022 of approximately Euro 133 million (Euro 52 million in the first half of 2021), remained the Group's primary sector.

Production activities were carried out in the Oil & Gas Platforms sector for Euro 114 million, in the Wind sector for Euro 6 million, in the Biomethane Upgrading sector for Euro 8 million, and in the Brown Field sector for Euro 5 million.

The volume of acquisitions by the Energy Business Unit during the first half of 2022 amounted to approximately Euro 175 million. With regard to the Parent Company, the period was characterised by the delivery of the project for Denmark and the commissioning of the project for the UK, which has therefore been completed. At the same time, significant production volumes were generated for the Kaliningrad project, with

regard to engineering as well as procurement and construction. Work also continued during the period on the Qatar job order, where the engineering and materials procurement activities were basically completed. These activities were followed by on-shore prefabrication work and the preparation of the offshore work activities, which constitute the most important and longest part of the Project. Finally, during the period, work began on the Argentina order, for which the design and procurement stages are at a point where prefabrication work could begin in mid-September.

In the Renewable Energy sector, during the period under review, the second Jacket for the French wind farm in Saint-Nazaire was delivered, and work on the third Jacket was successfully completed and handed over in September 2022.

The period was also marked by the resumption of Technical Service activities, with two projects based in the Arabian Gulf (Qatar and UAE), which will last through 2022 and, in at least one case, will also spill over into 2023.

In Nigeria, the associated company Rosetti Pivot Ltd continued work on the small Brown Field projects that began at the end of 2021, but also acquired a much larger Green Field order, which will engage it throughout 2022 and into 2023.

In Kazakhstan, the subsidiary Kazakhstan Caspian Offshore Ltd acquired a series of jobs related to the shutdown of the Kashagan offshore installation and is currently working on orders to increase production from the same field as well as the urgent repair of important parts of the installation that are causing a large reduction in hydrocarbon production.

On the other hand, the associated company Rosetti Ali & Sons Llc, based in Abu Dhabi, did not achieve significant work volumes and is mainly engaged in commercial activities, since only recently did the joint venture between the state-owned company ADNOC and the Italian company ENI decide to launch the major projects whose development had been blocked with the outbreak of the pandemic.

It should also be noted that during the first half of 2022 the projected growth prospects for biomethane installations were confirmed. This business is being pursued by the subsidiary GM Green Methane S.r.l., control of which was acquired in 2021. The volume of work has more than doubled since the 2021 reporting period, and the company has started to generate profits.

In conclusion, work volumes and margins were in line with expectations, but growing, for orders exclusively for design work, which are carried out by the Parent Company and the subsidiary Tecon S.r.l.

Shipbuilding Business Unit

The shipbuilding business, on the other hand, experienced a decrease in work volume, generating production value of Euro 7 million in H1 2022 (compared to Euro 9 million in H1 2021).

This disappointing operating result was also not supported by the expected volume of new acquisitions in the Superyacht business. Orders acquired during the half-year amounted to Euro 3 million and related entirely to Repair & Refit's activities. The reason for this was mainly due to the geopolitical situation that led to a drop in orders from Russian shipowners, who were particularly interested in the type of vessels offered by the subsidiary Rosetti Superyachts S.p.A.

Process Plant Business Unit

This business segment was entirely handled by the subsidiary Fores Engineering S.r.l. and its investee companies, and contributed, during the first half of 2022, to the achievement of a value of production of approximately Euro 11 million (approximately Euro 11 million in the first half of 2021), which is still definitely insufficient, also due to the suspension of an important project for Russia. It should be noted, however, that orders for Euro 32 million were acquired during the half-year period. This is certainly a significant figure and a sign of an imminent recovery, the effects of which, in terms of production, on the other hand, will only become apparent in the second half of 2022.

As in the case of Shipbuilding, this business unit also reported negative economic results in the six-month period under review. However, in this instance, the work generated by the orders and the strong market recovery bode well for a return to positive results in the near term.

INVESTMENTS

During the first half of 2022, a total amount of Euro 1,182 thousand was invested, of which Euro 51 thousand in intangible fixed assets and Euro 1,131 thousand in tangible fixed assets.

The investment situation confirms the Group's attention to constantly

increasing its level of competitiveness, safety and respect for the environment.

FINANCIAL SITUATION

For a more in-depth analysis of cash flows during the period, refer to the cash flow statement.

At this juncture, mention should be made of the fixed-asset coverage ratio (amply financed through equity) and the decidedly positive net financial position albeit down with respect to the previous year.

Long-term financial assets relate primarily to receivables from the associated companies Rosetti Pivot Ltd (Euro 220 thousand) and Rigros S.r.l. (Euro 775 thousand) in connection with two loans disbursed upon the commencement of their respective activities to provide the financial resources required for the start-up phase.

The following is a selection of the financial and equity ratios deemed most significant:

	<u>30/06/22</u>	<u>31/12/21</u>
Short-term net financial position (in thousands of Euro)	63,813	83,234
(CIII + CIV on assets side – D4 short-term on liabilities side)		
Asset coverage margin (in thousands of Euros) (M/L-term liabilities + total equity - fixed assets)	99,365	103,462
Asset coverage ratio (M/L-term liabilities + total equity / fixed assets)	1.81	1.83
Financial independence index (Total equity / total assets)	32.54%	33.96%
Ratio of income (expenses) to GDP (Financial income and expenses / GDP)	(0.12)%	(0.41)%

It should be noted that the “Net financial position” is not identified as an accounting measure under Italian accounting standards and, therefore, the criterion used by the Group for its determination may not be the same as that adopted by other companies and/or groups in the sector and, consequently, may not be comparable.

In connection to financial risk on trade receivables we inform you that

the Group mainly works with clients with a high retention degree, especially oil companies or their investees and leading Italian ship-owners. Given the long-standing relationships with clients and their financial solidity, no particular guarantees are required on the related receivables. It should nonetheless be noted that receivables are highly concentrated with a few entities, since the Company's orders are few in number and large in amount. Given this fact, it is common practice before acquiring an order to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial capacity. During the performance of the work, careful monitoring of the outstanding receivables also continued.

The Group is exposed to exchange rate risk due to its operations on international markets. To protect itself against that risk, as in previous periods, the Group undertook exchange-rate risk hedging transactions when it acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies.

It is nonetheless specified that, when one operates in countries with a local currency difficult to trade and subject to sharp exchange rate fluctuations (see Kazakhstan and Russia), hedging of the exchange rate risk cannot be effectively implemented.

STAFF

In all Group companies – as in the Parent Company – people's skills and professionalism are considered a very important intangible asset.

The staff headcount stood at 923 employees as at 30 June 2022, which represents an increase of 16 employees compared to 31 December 2021.

In further detail, it should be noted that the number of executives and white-collar workers increased respectively by 6 and 24, whereas blue-collar workers decreased by -14.

The change in headcount may be broken down among the various Group companies as follows: decreases were posted at the Parent Company (-11), Fores Engineering Algeria EURL (-7), Tecon S.r.l. (-3), Rosetti Superyachts S.p.A. (-1), and Rosetti Marino Project OOO (-1); while increases were recorded at Kazakhstan Caspian Offshore Industries Llp (+10), Fores Engineering S.r.l. (+8), and GM Green Methane S.r.l. (+3).

There was also an increase following the inclusion in the scope of consolidation of Rosetti Pivot Ltd (+18).

Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For that reason your Group has always kept particular care to safety aspects, adopting internal procedures and by doing training in order to prevent these events.

All of the proprietary production sites are certified in accordance with the BS-OHSAS18001 standard.

It is emphasised that we are continuing to promote initiatives aimed at spreading a culture of safety even further among all internal and external workers who operate within our Italian and international production sites.

OTHER INFORMATION ON OPERATIONS

With regard to the disclosure expressly required by Article 2428 of the Italian Civil Code, we report the following, while referring the reader to the Explanatory notes for the specifically numerical part:

Information on business risks

The physiological risks deriving from the businesses conducted by Group companies are those typical of enterprises that operate in the plant engineering and shipbuilding segments.

The responsibilities deriving from designing and constructing our products and the risks associated with normal operating activities are reviewed in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organizational procedures, as well as by acquiring adequate insurance coverage 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 situation have been reviewed in advance and the appropriate measures implemented accordingly, as described in the respective paragraphs "Financial situation," "Information on the environment," "Staff" and "Business outlook."

Activities relating to Italian Legislative Decree No. 231/01 on administrative liability

During the first half of 2022, the Supervisory Body appointed by the Parent Company regularly sent us the Interim Reports on the activities carried out, which the Board of Directors duly noted without findings, due to the absence of events or critical aspects worthy of note.

Information on the environment

The Group creates large metallic constructions and the associated productive activities present a low impact on environment mainly limited on painting phases and sand-blasting phases.

Such risks, though reduced, are thoroughly assessed by the responsible unit.

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

The Group has devoted considerable efforts to the development and dissemination of the Culture of Sustainability with particular attention to the following objectives:

- minimising environmental impact by reducing energy consumption, atmospheric emissions, and the production of waste;
- steadily improving the systems we use to identify and assess risks and environmental impacts and implementing the necessary prevention and mitigation measures related to them.

These environmental objectives were defined in the first Sustainability Policy issued by the Parent Company in October 2018, which was followed by a series of initiatives aimed at promoting the spread of this culture among all the personnel.

Research and development activities

Research and development activities were mainly carried out by the appointed Business Development unit of the Parent Company and by the subsidiary company Fores Engineering S.r.l.

It is hoped that a positive outcome of these initiatives will generate good results with positive effects on the future results of the Group.

Treasury share transactions

There were no treasury share transactions during the period under review. Accordingly, the number of treasury shares held by the Parent Company remained unchanged at 200,000 (nominal value of Euro 1.00 each), representing 5.0% of the share capital.

BUSINESS OUTLOOK

The order book resulting from orders acquired and not completed as at 30 June 2022 amounted to approximately Euro 452 million (Euro 544 million as at 31 December 2021).

With regard to market trends and the main commercial and operational guidelines of the various sectors in which the Group operates, the following should be noted:

Energy Business Unit

The order book amounted to approximately Euro 379 million (approximately Euro 466 million as at 31 December 2021), having increased significantly due to recent acquisitions.

With regard to business development, it should be noted that in the short and medium term, work will be assigned on major tenders in which the Parent Company is taking part. In particular, this concerns projects for natural gas platforms in the Mediterranean, wind platforms (substations) for the North Sea, and carbon capture and storage installations in Italy.

The market for natural gas production plants is currently undergoing rapid expansion due to Europe's need to replace Russian natural gas with other sources, which has resulted in projects that had been at a standstill for years becoming both economical and critical. Projects intended for the Mediterranean, the most strategic geographical area at the moment, place the Rosetti Group in a particularly advantageous position compared to its competitors.

Similarly, the tragic geopolitical situation and Europe's appetite for energy are also giving a strong impetus to new investments in the other areas of plant engineering that the Rosetti Group is entering. We are referring mainly to Renewable Energy, Offshore Wind, and Biomethane, and also to Carbon Neutrality projects aimed at minimising climate change. In the latter case, our focus is specifically directed at CO2 capture and utilisation or storage.

In all of these business areas, we are involved in major tenders and are receiving increased interest from operators in the energy sector, which are overwhelming our ability to bid even before executing the works. From this lively business activity we expect further significant positive developments as early as the second half of 2022. Our expectations concern both work volumes and profitability, also considering that the

current market situation allows us to limit business risks by proposing to our clients terms and conditions to safeguard against the potential increase in raw material prices and inflationary effects on the cost of work.

Shipbuilding Business Unit

For the Shipbuilding Business Unit, the order book amounted to approximately Euro 20 million (approximately Euro 38 million as at 31 December 2021), broken down into the Superyachts segment for Euro 9 million (approximately Euro 27 million as at 31 December 2021), the Tugboats segment for Euro 10 million (approximately Euro 10 million as at 31 December 2021), and the Repair & Refit segment for Euro 1 million (approximately Euro 1 million as at 31 December 2021).

Business developments in the Shipbuilding Sector in the short term are the most worrying aspect for the Group. Contrary to what is happening with the Energy Business Unit, in fact, there are no significant signs of market recovery that would make it possible to consider the difficult period of the last two years as being over. The total absence of new orders in the six-month period under review from the subsidiary Rosetti Superyachts S.p.A., and the limited opportunities in the short term to acquire new orders, suggest that the losses incurred in the period will continue in the second half of the year. Consequently, the impact on the Parent Company, which builds yachts under subcontract through its subsidiary Rosetti Superyachts S.p.A., is also expected to be very disappointing.

The only business area that has maintained its expected work volumes and margins in the Shipbuilding sector is Repair & Refit.

The continuing negative economic results and the poor prospects for improvement in the short and medium term are forcing the Group to seriously reflect on its future position in the Shipbuilding Sector.

Process Plant Business Unit

The Process Plant Business Unit has an order book of approximately Euro 53 million (approximately Euro 40 million as at 31 December 2021), and the prospects for new major acquisitions in the short term are very strong. Therefore, the signs of recovery in the relevant market in which the subsidiary Fores Engineering S.r.l. operates are evident.

Although the economic results for the six-month period under review were negative and still disappointing, expectations are for a rapid return

to sustainability and growth in terms of volumes and margins.

Ravenna, 30/09/2022

On behalf of the Board of Directors
The Chief Executive Officer
Oscar Guerra

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2022:

- *Balance sheet*
- *Income statement*
- *Cash flow statement*
- *Explanatory notes*

BALANCE SHEET (AMOUNTS IN THOUSANDS OF EURO)

ASSETS	30/06/2022	31/12/2021	30/06/2021
A) SUBSCRIBED CAPITAL, UNPAID	0	0	0
B) FIXED ASSETS:			
I Intangible fixed assets:			
1) start-up and expansion costs	1	3	6
2) development costs	1,475	1,647	1,761
3) industrial patent rights	98	74	91
4) concessions, licenses, trademarks and similar rights	353	359	365
6) assets under construction and payments on account	0	0	7
7) other intangible fixed assets	972	1,106	1,256
8) goodwill	2,614	3,406	4,257
TOTAL INTANGIBLE FIXED ASSETS	5,513	6,595	7,743
II Tangible fixed assets:			
1) land and buildings	103,602	103,859	104,514
2) plant and machinery	2,161	2,599	2,874
3) industrial and commercial equipment	3,855	4,081	4,423
4) other assets	3,321	3,989	3,532
5) assets under construction and payments on account	657	521	762
TOTAL INTANGIBLE FIXED ASSETS	113,596	115,049	116,105
III Long-term financial assets:			
1) equity investments:			
a) in subsidiary companies	0	0	250
b) in associated companies	1,077	21	21
d-bis) in other companies	163	160	160
2) receivables:			
a) due from subsidiary companies	0	0	80
b) due from associated companies	995	1,172	1,153
d-bis) due from third parties	1,165	1,213	1,209
TOTAL LONG-TERM FINANCIAL ASSETS	3,400	2,566	2,873
TOTAL FIXED ASSETS	122,509	124,210	126,721
C) CURRENT ASSETS:			
I Inventories:			
1) raw materials, ancillary materials, and consumables	1,483	1,441	1,918
2) work in progress and semi-finished goods	16	16	23
3) contract work in progress	76,898	46,192	39,347
5) advances	4,077	4,760	4,843
5) raw materials, ancillary materials, and consumables	82,474	52,409	46,131
TOTAL INVENTORIES			
III Receivables:			
1) trade receivables	51,531	46,697	36,064
2) due from subsidiary companies	0	0	4
3) due from associated companies	1,677	2,864	3,098
4) due from parent company	0	12	0
5-bis) tax receivables	14,469	8,520	11,983
5-ter) prepaid taxes	31,448	28,598	27,246
5-quater) due from third parties			
- due within 12 months	748	1,779	1,585
- due beyond 12 months	306	283	155
TOTAL RECEIVABLES	100,179	88,753	80,135
III Short-term financial assets:			
1) derivative financial instruments	1,744	479	1,395
2) other securities	41,262	37,892	46,191
TOTAL SHORT-TERM FINANCIAL ASSETS	43,006	38,371	47,586
IV Cash at bank and in hand:			
1) bank and post office deposits	51,411	69,033	46,470
2) cash and cash equivalents	73	74	65
TOTAL CASH AT BANK AND IN HAND	51,484	69,107	46,535
TOTAL CURRENT ASSETS	277,143	248,640	220,387
D) ACCRUED INCOME AND PREPAYMENTS:	2,009	1,228	1,325
TOTAL ASSETS	401,661	374,078	348,433

LIABILITIES	30/06/2022	31/12/2021	30/06/2021
A) SHAREHOLDERS' EQUITY			
I Share capital	4,000	4,000	4,000
III Revaluation reserve	1,385	60,709	60,709
IV Legal reserve	1,000	1,000	1,000
VI Other reserves	125,085	139,515	139,515
VII Reserve to hedge expected financial flows	1,288	(213)	(423)
VIII Profits (losses) carried forward	(5,665)	(24,692)	(24,692)
IX Profit (loss) for the period	1,082	(54,727)	(28,692)
X Negative reserve for treasury shares	(5,100)	(5,100)	(5,100)
XI Consolidation reserve	(6,029)	23	23
XII Translation reserve	23	(5,438)	(5,724)
TOTAL GROUP SHAREHOLDERS' EQUITY	117,069	115,077	140,616
Minority interests in capital and reserves	13,614	11,955	12,386
TOTAL GROUP SHAREHOLDERS' EQUITY AND MINORITY INTERESTS	130,683	127,032	153,002
B) PROVISIONS FOR LIABILITIES AND CHARGES:			
1) Pensions and similar commitments	360	360	360
2) Provisions for taxes	10,341	10,375	10,321
2) Derivative financial instruments	113	213	425
4) Others	3,034	4,955	6,915
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	13,848	15,903	18,021
C) EMPLOYEES' SEVERANCE INDEMNITY PROVISION:	4,134	4,192	4,328
D) PAYABLES:			
3) due to shareholders for loans	1,175	1,419	1,419
4) due to banks			
- due within 12 months	30,677	24,244	24,941
- due beyond 12 months	73,196	80,532	77,490
5) due to other lenders			
- due within 12 months	169	8	0
- due beyond 12 months	13	13	0
6) advances	78,366	63,807	17,652
7) trade payables	56,734	43,813	39,878
10) due to associated companies	82	82	21
12) tax payables	3,189	5,244	2,119
13) due to social security and welfare institutions	2,316	2,373	2,305
13) other payables	6,946	5,278	7,144
TOTAL PAYABLES	252,863	226,813	172,969
E) ACCRUED INCOME AND PREPAYMENTS:	133	138	113
TOTAL LIABILITIES	401,661	374,078	348,433

INCOME STATEMENT

	H1 2022	31/12/2021	H1 2021
A) VALUE OF PRODUCTION			
1) Revenues from sales and services	131,268	170,638	88,432
2) Change in inventories of work in progress, semi-finished and finished goods	0	(7)	0
3) Changes in contract work in progress	19,726	(9,408)	(16,111)
4) Increase in own work capitalised	6	8	0
5) Other income and revenues:			
a) operating grants	65	751	380
b) other	6,124	4,497	2,777
TOTAL VALUE OF PRODUCTION	157,189	166,479	75,478
B) COSTS AND EXPENSES			
6) Raw, ancillary, consumables and goods for resale	(30,590)	(51,555)	(26,278)
7) Services	(88,353)	(112,391)	(52,034)
8) Leases and rentals	(3,889)	(5,389)	(2,307)
9) Staff and related costs			
a) wages and salaries	(20,858)	(37,886)	(20,113)
b) Social security contributions	(5,291)	(10,118)	(5,368)
c) employees' severance indemnity provision	(1,206)	(2,296)	(1,096)
d) Pensions and similar commitments	(137)	(273)	(128)
e) other personnel costs	(70)	(134)	(85)
Total staff and related costs	(27,562)	(50,707)	(26,790)
10) Amortisation, depreciation and write-downs			
a) amortisation of intangible fixed assets	(1,145)	(2,273)	(1,137)
b) depreciation of tangible fixed assets	(2,374)	(4,726)	(2,367)
d) write-downs of current receivables and of cash at bank and in hand	(47)	(355)	(262)
Total amortisation, depreciation and write-downs	(3,566)	(7,354)	(3,766)
11) Change in inventories of raw materials, consumables and goods for resale	22	(631)	(154)
12) Provisions for risks		(819)	(313)
14) Other operating expenses	(726)	(2,442)	(1,687)
TOTAL COSTS AND EXPENSES	(154,664)	(231,288)	(113,329)
DIFFERENCE BETWEEN THE VALUE OF PRODUCTION AND COSTS AND EXPENSES (A+B)	2,525	(64,809)	(37,851)
C) FINANCIAL INCOME AND EXPENSES:			
15) Income from equity investments:			
d) dividends and other income from other companies	0	1	0
16) Other financial income:			
c) from current securities not representing equity investments	328	1,084	715
d) income other than the above			
- interest and fees from associated companies	19	67	31
- interest and fees from third parties and sundry income	33	68	43
17) Interest and other financial expenses:			
a) due from subsidiary companies	0	(646)	(71)
d) other	(741)	(1,357)	(696)
17-bis) Exchange gains and losses	180	122	(364)
TOTAL FINANCIAL INCOME AND EXPENSES:	(181)	(661)	(342)
D) VALUE ADJUSTMENTS ON FINANCIAL ASSETS AND LIABILITIES:			
18) Revaluations:			
A) of equity investments	3	2	2
c) of current securities	29	57	86
d) of derivative financial instruments	0	97	82
19) Write-downs:			
A) of equity investments	0	(293)	(342)
c) of current securities	(86)	(17)	(40)
d) of derivative financial instruments	(18)	(73)	(54)
TOTAL ADJUSTMENTS ON FINANCIAL ASSETS AND LIABILITIES	(72)	(227)	(266)
RESULT BEFORE TAXATION (A+B+C+D)	2,272	(65,697)	(38,459)
20) Income taxes for the year	327	8,832	8,596
PROFIT (LOSS) FOR THE PERIOD INCLUDING MINORITY INTERESTS	2,599	(56,865)	(29,863)
Minority-interest net (profit) loss	(1,517)	(2,138)	1,171
GROUP PROFIT (LOSS)	1,082	(54,727)	(28,692)

CASH FLOW STATEMENT (thousands of Euro)**OPENING BALANCE OF CASH AT BANK AND IN HAND****1st HALF 2022** **2nd HALF 2021****69,107** **46,535****A. CASH FLOWS DERIVING FROM OPERATING ACTIVITIES**

Profit (loss) for the period	1,082	(26,035)
Income taxes	(327)	(236)
1. Profit (loss) for the period before income taxes	755	(26,271)
Adjustments for non-monetary elements which have not had a matching balance under net working capital		
Accruals to provisions	707	1,337
Amortisation and depreciation of fixed assets	3,519	3,495
Value adjustments to financial assets and liabilities of derivative financial instruments which do not involve monetary transactions	1,501	210
2. Cash flow before changes in net working capital	6,482	(21,229)
<i>Changes in net working capital</i>		
(increase) decrease in inventories	(30,725)	(1,890)
(increase) decrease in current receivables due within 12 months	(13,571)	(17,840)
Increase (decrease) in trade payables and other payables	26,872	52,523
(increase) decrease in accrued income and prepayments	(781)	119
Increase (decrease) in accrued liabilities and deferred income	(5)	7
(increase) decrease in other working capital items	1,636	(1,431)
3. Cash flow after changes in net working capital	(10,092)	10,259
<i>Other adjustments</i>		
(Income taxes paid)	0	0
(Use of provisions)	0	(5,189)
CASH FLOW FROM OPERATING ACTIVITIES (A)	(10,092)	5,070

B. CASH FLOWS DERIVING FROM INVESTMENT ACTIVITIES*Net changes in:*

Intangible Fixed Assets	(63)	2,154
Tangible Fixed Assets	(921)	(449)
Financial Assets	(834)	307
Current financial assets	(4,635)	9,215
Changes in scope of consolidation	660	3,644
CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(5,793)	14,871

C. CASH FLOWS DERIVING FROM FINANCING ACTIVITIES*Loan capital*

Loans taken out	10,559	20,074
Repayment of loans	(11,706)	(17,729)
<i>Shareholders' equity</i>		
Consolidation reserve	0	10
Translation reserve	(591)	286
Change in scope of consolidation	0	(10)
CASH FLOW FROM FINANCING ACTIVITIES (C)	(1,738)	2,631

INCREASE (DECREASE) IN CASH AT BANK**AND IN HAND (A+B+C)** **(17,623)** **22,572****CLOSING BALANCE OF CASH AT BANK AND IN HAND** **51,484** **69,107**

Note: the interest recorded is essentially equal to that collected/paid; the divestments are not significant and therefore not analysed; the investments were more or less paid for as at the date the financial statements were drawn up.

EXPLANATORY NOTES

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The half-year consolidated financial statements have been drawn up in compliance with the provisions of the Italian Civil Code and comprise the balance sheet, the income statement, the cash flow statement (prepared in compliance with the formats respectively as per Articles 2424, 2424 bis of the Italian Civil Code, Articles 2425 and 2425 bis of the Italian Civil Code and Article 2425 ter of said Code) and these explanatory notes. The purpose of the explanatory notes is to illustrate, analyse and in some cases supplement the financial statement data and contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code, by other provisions of the Civil Code concerning financial statements and by other previous laws. In addition, even if not required by specific legal provisions, all the supplementary information deemed necessary for providing a true and fair view is also provided.

Where necessary, the legal provisions have been supplemented by the accounting standards recommended by the Accounting Standards Committee of the Italian Accounting Profession, as amended and supplemented by the OIC (the Italian Accounting Standards Setter), including therein the amendments introduced in January 2019, as well as those of the International Accounting Standards Board (IASB), within the limits that the latter are compatible with Italian legal provisions.

The measurement of the financial statement items was carried out aspiring to the general criteria of prudence and accruals, with a view to the business as a going-concern and taking into account the criteria of relevance.

The application of the prudent approach led to the individual measurement of the elements making up the individual items or captions of the assets or liabilities, in order to avoid offsetting between losses which had to be recognised and profits not to be recognised since they are not realised.

In observance of the accruals principle, the effects of the transactions and other events have been recognised in the accounts and assigned to the period to which said operations and events refer, and not to that in which the related financial transactions (collections and payments) will take place. For the purpose of the accounting measurements, priority is given to the economic essence of the underlying transactions rather

than their legal form.

The financial statements as at 30 June 2022 have been prepared by using the financial statements of the individual companies included within the scope of consolidation, drawn from the related half-year financial statements and consolidated reporting packages specifically prepared by company bodies. Those financial statements have been appropriately modified, where necessary, to bring them into compliance with the following policies.

REFERENCE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

All the companies included in the consolidated financial statements align their date of closure of the financial statements with that of the consolidated financial statements.

CONSOLIDATION PRINCIPLES

The consolidated financial statements have been drawn up on the basis of the financial statements approved by the shareholders' meetings or management bodies of the consolidated companies, adjusted – where necessary – for the purpose of aligning them with the Group accounting standards, or on the basis of the financial information forwarded by the consolidated companies and drawn up in compliance with the instructions of the Parent Company.

The accounting standards adopted for the preparation of the consolidated financial statements are those adopted by the Parent Company for the drafting of the annual financial statements or those adopted by the majority of the consolidated companies, notwithstanding the standard for the measurement of the equity investments in associated companies using the equity method or the proportional method instead of the cost method and the accounting treatment of assets under financial lease, as illustrated further on in these explanatory notes.

A) Consolidation method

Subsidiaries are consolidated according to the line-by-line method. The

following are the criteria mainly adopted for that method:

- the carrying amount of equity investments has been eliminated against the associated 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 recognized under a shareholders' equity item entitled "Consolidation reserve"; where positive, it is recognized under an asset item entitled "Goodwill" and amortised over five years, if 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, have been eliminated;
- the portions of shareholders' equity and the result for the interim period pertaining to minority interests are illustrated in the specific consolidated balance sheet and income statement items;
- companies acquired during the half-year have been consolidated as from the date on which a majority interest was obtained. If acquisition occurs during the final days of the half-year, the target company is consolidated as from the following period.

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of foreign subsidiaries with operating 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 the end-of-period exchange rates and the translation of the income statement at the average rates for the period are recognized in the shareholders' equity item "Translation reserve." Said reserve is recognised in the

income statement as income or expense in the period when the relative subsidiary is sold.

SCOPE OF CONSOLIDATION

The consolidated financial statements as at 30 June 2022 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.

Equity investments in associated companies have been presented according to the equity method, with the exception of the companies Rosetti Congo Sarl, Basis Pivot Ltd, and Broadshore Energy Ltd since they are dormant, and the companies RigRos S.r.l., Rosetti Ali & Sons Llc, and Rosetti Pivot Ltd, which were consolidated using the proportional method.

The following is a list of equity investments in subsidiaries and associated companies within the scope of consolidation (in thousands of Euro):

Name	Registered office	Share capital	Percent interest
<i><u>Subsidiary companies</u></i>			
FORES ENGINEERING S.r.l.	Forli	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%
<i><u>Associated companies</u></i>			
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 & SONS Llc	Abu Dhabi	36	49.0%
BASIS PIVOT Ltd (*)	Nigeria	46	45.0%
BROADSHORE ENERGY Ltd (*)	Nigeria	85	26.32%

(1) Of which 10% held indirectly through Fores Engineering S.r.l.

(2) Held indirectly through Fores Engineering S.r.l.

(3) Of which 5% held indirectly through Rosetti Kazakhstan Llp.

(*) Not included in the scope of consolidation

The following changes compared to the previous year occurred in the first half of 2022:

- formalisation of the acquisition of 26.32% of the share capital of the associated company Broadshore Energy Ltd based in Lagos, Nigeria, for Euro 1,056 thousand (equivalent to USD 1,132 thousand).

The subsidiary and associated companies included in the scope of consolidation operate in the following segments:

- Tecon S.r.l.: multi-disciplinary design of oil and petrochemical facilities;
- Fores Engineering S.r.l and Fores Engineering Algérie Eurl: design and construction of automation and control systems and related maintenance;
- 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 installations;
- Rosetti Kazakhstan Llp: providing technical services;
- Rosetti Superyachts S.p.A.: construction of superyachts;
- GM Green Methane S.r.l.: construction of biomethane installations;
- Rigros S.r.l.: redevelopment of a yard area adjacent to the Parent Company's headquarters.

RECONCILIATION OF THE PARENT COMPANY'S SHAREHOLDERS' EQUITY AND PROFIT/LOSS AND CORRESPONDING CONSOLIDATED FIGURES

The following is the statement of reconciliation between the shareholders' equity and profit for the period presented in the Parent Company's separate half-year financial statements and the

corresponding consolidated figures as at 30 June 2022:

	<u>Shareholders'</u> <u>equity</u>	<u>Profit for the</u> <u>period</u>
FIGURES PRESENTED IN THE FINANCIAL STATEMENTS OF ROSETTI MARINO SPA AS AT 30/06/2022	114,164	361
Consolidation adjustments:		
a. Difference between the carrying amounts of consolidated equity investments and the valuation of those equity investments according to the equity method	1,287	279
b. Effect of the accounting recognition of finance lease contracts for tangible fixed assets according to the financial method	1,696	(57)
c. Reversal of unrealized gains deriving from transactions between Group companies	395	483
d. Reversal of unrealised profits deriving from the distribution of dividends between Group companies	0	0
e. Allocation of deferred and prepaid taxes pertaining to the tax effect (where applicable) of consolidation adjustments		
	<u>(473)</u>	<u>16</u>
FIGURES PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2022	<u>117,069</u>	<u>1,082</u>

VALUATION PRINCIPLES

The most significant valuation principles adopted for the preparation of the annual financial statements as at 30 June 2022 in accordance with Article 2426 of the Italian Civil Code and the OIC accounting standards are set out below:

Intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, inclusive of any related charges, and are amortised systematically over the period they are expected to be used in the future.

Intangible assets are written down if they become impaired, independently of the amount of previously recognized amortization charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered, with the exception of the items goodwill, consolidation difference and deferred charges.

Advertising and research and development costs are expensed in full during the period in which they are incurred.

The difference between the acquisition cost and shareholders' equity of investee companies is allocated, where possible, to the asset and liability items of the companies within the scope of consolidation. Any residual amount, where positive, is recognised under an asset item entitled "Goodwill" and amortised over five years, if that amount represents future income-generating capacity.

Tangible fixed assets

Tangible fixed assets are recognised at purchase or production cost, net of any capital grants, and as adjusted for certain assets in accordance with specific revaluation laws. The cost includes accessory charges and direct and indirect costs to the extent reasonably attributable to the asset.

These are systematically depreciated each year on a straight-line basis according to economic/technical rates determined in relation to the residual useful lives of the assets. The rates applied are presented in the section setting out comments on assets. Tangible fixed assets are written down when impaired, independently of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is recovered.

Ordinary maintenance costs are expensed in full to the income statement, whereas those that involve improvements are allocated to the assets to which they refer and are depreciated according to the residual useful life of the asset in question.

Leased assets

The operating assets whose availability is attained by way of financial lease agreements are shown on the financial statements according to

the international accounting standards (IAS 17), the so-called "financial method" that requires:

- the original value of the assets purchased with financial lease agreements shown in assets at the time these contracts are stipulated;
- recognition under liabilities of the corresponding residual principal amount owed to the leasing company;
- booking to the income statement of the relevant economic-technical amortisation and pertinent financial expense implicit in the financial lease payments, replacing the pertinent fees.

Equity investments

Equity investments in associated companies are measured according to the equity method or the proportional method if 50% owned. Equity investments in other companies are valued at cost, as are equity investments in dormant subsidiaries and associated companies. The book value is determined based on the purchase or subscription price. The cost is then written down for impairment when the investees incur losses and it is not expected that the income earned in the immediate future will be sufficient to offset those losses. The original amount is recovered in later years if the grounds for the impairment loss cease to apply.

Inventories

Raw materials:

Raw materials are measured at the average purchase or production cost, calculated according to the weighted average cost, and realisable value, whichever is the lower.

Contract work in progress and revenue recognition:

Contract work in progress spanning more than one year is measured at period-end according to the consideration accrued with reasonable certainty (the percent completion method). Consideration accrued is calculated by applying the percentage of completion determined according to the cost-to-cost method to the estimated total revenue.

The percentage is figured as the ratio of the costs incurred as at 30 June to estimated total costs.

The additional fees are included under contract revenues only when by

the reporting date there has been formal acceptance by the client of these additional fees, or, despite the absence of formal acceptance, as of that date it is highly probable that the request for additional fees is accepted on the basis of the most recent information and past 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 received from clients while a project is ongoing, for work performed and normally agreed upon through “progress reports”, are recorded under revenues, while payments on account from clients received at the start of work are recorded under the item “Payments on account” on the liabilities side of the balance sheet.

Contracts are considered completed when all the contractual costs have been incurred and the work has been accepted by the clients. Any losses on contracts, estimated with reasonable approximation, are booked in full to decrease the value of the contract work in progress, recorded under assets, during the period in which they became known. If this loss is higher than the value of the work in progress, the Company records a specific provision for liabilities and charges, recorded under liabilities, equal to the excess.

Receivables

Receivables are reported in the financial statements in compliance with the amortised cost criterion, taking into account the time factor and the estimated realisable value. The amortised cost principle is not applied in cases in which its effects are irrelevant, i.e. when transaction costs, commissions paid between the parties and any other difference between the initial value and the value of the receivable when due are negligible or if the receivables are short-term (i.e. due within 12 months).

Trade receivables due beyond 12 months of their initial recognition that are not interest bearing or that attract interest at rates that are significantly different from market rates, and the related revenues, are initially recognised at the value determined by discounting the future cash flows at the market interest rate. The difference between the value of the receivable when initially recognised, calculated as indicated above, and its value when due, is reported in the income statement as a financial income over the term of the receivable using the effective interest rate criterion.

The value of receivables, as determined above, is adjusted, if necessary,

by a specific allowance for doubtful receivables, booked to directly decrease the value of said receivables, so as to adjust them to their estimated realisable value. The estimate of the allowance for doubtful receivables includes the estimates of losses both due to the credit risk situations which have already manifested or are deemed probable and those for other non-recoverable amounts which have already manifested or have not yet manifested but are deemed probable.

Current financial assets

Current financial assets are recognised at purchase or subscription cost, including directly attributable accessory charges, or the realisable amount determined on the basis of market trends, whichever is the lower.

The original cost of such securities is reinstated when the reasons for previous adjustments cease to apply.

Cash at bank and in hand

These are recorded at their nominal value and include the interest accrued as at the period end date. Cash at bank and in hand in foreign currency are valued at the period end exchange rate.

Accruals, deferrals and prepayments

These items include portions of costs and revenues which are common to two or more accounting periods, recognised by means of a breakdown over time, to satisfy the accruals principle.

Provisions for liabilities and charges

Provisions for liabilities and charges are set aside to cover losses or payables the existence of which is certain or likely, but the amount and the date of occurrence of which cannot be determined at period-end. The provisions reflect the best possible estimate based on the information available. With regard to the recognition of liabilities and charges, account was also taken of the risks and losses whose existence was revealed also after the end of the period and up until the date these financial statements were prepared.

Risks for which the occurrence of a liability is merely possible are indicated in the notes on provisions, without setting aside a provision for liabilities and charges.

Derivative financial instruments

Derivative financial instruments are financial assets and liabilities reported at their fair value and are mainly used as hedging instruments in order to manage the risks deriving from fluctuations in exchange rates and interest rates.

Derivatives are classified as hedging instruments only when, at the beginning of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and this hedging relationship is formally documented and the effectiveness of the periodically checked hedging is high.

When derivatives hedge the risk of changes in the future cash flows of the instruments being hedged (cash flow hedges), the effective portion of the profits or losses on the derivative financial instrument is suspended in the shareholders' equity. The profits and losses associated with the ineffective portion of a hedge are recorded in the income statement. When the related transaction is carried out, the cumulative profits and losses, recorded up to that moment in the shareholders' equity, are transferred to the income statement when the relative transaction takes place (as an adjustment or supplement to the income statement items impacted by the financial flows being hedged). Therefore, the changes in the corresponding fair value of derivative financial hedging instruments are recorded:

- in the income statement under items D18 or D19 in the case of fair value hedging of an asset or liability recorded in the balance sheet as well as changes in the fair value of the hedged items (if 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 item affected by the hedged item);
- in a specific equity reserve (under item AVII "Reserve for expected cash flow hedging transactions") in the case of cash flow hedging in a manner that offsets the effects of the hedged flows (the ineffective component is classified under items D18 and D19).

For the derivative financial instruments classified as “for trading”, since they do not satisfy the requirements for being treated under hedge accounting, the fair value changes are recognised in the balance sheet and are booked to items D18 or D19 of the income statement.

Employees' severance indemnity provision (TFR)

The employees' severance indemnity provision covers the full liability to

employees accrued under applicable legislation, collective labour agreements and supplementary company agreements. Such liabilities are subject to adjustment for inflation according to indices.

The changes made to the severance indemnity legislation by Italian Law No. 296 dated 27 December 2006 ("2007 Finance Bill") and by subsequent implementing Decrees and Regulations, amended the accounting criteria applied to the portions of indemnity accrued as of 31 December 2006 and those accruing as from 1 January 2007, since as a result of the establishment of the "Fund for the disbursement to employees in the private sector of severance indemnities as per Article 2120 of the Italian Civil Code" (Treasury Fund managed by INPS on behalf of the State) the employers who employ at least 50 workers are obliged to pay the portions of severance indemnity to this Treasury Fund, accrued in relation to those workers who have not chosen to assign their severance pay to a supplementary welfare fund. The amount of the Employees' severance indemnity stated in the financial statements is therefore indicated net of the portions paid over to said INPS Treasury Fund, with the exception of the subsidiaries GM Green Methane S.r.l., Tecon S.r.l., and Rosetti Superyachts S.p.A. in relation to which it continues to be set aside in the Employees' severance indemnity provision.

Payables

Payables are recorded using the amortised cost criterion, taking into account the time factor. The amortised cost criterion is not applicable to payables if the effect is negligible. The effects are considered to be negligible for short-term payables (i.e. with a due date of less than 12 months). For the amortised cost criterion, please see what has been said about receivables.

Costs and revenues

These are recognised on a prudent and accruals basis as per Article 2423-bis of the Italian Civil Code, pursuant to Article 2425-bis of said Civil Code, with recording of the related accruals, deferrals and prepayments. Revenues include amounts invoiced for production carried out during the year, thus definitely due. Transactions with related parties were conducted at arm's-length conditions.

Capital and operating grants

Capital and operating grants are recognized when they are effectively collected.

So as to avail of the benefits of deferred taxation envisaged by the tax laws in force until 31 December 1997, in previous years part of the grants received (to the extent the tax laws allowed) were allocated to the "Other reserves" item under shareholders' equity.

Dividends

Dividends are recognised in the year in which the investor company becomes entitled to collect them as a result of the resolution by the Shareholders' Meeting of the investee companies.

Income taxes for the period

Income taxes are recognised on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due and in compliance with the matters indicated by the reference accounting standards regarding the recognition of income taxes for the period.

Deferred tax assets and liabilities are also provided on temporary differences between the result for the period and the positive or negative taxable amount, and are calculated on the basis of the rate which is expected to be applicable to the period in which the differences will reverse, in accordance with the liability method.

The deferred tax assets are recorded when there is the reasonable certainty that there will be taxable profits able to absorb said credit balance in the future.

Translation of foreign currency items

Foreign currency receivables and payables were originally recognised at the exchange rates in force when the transactions were recorded.

Exchange differences produced on the collection of receivables and payment of payables expressed in foreign currencies are recognised in the income statement.

Receivables and payables in foreign currencies for which exchange-rate risk hedging transactions have been undertaken are adjusted to the base exchange rate of the hedging transactions in question.

At period-end, receivables and payables in foreign currencies for which hedging transactions have not been undertaken are translated on the

basis of the exchange rate in force at the reporting date. The profits and losses that arise from such conversion are credited and debited to the income statement as components of a financial nature.

When allocating net profit for the year, any net gain resulting from the comparison of potential gains and losses on foreign exchange is allocated to a specific reserve that may not be distributed until the gain is realised.

Departures pursuant to Article 2423.4 of the Italian Civil Code

No exceptions were applied in these financial statements as per Article 2423.4 of the Italian Civil Code.

Comparison and presentation of the balances

In the interest of greater clarity and intelligibility, all figures in the balance sheet, income statement, cash flow statement, explanatory notes and related annexes have been presented in thousands of Euro.

In the notes, the balance sheet figures have been compared with the amounts as at 31 December 2021, whereas the income statement figures have been compared with the amounts as at 30 June 2021.

COMMENTS ON THE MAIN ASSET ITEMS

FIXED ASSETS

INTANGIBLE FIXED ASSETS

Start-up and expansion costs

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

	Balance	Incr.	Decr.	Balance
	31/12/2021			30/06/2022
Start-up and expansion costs	<u>3</u>	<u>0</u>	<u>(2)</u>	<u>1</u>

Development costs

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

Balance	Incr.	Decr.	Balance
----------------	--------------	--------------	----------------

	31/12/2021		30/06/2022
Development costs	<u>1,647</u>	<u>0</u>	<u>(172)</u>
			<u>1,475</u>
The above item consists entirely of investments in business development made by the subsidiary GM Green Methane S.r.l.			

Industrial patent rights

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

	Balance	Incr.	Decr.	Balance
	31/12/2021			30/06/2022
Patent rights	<u>74</u>	<u>47</u>	<u>(23)</u>	<u>98</u>
The item mainly includes the residual value of patent rights acquired by the subsidiary Tecon S.r.l.				

Concessions, licences, trademarks and similar rights

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

	Balance	Incr.	Decr.	Exchange	Balance
	31/12/2021			delta	30/06/2022
Licenses	12	0	0	0	12
Concessions of surface rights	342	0	(6)	0	336
Trademarks	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Total concessions, licenses, etc.	<u>359</u>	<u>0</u>	<u>(6)</u>	<u>0</u>	<u>353</u>

The foregoing items are amortised respectively over the term of user licence agreements, over the term of concessions of surface rights, and over 18 years for trademarks.

Other intangible fixed assets

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

	Balance	Incr.	Decr.	Exchange	Balance
	31/12/2021			delta	30/06/2022
Deferred charges	2	0	(2)	0	0
EDP programs	160	2	(26)	12	148
Leasehold improvements	<u>944</u>	<u>2</u>	<u>(122)</u>	<u>0</u>	<u>824</u>
Total other intang.	<u>1,106</u>	<u>4</u>	<u>(150)</u>	<u>12</u>	<u>972</u>

fixed assets

The items decreased owing to the effect of amortisation charges, the criteria for which differ according to the various types of capitalized costs. In further detail:

- on a straight-line basis over three years for EDP programmes, and;
- according to the duration of the surface rights and property lease contracts for investments undertaken on such areas.

Goodwill

This item pertains to the positive differences between the cost paid by the Parent Company to acquire equity interests in Group companies and the corresponding portions of the shareholders' equity of those companies at the acquisition date.

In particular, this item consists of the residual consolidation difference of Euro 422 thousand deriving from the purchase of 60% of GM Green Methane S.r.l. and Euro 2,192 thousand deriving from the purchase of 49% of a company established under UAE law, Rosetti Ali & Sons Llc.

TANGIBLE FIXED ASSETS

The composition of this item, the changes during the period and depreciation rates are presented in the schedule at the end of the notes. In the first six months of 2022, ordinary depreciation charges were recognized according to rates deemed representative of the residual useful lives of tangible assets.

LONG-TERM FINANCIAL ASSETS

Equity investments

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

	% holding	Balance 31/12/21	Incr.	Decr.	Balance 30/06/2022
<u>Associated companies:</u>					
Rosetti Congo Sarl (*)	50%	0	0	0	0
Broadshore Energy Ltd (**)	26.32%	0	1,056	0	1,056
Basis Pivot Ltd (**)	45%	21	1,056	0	21
Total associated companies		21	1,056	0	1,077
<u>Other companies:</u>					
Cassa Risparmio Ravenna		123	3	0	126

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 companies	<u>10</u>	<u>0</u>	<u>0</u>	<u>10</u>
Total other companies	<u>160</u>	<u>3</u>	<u>0</u>	<u>163</u>

(*) Equity investment written down in full

(**) Dormant company

With reference to investments in associated companies, we note the finalisation of the acquisition of 26.32% of the share capital of the company Broadshore Energy Ltd based in Lagos, Nigeria, for Euro 1,056 thousand (equivalent to USD 1,132 thousand).

With reference to the investment in Cassa di Risparmio di Ravenna S.p.A., we note the alignment of the relative value entered in the financial statements with its market value as at 30 June 2022 through a revaluation of the investment amounting in the amount of Euro 3 thousand.

Amounts due from associated companies

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

	Balance	Incr.	Decr.	Balance
	31/12/2021			30/06/2022
Rosetti Pivot Ltd	397	18	(195)	220
Rigros S.r.l.	<u>775</u>	<u>0</u>	<u>0</u>	<u>775</u>
Total receivables	<u>1,172</u>	<u>12</u>	<u>(195)</u>	<u>995</u>

The receivable due from the associated company Rosetti Pivot Ltd consists of 51% of a loan totalling Euro 432 thousand granted to the associated company in order to allow it to meet its financial needs in the start-up phase before the start of operations. The decrease in the period is attributable to the proportional consolidation of this company, which until 31 December 2021 was valued using the equity method. This loan bears interest at an arm's-length rate.

The amount due from the associated company Rigros S.r.l. consists of 50% of a loan for a total of Euro 1,550 thousand for the purpose of permitting it to purchase land for industrial use adjacent to the headquarters of the Parent Company. This loan bears interest at an arm's-length rate.

Receivables due from third parties

This item, amounting to Euro 1,165 thousand (Euro 1,213 thousand as at 31 December 2021), consists mainly of two receivables. The first one, amounting to Euro 569 thousand, relates to a receivable for grants that will be collected by the Parent Company in future years from the Ministry of Infrastructure and Transport for the "ROSMANDITEN" project (an innovative process project in the shipbuilding sector started in previous years). The second receivable, amounting to Euro 427 thousand, relates to a long-term investment made by the subsidiary Tecon S.r.l.

CURRENT ASSETS

INVENTORIES

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

	Balance 30/06/2022	Balance 31/12/2021
Raw materials	3,024	3,040
Provision for obsolescence	<u>(1,541)</u>	<u>(1, 599)</u>
	<u>1,483</u>	<u>1, 441</u>
Work in progress and semi-finished goods	<u>16</u>	<u>16</u>
Contract work in progress	<u>76,898</u>	<u>46,192</u>
Advances to suppliers	<u>4,077</u>	<u>4,760</u>
Total inventories	<u>82,474</u>	<u>52,409</u>

The valuation of period-end inventories of raw materials at their average purchase cost does not result in appreciable differences compared to a valuation at current costs. For the purpose of adjusting this item to the estimated realisable value, a specific obsolescence provision has been recorded to reduce the same, for a total of Euro 1,541 thousand.

The item Work in progress and semi-finished goods consists of superyachts under construction valued according to the specific construction cost method.

Contract work in progress spanning more than one year represents job orders measured according to the consideration accrued with reasonable certainty (percentage of completion method), net of payments on account received due to the progress of the work: for more details on the calculation method and the comparison with the previous year's figures, please refer to the comment section "value of production".

The change with respect to the previous year is related to the different progress of the contract work in progress.

RECEIVABLES

Trade receivables

This item includes trade receivables resulting from normal transactions of a commercial nature.

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

	Balance	Balance
	30/06/2022	31/12/2021
Amounts due from Italian clients	8,698	8,128
Amounts due from EEC clients	4,372	9,491
Amounts due from non-EEC clients	39,757	30,435
Provisions for doubtful accounts	<u>(1,296)</u>	<u>(1,357)</u>
Total trade receivables	<u>51,531</u>	<u>46,697</u>

The change in the total value of receivables compared to the previous year is attributable to a change in the frequency of receivables collection related to the progress of the orders mentioned above.

Given the nature of the activities performed, the composition of the item is not very diversified. In fact, the top five customers by amount of balance cover approximately 44.62% (55.41% in the previous year) of total trade receivables.

The provision for doubtful accounts, which decreased compared to the previous year, is deemed adequate to cover estimated losses on receivables and was determined on the basis of an overall assessment that takes into account insolvency risks mainly linked to specific factors. The allocation to this provision reflects a prudent assessment by the Directors of the risks associated with the failure to collect these receivables, also taking into account the size of the overdue amount and the agreements entered into.

Amounts due from associated companies

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

	Balance 30/06/2022		Balance	
	Trade	Financ.	Total	
31/12/2021				
Rosetti Pivot Ltd	1,464	24	1,488	2,758
Rigros S.r.l.	0	0	0	2

Rosetti Ali & Sons Llc	<u>189</u>	<u>0</u>	<u>189</u>	<u>104</u>
Total	<u>1,653</u>	<u>24</u>	<u>1,677</u>	<u>2,864</u>

All trade and financial transactions with associated companies are undertaken at arm's-length conditions. Receivables from associated companies do not include any additional losses beyond those already stated in the financial statements.

Tax receivables

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

	Balance	Balance
	30/06/2022	31/12/2021
VAT credit	6,418	3,838
Employee severance indemnity revaluation substitute tax credit	11	7
Other tax credits	436	151
Foreign tax credit	5,031	2,058
Regional business tax (IRAP) credit	273	319
Company income tax (IRES) credit	<u>2,300</u>	<u>2,147</u>
Total	<u>14,469</u>	<u>8,520</u>

The VAT credit consists of the total VAT credit accrued of Euro 5,841 thousand and a VAT credit of Euro 577 thousand for which a refund has been requested but not yet collected.

The regional business tax (IRAP) credit is due both to higher advances paid in previous years compared to the tax due and to credits accrued in 2017 on the basis of the provisions of Article 19.1(b) of Italian Law Decree no. 91/2014 (also known as the Competitiveness Decree). This decree envisaged the possibility of converting any surplus deriving from the A.C.E. (Economic Growth Aid), into an IRAP credit, which can be divided into five annual equal parts and the amount corresponds to the residual credit which can be used in the following accounting periods.

The company income tax (IRES) credit is essentially due to the advances paid in previous years with respect to the tax due.

Prepaid taxes

Prepaid taxes, totalling Euro 31,448 thousand, of which Euro 22,986 thousand was recognised in the Parent Company's financial statements, have been provided on all positive temporary differences. It should be noted that the theoretical tax effects on temporary differences have been calculated according to current rates. Prepaid taxes for tax losses have been recognised to the extent that it is believed that reasonable

certainty exists of obtaining taxable income in the future that may be able to absorb the losses carried forward, in consideration of the expected return of taxable income, as well as the existence of deferred tax liabilities amounting to Euro 6,388 thousand in the Parent Company's financial statements, as shown in the section "Provisions for Taxes" below.

The changes in this item are illustrated in the specific attached schedule included at the end of these Explanatory notes.

Receivables due from third parties

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

	Balance 30/06/2022	Balance 31/12/2021
<u>Due within 12 months:</u>		
Due from employees	214	155
Receivables for insurance compensation	4	4
Sundry	<u>530</u>	<u>1,620</u>
Total	<u>748</u>	<u>1,779</u>
<u>Due beyond 12 months:</u>		
Guarantee deposits	<u>306</u>	<u>283</u>
Total	<u>306</u>	<u>283</u>

Receivables due from third parties are fully collectable. Accordingly, no value adjustments have been made.

The decrease in the item Sundry is due to the finalisation of the acquisition process of the associated company Broadview Engineering Ltd, whose value was consequently transferred to the item Equity investments.

SHORT-TERM FINANCIAL ASSETS

The increase in short-term financial assets is mainly due to the temporary investments of liquidity in units of insurance policies, bank certificates, mutual investment funds, and other shares and bonds.

The changes in short-term financial assets are shown in the following table:

Balance 31/12/2021	Delta	Balance 30/06/2022
-------------------------------	--------------	-------------------------------

Current receivable derivative financial instruments	479	1,265	1,744
Other current securities	<u>37,892</u>	<u>3,370</u>	<u>41,262</u>
Total short-term financial assets	<u>38,371</u>	<u>4,635</u>	<u>43,006</u>

The item Current receivable derivative financial instruments consists of Euro 343 thousand of derivative financial instruments classified as “held for trading”, as they do not meet the requirements for being treated under hedge accounting, and Euro 1,401 thousand from the Mark to Market of the following hedging instruments:

Type: IRS contract - Rosetti Marino S.p.A.

Type of underlying contract: loan, Intesa San Paolo S.p.A.

Notional amount: Euro 4,000 thousand

Duration: 59 months

Period: 31/07/2019 - 17/06/2024

Rate: 6-month Euribor

Frequency: half-year instalments

MTM: Euro 57 thousand

Type: IRS contract - Rosetti Marino S.p.A.

Type of underlying contract: loan, Unicredit S.p.A.

Notional amount: Euro 2,171 thousand

Duration: 60 months

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

Rate: 3-month Euribor

Frequency: quarterly instalments

MTM: Euro 45 thousand

Type: IRS contract - Rosetti Marino S.p.A.

Type of underlying contract: loan, Unicredit S.p.A.

Notional amount: Euro 13,386 thousand

Duration: 69 months

Period: 21/06/2021 - 31/03/2027

Rate: 3-month Euribor

Frequency: quarterly instalments

MTM: Euro 520 thousand

Type: IRS contract - Rosetti Marino S.p.A.

Type of underlying contract: loan, Credit Agricole Italia S.p.A.
Notional amount: Euro 3,141 thousand
Duration: 48 months
Period: 16/07/2019 - 16/07/2023
Rate: 3-month Euribor
Frequency: quarterly instalments
MTM: Euro 7 thousand

Type: IRS contract - Rosetti Marino S.p.A.
Type of underlying contract: loan, Credit Agricole Italia S.p.A.
Notional amount: Euro 1,203 thousand
Duration: 60 months
Period: 29/06/2020 - 29/06/2025
Rate: 3-month Euribor
Frequency: quarterly instalments
MTM: Euro 27 thousand

Type: IRS contract - Rosetti Marino S.p.A.
Type of underlying contract: loan, Banco BPM
Notional amount: Euro 5,000 thousand
Duration: 72 months
Period: 11/01/2021 - 31/12/2026
Rate: 3-month Euribor
Frequency: quarterly instalments
MTM: Euro 170 thousand

Type: IRS contract - Rosetti Marino S.p.A.
Type of underlying contract: loan, Banco BPM
Notional amount: Euro 5,000 thousand
Duration: 71 months
Period: 21/10/2021 - 30/09/2027
Rate: 3-month Euribor
Frequency: quarterly instalments
MTM: Euro 251 thousand

Type: IRS contract - Rosetti Marino S.p.A.
Type of underlying contract: loan, BPER Banca S.p.A.
Notional amount: Euro 4,405 thousand
Duration: 48 months

Period: 29/01/2020 - 29/01/2024

Rate: 3-month Euribor

Frequency: quarterly instalments

MTM: Euro 18 thousand

Type: IRS contract - Rosetti Marino S.p.A.

Type of underlying contract: loan, 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: 3-month Euribor

Frequency: quarterly instalments

MTM: Euro 306 thousand

For the derivative financial instruments classified as “for trading”, the fair value changes are recognised in the Balance Sheet and are booked to items D18d or D19d of the Income Statement.

The item "Other current securities" consists entirely of temporary investments of liquidity, which can therefore be readily disposed of, mainly in insurance policies (Euro 27 million), mutual investment fund units, and bonds: changes in fair value are recognised in the balance sheet and are booked to items D18c or D19c of the income statement.

CASH AT BANK AND IN HAND

Bank and post office deposits

The balance of Euro 51,411 thousand as at 30 June 2022 consisted entirely of bank deposits with positive balances.

Cash and cash equivalents

The balance as at 30 June 2022, mainly made up of cash, was Euro 73 thousand (Euro 74 thousand as at 31 December 2021).

For more information on the financial dynamics, please refer to the cash flow statement.

ACCRUED INCOME AND PREPAYMENTS

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

	Balance	Balance
	30/06/2022	31/12/2021
Prepayments for rents	2	8
Prepayments on movable prop. leases	69	162
Other prepayments	<u>1,938</u>	<u>1,058</u>
Total accrued income and prepayments	<u>2,009</u>	<u>1,228</u>

These represent income and expenses whose pertinence is advanced or deferred with respect to the cash and/or documental movements; these are irrespective of the date of payment or collection of the related expenses or income spanning two or more accounting periods which can be spread over time.

COMMENTS ON THE MAIN LIABILITY ITEMS

SHAREHOLDERS' EQUITY

The movements in the items comprising the Shareholders' Equity are presented in the annexed schedule.

The following is a commentary on the main items of which it is composed:

Share capital

The share capital consists of 4,000,000 ordinary shares with a nominal value of Euro 1.00 each and had been fully subscribed and paid-up as at 30 June 2022.

Revaluation reserve

This reserve was established in 2005 following the revaluation of the assets and the realignment of the value for tax purposes with the statutory value carried out in accordance with Italian Law no. 266/05, and increased during 2008 due to the revaluation of the assets pursuant to Italian Law no. 2/2009.

This reserve, in suspension of tax, may be used to cover losses. It may also be distributed by complying with the procedure established by paragraphs 2 and 3 of Article 2445 of the Italian Civil Code, resulting in taxable income for both the company and its shareholders.

During the six-month period under review, Euro 59,324 thousand of

this reserve was used to cover the Parent Company's losses for the previous two years.

Legal reserve

The above reserve consists of portions of profits set aside in previous years.

Other reserves

The above reserve consists of portions of profits set aside in previous years.

During the six-month period under review, a portion of the above reserve was used to cover the Parent Company's losses for the previous two years.

Reserve to hedge expected financial flows

This reserve changes due to the recognition of the future cash flows deriving from derivative instruments which are considered to be “cash flow hedging instruments”.

Profits (losses) carried forward

This item refers to the profits and losses generated in the previous period by some subsidiaries, consolidated on a line-by-line basis.

Profit (loss) for the year

This item refers to the result for the year.

Negative reserve for treasury shares

This reserve includes the equivalent value of the treasury shares held by the company.

Translation reserve

This reserve is made up of the differences caused by converting financial statements into the foreign currencies of the non-resident companies included in the scope of consolidation owing to the differences between the period-end exchange rate used for translating balance sheet values and the average exchange rate of the period used for translating income statement values.

PROVISIONS FOR LIABILITIES AND CHARGES

Pensions and similar commitments

This item, amounting to Euro 360 thousand, consists entirely of the provision for the leaving indemnity due to the Directors of the subsidiary Tecon S.r.l.

Provisions for taxes

This item, totalling Euro 10,341 thousand, of which Euro 6,576 thousand was recognised in the Parent Company's financial statements, consisted of deferred tax liabilities calculated on all taxable temporary differences of Euro 10,153 thousand (Euro 10,153 thousand as at 31 December 2021) and a provision for taxes of Euro 188 thousand (Euro 221 thousand as at 31 December 2021).

It should be noted that the theoretical tax effects on temporary differences have been calculated according to current rates. The changes in this item are illustrated in the specific attached schedule included at the end of these Explanatory notes.

Provisions for liability derivative financial instruments

This item, amounting to Euro 113 thousand (Euro 213 thousand as of 31 December 2021) represents the matching balance of that stated under “reserve from expected cash flow hedging transactions” present under shareholders’ equity. The characteristics of the derivative financial instruments are indicated in the following tables:

Type of underlying contract: loan, Intesa San Paolo S.p.A. - Rosetti Marino S.p.A.

Notional amount: Euro 1,500 thousand

Duration: 60 months

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

Rate: 3-month Euribor

Frequency: quarterly instalments

MTM: Euro 3 thousand

Type: IRS contract – Fores Engineering S.r.l.

Financial institution: Banca Popolare dell’Emilia Romagna

Notional value in euros: 3,000 thousand

Duration: 48 months - 4 years

Period: 20.04.2020 - 20.10.2023

Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 1 thousand

Type: IRS contract with floor – Fores Engineering S.r.l.
Financial institution: Banca Popolare dell'Emilia Romagna
Notional value in euros: 2,000 thousand
Duration: 48 months - 4 years
Period: 19/04/2021 - 19/01/2027
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 63 thousand

Type: IRS contract – Fores Engineering S.r.l.
Financial institution: Unicredit
Notional value in euros: 1,000 thousand
Duration: 42 months - 4 years
Period: 27.01.2020 - 31.07.2023
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 0 thousand

Type: IRS contract – Fores Engineering S.r.l.
Financial institution: Banco BPM S.p.A.
Notional value in euros: 2,500 thousand
Duration: 60 months - 5 years
Period: 11.12.2020 - 11.09.2025
Rate: Euribor 3 months Frequency: quarterly instalments
MTM: Euro 46 thousand

It should be noted that the main Italian companies of the Group have a system of powers and procedures that govern the signing of derivative finance agreements approved by their respective Boards of Directors.

In particular, with reference to derivative financial instruments to hedge against exchange-rate risk, the Board of Directors approves the level of credit to be used for the stipulation of derivative financial instruments and within this credit line the administrative management materially defines the most suitable instrument to hedge against the risk.

Instruments to hedge against the interest-rate risk on loans are specifically approved by the Board of Directors together with the resolution on the loan that is being hedged.

Other provisions

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

	Balance 31/12/2021	Incr.	Decr.	Exchange Delta	Balance 30/06/2022
Provision for future liabilities and charges	1,645	0	(290)	0	1,355
Provision for contractual risks	2,959	0	(1,284)	4	1,679
Provision for covering future losses	<u>351</u>	<u>0</u>	<u>(351)</u>	<u>0</u>	<u>0</u>
Total other provisions	<u>4,955</u>	<u>0</u>	<u>(1,925)</u>	<u>4</u>	<u>3,034</u>

The provision for future liabilities and charges represents the best possible estimate of probable liabilities arising from ongoing civil litigation with third parties.

The provision for contractual risks was set aside mainly to cover the probable risk of warranty claims.

The provision for covering future losses was allocated in relation to the negative portion of shareholders' equity of the investee companies not included in the scope of consolidation.

EMPLOYEES' SEVERANCE INDEMNITY (TFR)

The changes in the above item during the period were as follows (in thousands of Euro):

Balance 31/12/2021	4,192
Amount accrued and recognised in the income statement	1,206
Amounts paid	(1,264)
Balance 31/12/2021	<u>4,134</u>

The employees' severance indemnity provision as at 30 June 2022 reflects the indemnities accrued by employees and will be reduced to make payments when employees leave service or apply for advances where so permitted by law. The amounts paid include the transfers to supplementary funds relating to the portions accrued during the period

further to the amendments introduced by Italian Law No. 296 dated 27 December 2006 (2007 Finance Bill).

PAYABLES

There were no payables backed by guarantees secured on company assets.

No payables booked had due dates beyond 5 years.

The composition of the items that constitute payables is described below together with changes during the period:

Amounts due to shareholders for loans

The above item includes the outstanding portion of loans granted by shareholders to Group companies and consists of Euro 775 thousand for the outstanding portion of a loan to the associated company Rigros S.r.l. and Euro 400 thousand for the outstanding portion of two loans to the subsidiary GM Green Methane S.r.l.

Amounts due to banks

This item refers to the following loans:

	Amount	Maturity	Guarantees
Rosetti Marino S.p.A.			
Intesa Sanpaolo S.p.A. (*)	1,500	28/08/2023	
Credit Agricole Italia S.p.A. (*)	3,141	16/07/2023	
Intesa Sanpaolo S.p.A. (*)	4,000	17/06/2024	
Monte dei Paschi di Siena S.p.A.	833	31/12/2022	
BPER Banca S.p.A. (*)	4,405	29/01/2024	
Credit Agricole Italia S.p.A. (*)	1,206	29/06/2025	Government
Unicredit S.p.A. (*)	2,171	31/07/2025	Government
Banco BPM S.p.A. (*)	5,000	31/12/2026	Government
Monte dei Paschi di Siena S.p.A. (*)	15,000	31/12/2026	Government
Simest	480	31/12/2027	
Credito Emiliano S.p.A.	2,357	30/06/2025	Government
Unicredit S.p.A. (*)	13,385	31/03/2027	Government
MedioCredito Centrale S.p.A.	6,045	31/03/2027	Government
Banco BPM S.p.A. (*)	5,000	30/09/2027	Government
Cassa Depositi e Prestiti	10,000	30/09/2027	Government
BPER Banca S.p.A.	7,000	31/03/2025	Government
Fores Engineering S.r.l.			

Unicredit S.p.A. (*)	418	31/07/2023	
BPER Banca S.p.A. (*)	1,507	20/10/2023	
BPER Banca S.p.A. (*)	1,904	19/01/2027	Government
Banco BPM S.p.A. (*)	2,034	11/09/2025	Government
MedioCredito Centrale S.p.A.	864	30/09/2025	Government
MedioCredito Centrale S.p.A.	864	30/09/2025	Government

GM Green Methane S.r.l.

La Cassa di Ravenna S.p.A.	5,000	30/06/2027	Government
Credito Emiliano S.p.A.	251	28/05/2023	Government

Tecon S.r.l.

MedioCredito Centrale S.p.A.	1,522	18/02/2027	Government
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Rosetti Superyachts S.p.A.

La Cassa di Ravenna S.p.A.	4,428	30/11/2026	Government
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Kazakhstan Caspian Offshore Limited

Altyn Bank JSC	2,865	12/05/2023	
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(*) loan hedged by a specific derivative finance agreement (Interest Rate Swap) that meets the accounting requirements to qualify as a hedging derivative instrument.

In addition to the above loans, it should be noted that the associated company Rosetti Pivot Ltd arranged an advance on invoices with Zenith Bank PLC for Euro 680 thousand and the associated company Rigros S.r.l. has a negative current account balance of Euro 16 thousand as at 30 June 2022.

It should be noted that certain loans taken out by the Group are also guaranteed by financial parameters (covenants) that have been respected.

Amounts due to other lenders

This item refers to a loan taken out by the subsidiary Tecon S.r.l. for the purchase of a company car.

Payments on account

The item refers to order advances and milestone payments received from clients for contract work in progress.

	Balance	Balance
	30/06/2022	31/12/2021
Contract work in progress	8,057	4,969
Advances from third-party clients	<u>70,309</u>	<u>58,838</u>
Total	<u>78,366</u>	<u>63,807</u>

The change compared to the previous year reflects the trend in contract work in progress. For further information, please see the information provided in the section relating to contract work in progress.

Trade payables

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

	Balance	Balance
	30/06/2022	31/12/2021
Due to Italian suppliers	28,259	28,795
Due to EU suppliers	1,648	4,661
Due to non-EEC suppliers	<u>26,827</u>	<u>10,357</u>
Total	<u>56,734</u>	<u>43,813</u>

The change compared to the previous year reflects the increase in production.

Amounts due to associated companies

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

	Balance	Balance
	30/06/2022	31/12/2021
Rosetti Congo Sarl	61	61
Basis Pivot Ltd	<u>21</u>	<u>21</u>
Total	<u>82</u>	<u>82</u>

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

Tax payables

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

	Balance	Balance
	30/06/2022	31/12/2021
IRPEF tax withholdings	1,938	1,935
Income tax payable (to Treasury)	111	0
Substitute tax on asset revaluation	75	151
Income tax payable (to Treasury) abroad	196	1,212
Employee severance indemnity revaluation		
substitute tax	23	40
VAT	810	1,434

Taxes other than income tax	<u>36</u>	<u>472</u>
Total tax payables	<u>3,189</u>	<u>5,244</u>

This item is essentially comprised of the liability for personal income tax withholdings on compensation for employees and self-employed workers, the VAT payable, and the liability for taxes accrued at the Group's foreign investee companies.

Amounts due to social security and welfare institutions

The item refers to payables owed to such institutions at period-end for the contributions for which the company and its employees are liable. The amount is essentially in line with the previous year.

Other payables

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

	Balance	Balance
	30/06/2022	31/12/2021
Due to employees	6,438	4,812
Due to independent contractors	7	11
Due to pension funds	402	371
Sundry payables	<u>99</u>	<u>84</u>
Total other payables	<u>6,946</u>	<u>5,278</u>

This item mainly refers to payables due to employees.

ACCRUED LIABILITIES AND DEFERRED INCOME

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

	Balance	Balance
	30/06/2022	31/12/2021
<u>Accrued liabilities:</u>		
Interest expense on mortgage loans	22	34
Other	<u>52</u>	<u>104</u>
	<u>74</u>	<u>138</u>
<u>Deferred income:</u>		
Other	<u>59</u>	<u>0</u>
	<u>59</u>	<u>0</u>
Total accrued liabilities and deferred income	<u>133</u>	<u>138</u>

These represent income and expenses whose pertinence is advanced or deferred with respect to the cash and/or documental movements; these

are irrespective of the date of payment or collection of the related expenses or income spanning over two or more accounting periods which can be spread over time.

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):

	<u>H1 2022</u>	<u>H1 2021</u>
Energy Business Unit	119,048	67,471
Shipbuilding Business Unit	2,743	8,110
Process Plant Business Unit	9,047	12,464
Sundry services	<u>430</u>	<u>387</u>
Total revenues from sales and services	<u>131,268</u>	<u>88,432</u>

The geographic breakdown of the revenues is the following (in thousands of Euro):

	<u>H1 2022</u>	<u>H1 2021</u>
Revenues from Italian clients	16,651	15,446
Revenues from EEC clients	25,646	47,248
Revenues from non-EEC clients	<u>88,971</u>	<u>25,738</u>
Total revenues from sales and services	<u>131,268</u>	<u>88,432</u>

The comments on the financial performance for the year are provided in the Directors' report on operations.

Owing to the nature of the Company's business, the composition of the above item is relatively concentrated, given that approximately 66.40% (68.58% in the comparative period) of total revenues from sales and services is attributable to the top five clients by amount of balance outstanding.

CHANGE IN CONTRACT WORK IN PROGRESS

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

	<u>H1 2022</u>	<u>H1 2021</u>
Opening contract work in progress	(46,192)	(52,255)
Change in scope of consolidation	0	(3,203)
Exchange delta	(10,980)	0
Closing contract work in progress	<u>76,898</u>	<u>39,347</u>
Total change in work in progress	<u>19,726</u>	<u>(16,111)</u>

The item “Change in contract work in progress”, which presents a positive balance of Euro 19,726 thousand (negative balance of Euro 16,111 thousand as at 30 June 2021), represents the difference between the valuation of the orders in progress as at 30 June 2022 and the valuation of the orders in progress at the end of the previous year. This item concerns the Energy Business Unit for Euro 13,378 thousand (negative for Euro 15,411 thousand as at 30 June 2021), the Shipbuilding Business Unit for Euro 4,475 thousand (positive for Euro 1,239 thousand as at 30 June 2021) and the Process Plant Business Unit for Euro 1,873 thousand (negative for Euro 1,939 thousand as at 30 June 2021).

OTHER INCOME AND REVENUES

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

	<u>H1 2022</u>	<u>H1 2021</u>
Operating grants	<u>65</u>	<u>380</u>
Total “operating grants”	65	380
Charge-backs of expenses to third parties	1,547	520
Rentals and leases	4	4
Capital gains on disposal of assets	1	0
Excess of risk provisions	3,574	359
Contingent assets	425	23
Other amounts	<u>573</u>	<u>1,871</u>
Total “other amounts”	<u>6,124</u>	<u>2,777</u>
Total “other income and revenues”	<u>6,189</u>	<u>3,157</u>

COSTS AND EXPENSES

PURCHASES

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

	<u>H1 2022</u>	<u>H1 2021</u>
Raw materials	28,723	24,390
Ancillary materials and consumables	1,838	1,859
Other purchases	<u>29</u>	<u>29</u>
Total	<u>30,590</u>	<u>26,278</u>

The change from the previous year reflects the increase in production activities in relation to the comparative period.

SERVICES

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

	<u>H1 2022</u>	<u>H1 2021</u>
Subcontracting and outsourcing	73,246	41,706
Maintenance and repairs	596	702
Electricity, water and heating	1,246	703
Other production costs	7,235	4,417
Accessory personnel costs	1,805	960
Marketing expenses	793	579
Emoluments for directors and officers	234	324
Accounts audit	70	82
Administration and other general overheads	<u>3,128</u>	<u>2,561</u>
Total	<u>88,353</u>	<u>52,034</u>

The change from the previous year reflects the increase in production activities in relation to the comparative period.

LEASES AND RENTALS

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

	<u>H1 2022</u>	<u>H1 2021</u>
Rental of real estate property	1,370	717
Movable property leasing	2,237	1,369
Maintenance of third-party assets	1	1
Concession fees	30	27
Software rental	<u>251</u>	<u>193</u>
Total	<u>3,889</u>	<u>2,307</u>

The change from the previous year reflects the increase in production activities in relation to the comparative period.

STAFF AND RELATED COSTS

A breakdown of these costs is included in the income statement.

The following table presents changes in the workforce, broken down by category:

	<u>30/06/2021</u>	<u>31/12/2021</u>	<u>30/06/2022</u>
Executives	46	45	51
White collars	690	659	683
Blue collars	<u>236</u>	<u>206</u>	<u>189</u>
Total	<u>972</u>	<u>907</u>	<u>923</u>

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

A breakdown of the required sub-items has been given above in the income statement.

A breakdown of the depreciation charges for tangible fixed assets is presented in a specific annex. The value of the item “write-down of current receivables” represents the provision for the period to adjust the related Allowance to a value suitable for hedging the risk of the outstanding receivables.

CHANGE IN INVENTORIES OF RAW MATERIALS

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

- Opening inventory as at 01/01/2022	(3,040)
- Exchange delta	(20)
- Use/(Provision) for obsolete inventory	58
- Closing inventory as at 30/06/2022	<u>3,024</u>
Total	<u>22</u>

SUNDRY OPERATING EXPENSES

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

	<u>H1 2022</u>	<u>H1 2021</u>
Taxes and duties other than income tax	412	343
Capital losses on disposals	30	1,195
Contingent liabilities	100	65
Other operating expenses	<u>184</u>	<u>84</u>
Total	<u>726</u>	<u>1,687</u>

FINANCIAL INCOME AND EXPENSES

OTHER FINANCIAL INCOME

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

	<u>H1 2022</u>	<u>H1 2021</u>
c) <u>Income from current securities</u>		

<u>not representing equity investments:</u>		
- interest income on securities	292	672
- capital gains	<u>36</u>	<u>43</u>
Total	<u>328</u>	<u>715</u>
d) <u>Income other than the above:</u>		
- income from associated companies	<u>19</u>	<u>31</u>
Total	<u>19</u>	<u>31</u>
d) <u>Income other than the above:</u>		
- interest from third parties and sundry income:		
- bank interest income	9	41
- interest income from clients	5	0
- sundry interest income	<u>19</u>	<u>2</u>
Total	<u>33</u>	<u>43</u>
Total "income other than the above"	<u>380</u>	<u>789</u>

INTEREST AND OTHER FINANCIAL EXPENSES

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

	<u>H1 2022</u>	<u>H1 2021</u>
a) <u>due from subsidiary companies</u>		
- capital losses on disposals	<u>0</u>	<u>71</u>
Total	<u>0</u>	<u>71</u>
d) <u>other:</u>		
- interest expense on bank current accts.	15	3
- interest expense on mortgage loans	724	624
- securities' management fees	0	40
- capital losses on securities	0	9
- sundry interest expense	<u>2</u>	<u>20</u>
Total	<u>741</u>	<u>696</u>

EXCHANGE GAINS AND LOSSES

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

	<u>H1 2022</u>	<u>H1 2021</u>
Exchange gains	336	165
Unrealised exchange gains	963	77
Exchange losses	(379)	(286)
Unrealised exchange losses	<u>(740)</u>	<u>(320)</u>
Total	<u>180</u>	<u>(364)</u>

ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

The negative balance of the item "Adjustments to the value of financial

assets” amounts to Euro 72 thousand and mainly includes the following adjustment components:

- revaluation of equity investments for Euro 3 thousand;
- revaluation of current securities for Euro 29 thousand;
- write-down of current securities for Euro (86) thousand;
- write-down of current derivative financial instruments for Euro (18) thousand.

INCOME TAXES FOR THE YEAR

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

	<u>H1 2022</u>	<u>H1 2021</u>
Current taxes	(1,357)	(198)
Previous years taxes	(123)	202
Deferred taxes	98	74
Prepaid taxes	<u>1,709</u>	<u>8,518</u>
Total	<u>327</u>	<u>8,596</u>

For the breakdown of deferred and prepaid taxes, please see the specific schedule attached to these explanatory notes.

OTHER INFORMATION

Sureties

This item is comprised of Euro 123,654 thousand (Euro 116,185 thousand as at 31 December 2021) in sureties given by insurers and banks to clients of Group companies to guarantee the proper execution of works and the release of withholding guarantees.

SIGNIFICANT SUBSEQUENT EVENTS

In the period between the end of the half-year and the date of this document, there were no events that could have a significant impact from an operational point of view that have not been taken into account in these financial statements.

ANNEXES

The following annexes contain supplementary information to the Explanatory notes and are an integral part thereof.

This information is presented in the following annexes:

- Statement of changes in consolidated shareholders' equity;
- Statement of changes in tangible assets;
- Statement of temporary differences that resulted in the recognition of deferred tax assets and liabilities.

ROSETTI MARINO S.p.A.
STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 30 JUNE 2022
[in thousands of Euro]

	Share capital	Revaluation reserve	Legal reserve	Other reserves	Reserve from expected cash flow hedging transactions	Profits (losses) carried forward	Negative reserve for treasury stock in portfolio	Translation reserve	Consolidation reserve	Net profit for the year	Total	Minority interests
BALANCES AS AT 30 JUNE 2021	4,000	60,709	1,000	139,515	(423)	(24,692)	(5,100)	(5,724)	23	(28,692)	140,616	12,386
2020 net profit:												
- to reserve	0	0	0	0	0	0	0	0	0	0	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	0	286	0	0	286	536
Reserve from expected cash flow hedging transactions	0	0	0	0	210	0	0	0	0	0	210	0
Assets revaluation	0	0	0	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	0
Net profit/loss for 2nd half of 2021	0	0	0	0	0	0	0	0	0	(26,035)	(26,035)	(967)
BALANCES AS 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
2021 net profit:												
- to reserve	0	(59,324)	0	(14,430)	0	19,027	0	0	0	54,727	0	0
- dividends	0	0	0	0	0	0	0	0	0	0	0	0
Translation reserve	0	0	0	0	0	0	0	(591)	0	0	(591)	142
Reserve from expected cash flow hedging transactions	0	0	0	0	1,501	0	0	0	0	0	1,501	0
Assets revaluation	0	0	0	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	0	0	0	0	0	0	0	0	0	0	0	0
Net profit/loss for 1st half of 2022	0	0	0	0	0	0	0	0	0	1,082	1,082	1,517
BALANCES AS AT 30 JUNE 2022	4,000	1,385	1,000	125,085	1,288	(5,665)	(5,100)	(6,029)	23	1,082	117,069	13,614

STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2022

(in thousands of Euro)

	Opening balance			Changes in the period (in thousands of Euro)							Closing balance				
	Original cost	Accumulated depreciation	Balance 31/12/2021	Investments		Revaluations	Historical	Divestments		Category change	exchange delta	Ordinary depreciation	Original Cost	Accumulated depreciation	Balance 30/06/2022
				Acquisitions	Internal work			Revaluations	Provision						
Yards and buildings:															
- land	66,828	(4,862)	61,966	1	0	0	0	0	0	0	5	0	66,834	(4,862)	61,972
- yards and buildings	77,672	(35,891)	41,781	558	0	0	0	0	0	0	228	(1,017)	78,458	(36,908)	41,550
- temporary construction	6,041	(5,929)	112	5	0	0	0	0	0	0	0	(37)	6,046	(5,966)	80
Plant and machinery:															
- plant	19,338	(16,931)	2,407	4	0	0	(2)	0	0	15	0	(455)	19,355	(17,386)	1,969
- dry dock	7	(7)	0	0	0	0	0	0	0	0	0	0	7	(7)	0
- treatment plants	239	(239)	0	0	0	0	0	0	0	0	0	0	239	(239)	0
- machinery	6,192	(6,000)	192	88	0	0	0	0	0	0	4	(92)	6,284	(6,092)	192
- electronic installations	26	(26)	0	0	0	0	0	0	0	0	0	0	26	(26)	0
Industrial and commercial equipment	12,943	(8,862)	4,081	189	0	0	1	0	0	(15)	41	(442)	13,159	(9,304)	3,855
Other tangible assets:															
- office furniture	2,437	(1,907)	530	22	0	0	(379)	0	234	0	1	(92)	2,081	1,765	316
- EDP office equipment	3,770	(3,214)	556	27	0	0	(553)	0	342	0	0	(71)	3,244	(2,943)	301
- transport vehicles	539	(539)	0	0	0	0	0	0	0	0	0	(2)	539	(541)	(2)
- motor vehicles	829	(619)	210	37	66	0	(371)	0	232	0	5	(38)	566	(425)	141
- pontoon	4,491	(1,798)	2,693	0	0	0	0	0	0	0	0	(128)	4,491	(1,926)	2,565
Assets under construction and payments on account	521	0	521	100	34	0	0	0	0	0	2	0	657	0	657
Total	201,873	(86,824)	115,049	1,031	100	0	(1,304)	0	808	0	286	(2,374)	201,986	(88,390)	113,596

STATEMENT OF TEMPORARY DIFFERENCES THAT RESULTED IN THE RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES
paragraph 14, Article 2427 of the Italian Civil Code

	Prepaid taxes as at 31/12/2021		Decrease		Increases		Exchange Delta	Prepaid taxes as at 30/06/2022	
	Taxable amount	Tax	Taxable amount	Tax	Taxable amount	Tax		Taxable amount	Tax
Deductible differences									
Provision for contractual risks	624	151	0	0	0	0	0	624	151
Allowance for doubtful receivables	771	142	426	102	400	96	0	745	136
Provision for future liabilities and charges	(1,832)	299	1,800	0	0	0	0	(3,632)	299
Unrealised exchange losses	26	7	32	8	11	3	0	5	2
Depreciation of tangible fixed assets	379	185	149	41	(10)	(2)	0	220	142
Directors' fee to be paid	8	1	0	0	0	0	0	8	1
Tax losses	96,454	23,133	683	167	1,492	348	24	97,253	23,338
Provision for obsolete inventory	1,404	329	4	1	50	12	3	1,450	343
Loss-making contracts	13,445	2,950	12,359	2,966	13,066	3,136	0	14,152	3,120
Other financial statement provisions	5,585	1,401	0	0	5,847	1,401	1,114	11,432	3,916
Total	116,864	28,598	13,463	3,285	20,856	4,994	1,141	122,257	31,448

	Deferred taxation as at 31/12/2021		Decrease		Increases		Exchange Delta	Deferred taxes as at 30/06/2022	
	Taxable amount	Tax	Taxable amount	Tax	Taxable amount	Tax		Taxable amount	Tax
Taxable differences									
Unrealised exchange gains	100	24	100	24	126	30	0	126	30
Depreciation of tangible fixed assets	11,929	3,276	431	92	215	60	38	11,713	3,282
Amortisation of intangible fixed assets	15	2	0	0	0	0	0	15	2
Other financial statement provisions	28	5	0	0	17	4	0	45	9
Land revaluation (statutory only)	22,786	6,357	0	0	0	0	0	22,786	6,357
Consolidation transactions	1,361	489	67	16	0	0	0	1,294	473
Total	36,219	10,153	598	132	358	94	38	35,979	10,153