ROSETTI MARINO

Financial Statements at 31/12/2022

I N D E X

		Page
1.	Directors' Report on Operations, accompanying the Financial Statements as at 31 December 2022	3
2.	Financial Statements as at 31 December 2022:	
	Balance Sheet	15
	Income Statement	19
	Statement of Cash Flows, indirect method	21
	- Notes to the Financial Statements	
	• Basis of preparation	23
	• Accounting policies and measurement criteria	23
	• Other information	27
	• Comments on main asset items	27
	• Comments on main liability and equity items	39
	• Comments on main income statement items	45
3.	Board of Statutory Auditors Report on the Financial Statements as at 31 December 2022	52
4.	External auditors' report	55
5.	Minutes of Shareholders' General Meeting held to approve the Financial Statements as at 31 December 2022	59

1. DIRECTORS' REPORT ON OPERATIONS, ACCOMPANYING THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

Dear Shareholders,

The financial statements hereby submitted for your review and approval provide a faithful representation of the Company's current situation.
They report a net profit of Euro 1,239 thousand after depreciation and amortisation of Euro 2,646 thousand, allocations to provisions for doubtful debts of Euro 1,057 thousand, allocations to provisions for risks of Euro 2,471 thousand and impairment adjustments to investments of Euro 1,846 thousand.
We provide below an overview of the Company's operating performance in the last year and details of foreseeable future developments.

OPERATING PERFORMANCE

The most significant feature of the 2022 reporting period was the return to profit achieved by the Company after the hefty losses recorded in the previous two years. Although modest in size, the profit for 2022 was particularly significant as it was achieved in a context greatly complicated by the geopolitical consequences that followed the outbreak of military conflict in Ukraine; as well as causing seriously negative repercussions for commodity prices and creating operational difficulties because of the lengthening of lead times for materials, the conflict also forced the Company to downsize the scope of its work on a major project for the Russian Federation and, in full agreement with the Client, to commence its early closure in the first few months of 2023. Despite this downsizing, the Gross Internal Product ("GIP") for the year increased significantly from Euro 118 million in 2021 to Euro 181 million in 2022 (+53%). Moreover, like the previous two years, 2022 was again marked by certain negative consequences of Covid 19 and some projects acquired before the Pandemic broke out continued into the year. Finally, it should be noted that the year was also marked by the greatly contrasting performances of the two lines of business conducted by the Company. While the Energy Business Unit recorded a strong recovery in profitability which made a decisive contribution to the positive results achieved for the year, the Shipbuilding Business Unit was again characterised by hefty losses and continued to consume financial resources. The strong divergence in the Company's ability to perform is highly apparent, also with regard to the changing market circumstances.
The Energy market was shaken by the outbreak of the conflict in Ukraine and there have been two main – contrasting – consequences for the Company. On the one hand, we have been forced into a short/medium-term withdrawal from the Russian market which, prior to the conflict, had proven extremely promising; this was a severe blow to the 2022 reporting period. On the other hand, the desire of Western countries to identify alternative sources of supply in place of Russia has boosted all of the other markets where the Company and the Group have a strong presence and the benefits for the Company will be apparent from 2023 onwards. The net effect of these two factors is decidedly positive for the Rosetti Group: projects for the production of Natural Gas which were not considered profitable beforehand have now become strategic and urgent in guaranteeing Europe's energy security; the increase in hydrocarbon fuel prices and the need to reduce Europe's energy dependence thereon has strengthened the shift towards Renewables with a particular focus on Offshore wind installations and Biofuels; greater sensitivity towards climate change risks is boosting Carbon Neutrality, especially in the fields of CCUS (Carbon Capture Utilization and Storage) and De-Flaring (recovery and utilisation of gas that was previously flared).

After great initial uncertainty in the months immediately following the start of the Russia-Ukraine conflict, the Energy market reacted by rapidly accelerating the launch of calls for tenders for projects (including some major ones) that involve the Company and its Subsidiaries/Associated Companies in the various business segments and geographical areas where the Group operates. Therefore, the Energy market seems particularly buoyant and the projects that are about to get underway will produce positive effects in terms of workload and profitability for the next five years at least.
Meanwhile, in the Yacht market (the only segment where the Rosetti Group had decided to maintain its presence in

the Shipbuilding market), the first few months of the reporting period were marked by great uncertainty in relation to Russian shipowners. However, the situation does not seem to have produced any particular negative repercussions and global order levels remain strong. In contrast to the Energy segment, subsidiary RSY's ability to acquire orders with the expected volumes and profits has fallen well short. Therefore, there is no sign that the Shipbuilding Business Unit will be able to improve on the poor results of recent years and it is felt right and appropriate to focus the Company's resources on the Energy business.
The order backlog currently stands at Euro 193 million and does not fully reflect the particularly positive "momentum" that the Company is enjoying. It has been greatly influenced by two factors – both connected to the conflict in Ukraine – which are worth highlighting.
The first factor is the frenzy shown by Energy Companies in launching new calls for tenders for projects aimed at swiftly dealing with the new political geography of the energy market which is being redrawn in order to reduce or eliminate reliance on Russian supply sources. The haste with which these tenders have been put on the market, often using technical documentation drawn up in a hurried manner or which has become outdated in the meantime, has led to numerous amended bids and to longer contract award processes than initially assumed by clients. It should be noted that the volume of the bids recently made by the Company has reached levels never seen in the past and it is reasonable to foresee that several of these important projects will be awarded in the first half of 2023. In evidence of this positive situation, we note that, in the first quarter of 2023, the Company was awarded a contract worth around Euro 75 million and that, imminently, we expect to receive Letters of Intent (LOI) anticipating the award of two more contracts whose total value is well in excess of Euro 400 million.
The second factor, which has had a negative impact on the current order backlog, is the slump in the volume of work on the project acquired in 2021 for a client in the Russian Federation. As a result of the economic sanctions in place and decisions taken by the client for fear of further restrictions, the contract value has been reduced by more than Euro 56 million compared to its original amount.

A selection of the key performance indicators is provided below:

	31.12.22	31.12.21
G.I.P. (Gross Internal Product) (in thousands of Euro) (A1+A2+A3 of the Income Statement)	181,329	117,550
EBITDA (in thousands of Euro) (A+B-10-12-13 of the Income Statement)	11,867	(51,526)
EBITDA / GIP	6.54%	(43.83%)
EBIT (in thousands of Euro) (A+B of the Income Statement)	5,694	(54,545)
EBIT / GIP	3.14%	(46.40%)
Profit (Loss) before tax (in thousands of Euro)	2,317	(54,904)
Profit (Loss) before tax /GIP	1.28%	(46.71%)
Net Profit (Loss) (in thousands of Euro) (Income Statement line item 21)	1,239	(47,281)
Net Profit (Loss) / GIP	0.68%	(40.22%)
R.O.E. (Net Profit (Loss) / Opening Equity)	1.10%	(29.68%)

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

An analysis of the various business segments in which the Company operates is provided below. Please refer to the

Notes to the Financial Statements for more detailed analysis of the numbers themselves:

Energy Business Unit

The increase in value of production was wholly achieved by the Energy Business Unit which recorded a significant increase from Euro 94 million in 2021 to Euro 163 million in 2022 (+73% on prior year).

Production activities were carried out in the Oil & Gas Platform sector (Euro 122 million), the Wind Power sector (Euro 11 million), the Brown Field sector (Euro 17 million) and the Engineering/Technical Services sector (Euro 13 million).

New order acquisitions for the Energy Business Unit totalled around Euro 80 million in 2022 and improved by a further Euro 75 million in the first quarter of 2023. It should be recalled that value of production for the reporting period, like the order backlog, was adversely affected by the reduction in the scope of work on the project destined for the Russian Federation with the value of that contract being reduced by around Euro 56 million.

Operating activities involved work on the initial stages of Oil&Gas projects for Argentina and Brownfield projects for Qatar. Meanwhile, Wind power structures were delivered in France and work on a major Technical Services project for the United Arab Emirates and Qatar got underway and will continue into the current year. The reconfiguration of the project for Russia was particularly challenging because, always with the full agreement of the Client, it was necessary to amend the scope of the work on the contract in order to comply with all of the sanctions in place in the European Union and in the Russian Federation, prevent risks potentially arising from further sanctions and minimise disruption for the Contractor and for the Client in the knowledge that not all contractual activities could be completed. The agreement reached with the Client provides that our company will terminate all of its activities by the end of May 2023 and will deliver to Kaliningrad only those materials which, following careful analysis and with the support of legal opinion, do not fall foul of the existing framework of sanctions. The economic value of the work done by the Company for the project, as used when preparing these Financial Statements, have already been substantially agreed between the parties and are currently being finalised through a series of "Supplementary Agreements" to the Contract.

Shipbuilding Business Unit

Value of production realised in 2022 amounted to Euro 17 million, down on the total of Euro 23 million generated in 2021 (-26%). Around Euro 6 million was generated in the Yacht segment, around Euro 6 million in the Tugboat segment and around Euro 5 million in the Repair&Refit segment. The Shipbuilding Business Unit has continued to record highly negative performances with the sole exception of the Repair&Refit segment which achieved healthy profits that were, however, far short of enough to cover the losses of the other segments. The worst performance regarded two contracts relating to the "Tugboat" and the "Barge" of the Semi Ballast Barge Transporter in the Tugboats segment. For these two vessels, serious delays and incompleteness issues have continued to be a problem with the Shipowner's supply engineering and it has been unable to obtain the necessary approvals from the Italian Shipping Register. For the "Barge" (Cargo Unit) in particular, the Company had to inform the Shipowner that it was terminating the contract due to serious breach on the part of the Shipowner. More recently, in February 2023, the Shipowner in turn informed the Company that it was terminating the contract while contesting the fact that shipbuilding had been suspended and stating that it considered unfounded the grounds for termination presented by Rosetti Marino. Finally, in March 2023, the Shipowner also declared the contract for the "Tugboat" terminated and claimed that there was a lack of insurance cover for the shipbuilding. For the "Barge", an ATP (*Accertamento Tecnico Preventivo* – pre-trial Expert Witness investigation) is being carried out under coordination by an Expert Witness appointed by the Court of Ravenna. A similar process will soon get underway for the "Tugboat" too. When these Financial Statements were prepared, due consideration was given to the effects of these disputes on the 2022 reporting period and to the possible effects in subsequent periods.

CAPITAL EXPENDITURE

In 2022, the Company incurred capital expenditure totalling Euro 697 thousand with Euro 3 thousand invested in intangible assets and Euro 694 thousand in tangible assets.

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

The main item of capital expenditure during the period amounts to a total of Euro 390 thousand and regards improvements to the semi-submersible barge called the AMT Carrier that was purchased in prior year.

EQUITY INVESTMENTS

Direct investments in subsidiaries and associated companies underwent the following changes in 2022:

- incorporation of Rosetti Marino for Trading Wll, a 100% owned subsidiary based in Qatar;
- sale of entire 50% investment held in Rosetti Congo Sarl;
- acquisition of 26.3% of the share capital of Broadshore Energy Ltd, a company based in Nigeria.

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

- Fores Engineering Srl and Fores Engineering Algerie Eurl: design, construction and maintenance of automation and control systems;
- Basis Pivot Ltd and Tecon Srl: engineering companies mainly involved in multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Ali & Sons Llc, Rosetti Marino for Trading Wll, Rosetti Libya Jsc, Rosetti Pivot Ltd, Rosetti Marino Project Ooo and Rosetti Marino UK Ltd: companies that construct offshore and onshore oil facilities;
- Rosetti Kazakhstan Llp: supply of technical services;
- Rigros S.r.l. and Broadshore Energy Ltd: management of land designated for industrial use;
- Rosetti SuperYachts Spa: superyacht building;
- GM Green Methane Srl: construction of biomethane facilities.

FINANCIAL SITUATION

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

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

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

	31.12.22	31.12.21
Short-term NFP (in thousands of Euro) (C.III + C.IV of Assets – D.4 current of Liabilities)	18,599	58,112
Fixed assets coverage margin (in thousands of Euro) (M/L term liabilities + total equity – fixed assets)	64,445	70,525
Fixed assets coverage ratio (M/L term liabilities + total equity / fixed assets)	1.56	1.61
Financial independence index (Total equity / Total assets)	47.95%	38.71%
Ratio of financial income(expense) to GIP (Income Statement items 16+17+17bis / GIP)	(1.08%)	+0.22%

It should be noted that "Net financial position" is not specifically defined under Italian GAAP. Therefore, the methods applied by the Company to determine it might not be consistent with those used by other companies and/or groups in the industry and, consequently, the figure might not be suitable for comparison.
Moving onto the financial risks relating to trade receivables, we note that the Company operates primarily with longstanding clients, including leading oil companies or their subsidiaries and leading Italian shipping companies. Given the longstanding relationships with clients and their financial soundness, no specific guarantees are required for receivables from clients. Nonetheless, it should be noted that, as the Company tends to operate on a few, very large contracts, its receivables are highly concentrated on a small number of clients. Given this fact, it is common practice before acquiring an order, to conduct a thorough assessment of the financial impact of that order and a prior evaluation of the client's financial situation. The process continues during execution of the work with careful monitoring of outstanding receivables.
The Group's short-term net financial position is positive so there are no difficulties in raising financial resources or significant risks associated with interest rate fluctuation.
Some of the medium/long-term loans arranged by the Company are also subject to covenants which were respected as at 31 December 2022.
The Company is exposed to the exchange rate risk as a result of its operations on international markets. In order to protect itself against this risk, as in previous years and in compliance with the policy approved by the Executive Committee on 13 June 2018, the Company has arranged exchange rate risk hedging transactions when it has acquired significant orders from clients in foreign currencies and issued significant orders to suppliers in foreign currencies. In relation to project D33 for a client in Russia, the Company is safeguarded against the exchange rate risk resulting from the weakening of the Rouble thanks to the fact that the related contract with the direct client is in Euro.

PERSONNEL

The skill and professionalism of our personnel and the way in which our people conduct themselves represent the Company's main resource.
Therefore, during the year, despite pandemic-related difficulties, a sum equal to 0.87% of personnel costs was invested in training and professional development which involved many employees.
This confirms the special attention that has always been paid to the professional development of all employees as we believe it is essential to the continued success and development of the Company.
At 31 December 2022, the headcount stood at 385 employees (including 11 employees currently seconded to foreign subsidiaries and associated companies whose contracts have been suspended). This represents a 29 employee decrease on prior year. The decrease in the total headcount is due to reductions in the number of blue collar workers (-2) and white collar employees (-27) while the number of managers remains unchanged.
Due to the type of business conducted, the risk of accidents, including potentially fatal accidents, is high. For this reason, the Company has always devoted particular attention to safety issues by adopting a series of internal procedures and educational measures aimed at preventing such events. All production facilities have been certified compliant with the BS-OHSAS18001 standard and we continue to promote initiatives aimed at further spreading a culture of safety among all internal and external workers who operate at our Italian and international production facilities.

OTHER INFORMATION ON OPERATIONS

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

Information on business risks

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

The responsibilities resulting from the design and construction of our products and the risks associated with normal operating activity are dealt with in advance by devoting adequate attention to such aspects when developing processes and implementing adequate organisational procedures, as well as by acquiring adequate insurance cover on a precautionary basis.

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

Activities relating to Legislative Decree 231/11 on administrative responsibility

For 2022, the Supervisory Board has duly issued Six Monthly Reports on its activities in the first and second halves of the year. The Board of Directors has acknowledged these reports which do not contain any facts or issues worthy of note.

Information on the environment and on climate change risks

The Company carries out EPC projects, building large metal structures whose construction involves limited environmental risks, mainly during the painting and sandblasting phases.

Although these risks are limited, they are thoroughly assessed by the unit responsible for environment and climate change issues. This is done also considering the increasing global attention to the consequences of climate change and to the potential economic, social and environmental issues which now require companies to assess the potential consequences for their business in the medium/long-term.

For these reasons, the Company is committed to the constant search for solutions that guarantee the responsible use of natural resources, efficient energy consumption, optimal use of raw materials (carefully separating non-recyclable or reusable waste) and management of atmospheric emissions.

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

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

- minimising the environmental impact by reducing energy and water consumption, atmospheric emissions and waste production;
- constantly improving our systems for the detection and assessment of environmental risks and effects and implementing the necessary measures to prevent and reduce such risks and effects;
- monitoring our sustainability performance based on well-defined ESG (Environment, Social, Governance) indicators linked to Sustainable Development Goals, in order to identify the related areas and actions for improvement.

Environmental protection and sustainability goals and principles are defined in Rosetti Marino's HSE and Sustainability Policies and reported in the company's Sustainability Report which is issued annually and published on the company website.

Transactions in treasury shares

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

Intra-Group relations

As you are aware, the Company heads an industrial group including many companies, some of which (Fores Engineering S.r.l, Rosetti Marino UK, Rosetti Kazakhstan Llp, KCOI Llp, Rosetti Libya Jsc, Rosetti SuperYachts S.p.A., Tecon S.r.l., Rosetti Marino Project Ooo, GM Green Methane Srl and Rosetti Marino for Trading Wll) are under the direct control and coordination of the Company.

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

The following table contains details of the income statement transactions (expressed in thousands of Euro) that took place in 2022 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Value of production	Cost of production	Dividends	Financial income
Parent Company:				
Rosfin Spa	10	0	0	0
Subsidiaries:				
Fores Engineering Srl	378	2,908	0	34
Rosetti Superyachts Spa	7,415	64	0	0
Rosetti Marino Uk Ltd	439	6,400	0	0
Rosetti Marino Project Ooo	79,614	0	0	1
Rosetti Marino for Trading Wll	0	0	0	0
Rosetti Kazakhstan Llp	0	13	0	0
Rosetti Libya Jsc	0	0	0	0
Tecon Srl	0	2,081	0	0
GM Green Methane Srl	284	0	0	0
KCOI Llp	2,553	131	0	149
Fores Algeria Eurl	0	0	0	0
Associated Companies:				
Rigros Srl	0	0	0	5
Rosetti Pivot Ltd	233	47	0	101
Rosetti Ali & Sons Ltd	386	0	0	0
Basis Pivot Ltd	0	0	0	0
Broadshore Energy Ltd	0	0	0	0

The following table contains details of the financial relations (expressed in thousands of Euro) that took place in 2022 with subsidiaries, associated companies, parent companies and companies controlled by parent companies:

Description	Financial receivables	Trade receivables	Financial payables	Trade payables
Parent Company:				
Rosfin Spa	12	0	0	0
Subsidiaries:				
Fores Engineering Srl	2,000	158	0	1,091
Rosetti Superyachts Spa	0	0	0	589
Rosetti Marino Uk Ltd	0	0	0	0
Rosetti Marino Project Ooo	0	17,285	0	0
Rosetti Marino for Trading Wll	0	0	0	0
Rosetti Kazakhstan Llp	0	4	0	0
Rosetti Libya Jsc	0	0	281	0
Tecon Srl	0	0	0	997

GM Green Methane Srl	600	142	0	19
KCOI Llp	7,500	960	0	45
Fores Algeria Eurl	0	0	0	0
Associated Companies:				
Rigros Spa	1,550	5	0	522
Rosetti Pivot Ltd	421	3,045	0	0
Rosetti Ali & Sons Ltd	50	602	0	0
Basis Pivot Ltd	0	0	21	0
Broadshore Energy Ltd	0	0	0	0

Research and development

In 2022, the Company carried out research and development activities and focused its efforts on projects considered particularly innovative and which demanded a major commitment of resources, primarily from our Business Development department.

R&D costs totalling Euro 524 thousand were incurred during 2022.

These activities have regarded the following projects, in particular:

- acquiring new knowledge and technical skills through conceptual studies, theoretical feasibility reviews and pre-design work on innovative solutions for the reduction of CO2 emissions or for the capture, reutilisation and transformation of CO2 into synthetic fuel, as follows:
  - acquisition of new knowledge and technical skills for the development of innovative methods of CO2 absorption, using ionic liquids, for possible transformation into synthetic fuel;
  - development of solutions for the reutilisation and/or transformation of CO2 into synthetic fuel (electrified green methanol);
  - development of methods of capturing and utilising CO2 in olivine ore, a magnesium and calcium silicate, for use in the ceramics or construction sectors;
  - pre-competitive development of innovative solutions for the application of the CO2 capture process through potassium carbonate.
- acquisition of new knowledge and new technical skills through feasibility studies and technical comparison of various, innovative biological methanation processes.

- acquisition of new knowledge and new technical skills through feasibility studies for the experimental and pre-competitive development of solutions that enable the assembly of wind turbines with capacity in excess of 12 MW for offshore floating wind farms.

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

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

Other business locations

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

- Piomboni Yard (Marina di Ravenna): assembly of structures for the Energy Business Unit;
- San Vitale Yard (port of Ravenna): Shipbuilding activities;
- Milan Offices: engineering design of Energy sector projects;
- Poland Branch: currently dormant;
- Libya Branch: currently dormant**;**

- Abu Dhabi Branch: currently dormant;
- Algeria Branch: currently dormant;
- Qatar Branch: construction of an accommodation module and revamping of an existing platform.
- Kazakhstan Branch: currently dormant.

Significant events after the reporting date

The sale of real estate property rights to the San Vitale Yard in the port of Ravenna, historically used for shipbuilding, was completed on 20 March 2023 for a price of around Euro 40 million. The P&L and financial effects of the operation will be reflected in the 2023 financial statements. It will lead to a reduction in operating costs, a significant improvement in the financial position and the concentration of technical, human and financial resources in the Energy sector where the outlook is extremely promising.

BUSINESS OUTLOOK

At 31.12.2022, the order backlog for contracts acquired but not yet completed amounted to around Euro 118 million. This has increased thanks to a new order of Euro 75 million recently acquired, taking the current order backlog to Euro 193 million. However, it should be noted that this figure far from reflects the situation of great commercial flux that the Company is encountering. In addition to the recent order acquisition mentioned above, it is awaiting LOIs (Letters of Intent) for two contracts worth well in excess of Euro 400 million in total. Further important contracts will be awarded in the near future and the Company is on the short-list of possible, successful bidders.

Energy Business Unit

The order backlog for this business unit (currently Euro 181 million) is expected to increase significantly in the near future with major order acquisitions expected in the first half of 2023. It is particularly important to highlight the fact that the rapid, decisive market recovery regards all of the segments where the Company operates. The Oil&Gas segment is driven by projects intended to make up for the reduction (and gradual termination) by EU countries of hydrocarbon imports from the Russian Federation. In addition to types of product forming part of the Company's established range e.g. offshore platforms, Rosetti Marino is also registering interest on the part of Energy Companies for projects that had been of marginal or occasional importance until now. An important example is the growing demand for specialist Technical Services for the Refurbishment of production or regasification ships such as FPSO, FLNG and FSRU. This business activity began in the United Arab Emirates in 2022 with the Technical Service for the conversion of an FPSO destined for Côte d'Ivoire; it will continue throughout 2023 and will be accompanied by similar activities, also for projects destined for Western Africa, both in the UAE and, potentially, in China. Another likely project that will produce important benefits for the Company in the near future and which is motivated by the need to guarantee Europe the necessary energy security is the Ravenna Regasification Terminal (FSRU). In this case, Rosetti Marino is part of the Joint Venture which is the only bidder for the construction of the infrastructures needed for the mooring and commissioning of the FSRU and the LNG Carriers. The Company's scope of work will be the construction of all offshore structures and the unloading platform. In the next few days, the Company expects to receive an LOI that authorises and finances initial work on the contract with the final contract expected to follow shortly after. The Carbon Neutrality segment is also generating strong Market demand. The project for Libya – for which an LOI is expected in the coming days – is aimed at utilising gas that was previously flared; therefore, it is a De-Flaring project carried out to limit climate change risks, the first major project of its kind on the Mediterranean Sea.

In addition to the projects already mentioned, the Company will be involved in the construction of plant for the Ravenna Petrochemical Complex for which it was recently awarded the contract; this entails the dismantling of existing infrastructure and its replacement with plant that will help increase production while significantly reducing the carbon footprint. The year 2023 will also see the completion of the Brownfield project for the refitting of two

platforms in Qatar and of a project to build a new platform for Argentina, currently under construction at Marina di Ravenna shipyard. At the same time, feverish commercial activity will continue with the follow-up of other bids recently made by the Company; this regards both tenders where work is already underway and tenders where an expression of interest has recently been requested. The destinations for the tenders that have reached the most advanced stage and whose outcome should be known soonest are Libya for Oil&Gas, the United Kingdom for Wind and Italy for CCS.
Finally, it should be noted that the Company's activities in the field of renewables and carbon neutrality are expected to become increasingly important. The recently approved Business Plan 2023-2025 set a target for activities in this sector to exceed 40% of total value of production by the end of the three-year period.

Shipbuilding Business Unit
The order backlog of the Shipbuilding Business Unit currently amounts to Euro 12 million, including Euro 3 million in the Tugboats sector, Euro 8 million in the Superyachts sector and Euro 1 million in the Repair & Refit sector.
In this sector, the Company plans to complete only contracts in progress while refraining from seeking new orders with the exception of a small environmental clean-up vessel for the Port of Ravenna for which an order could be taken in the first half of 2023 as a result of a bid made at the start of 2022. Operating activities in the coming months will be wholly focused on completing the 38m Yacht (sister of Emocean) and on Repair & Refit work currently in progress. No commercial/sales activities are planned for 2023.

Dear Shareholders,

The activities carried out by the Company in 2022 have produced a net profit of Euro 1,239,064.56.
Our proposal to the General Meeting is to allocate Euro 107,089.89 of the net profit to the reserve for exchange gains (pursuant to Article 2426(8) of the Italian Civil Code) while taking the remaining net profit of Euro 1,131,974.67 to retained earnings.
We also note that the reserve for deferred depreciation of Euro 544,864.96 created in 2020 using the extraordinary reserve had decreased by Euro 92,608.23 due to depreciation recovered during the period (in 2021, it decreased by Euro 24,078.31).
Finally, we invite you to approve the financial statements, the accounting policies applied and the accompanying directors' report.

Ravenna, 31/03/2023

For the Board of Directors
The Chief Executive Officer
Oscar Guerra

2. FINANCIAL ASSETS AS AT 31 DECEMBER 2022:

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

Balance Sheet

	31-12-2022	31-12-2021
Balance Sheet		
Assets		
B) Non-current assets		
I – Intangible assets		
4) concessions, licences, trademarks and similar rights	330,358	342,372
7) other	706,026	970,166
Total intangible assets	1,036,384	1,312,538
II – Tangible assets		
1) land and buildings	74,507,426	75,489,600
2) plant and machinery	870,702	1,660,687
3) industrial and commercial equipment	141,642	183,248
4) other tangible assets	3,190,767	3,093,777
5) assets under construction and payments on account	351,638	330,501
Total tangible assets	79,062,175	80,757,813
III – Financial assets		
1) investments in		
a) subsidiaries	16,137,101	15,373,365
b) associated companies	8,860,607	7,807,820
d-bis) other entities	152,890	149,676
Total investments	25,150,598	23,330,861
2) receivables		
a) from subsidiaries		
due within a year	2,500,000	0
due after more than a year	5,000,000	7,580,000
Total receivables from subsidiaries	7,500,000	7,580,000
b) from associated companies		
due within a year	421,178	396,635
due after more than a year	1,550,000	1,550,000
Total receivables from associated companies	1,971,178	1,946,635
d-bis) from others		
due within a year	47,438	47,438
due after more than a year	690,164	737,600
Total receivables from others	737,602	785,038
Total receivables	10,208,780	10,311,673

Total financial assets	35,359,378	33,642,534
Total non-current assets (B)	115,457,937	115,712,885
C) Current assets		
I – Inventory		
1) raw, ancillary and consumable materials	281,867	129,560
3) contract work-in-progress	9,618,739	23,239,892
5) payments on account	3,676,815	2,719,630
Total inventory	13,577,421	26,089,082
II - Receivables		
1) due from clients (trade)		
due within a year	25,921,456	26,121,571
Total receivables from clients (trade)	25,921,456	26,121,571
2) due from subsidiaries		
due after more than a year	21,149,003	12,685,215
Total receivables from subsidiaries	21,149,003	12,685,215
3) due from associated companies		
due within a year	3,651,688	2,964,163
Total receivables from associated companies	3,651,688	2,964,163
4) due from parent companies		
due within a year	12,200	12,200
Total receivables from parent companies	12,200	12,200
5-bis) tax receivables		
due within a year	2,153,818	2,393,260
due after more than a year	-	1,701,468
Total tax receivables	2,153,818	4,094,728
5-ter) deferred tax assets	22,869,949	22,846,900
5-quater) receivables from others		
due within a year	398,210	1,405,992
due after more than a year	206,847	156,450
Total receivables from other	605,057	1,562,442
Total receivables	76,363,171	70,287,219
III – Current financial assets		
5) derivatives – assets	4,772,702	478,564
6) other securities	16,504,584	37,891,878
Total current financial assets	21,277,286	38,370,442
IV – Cash and cash equivalents		

1) bank and post office accounts	18,124,817	38,628,060
3) cash and cash equivalents on hand	38,896	26,710
Total cash and cash equivalents	18,163,713	38,654,770
Total current assets (C)	129,381,591	173,401,513
D) Prepaid expenses and accrued income	1,333,599	767,146
Total assets	246,173,127	289,881,544
Liabilities and shareholders' equity		
A) Shareholders' equity		
I – Share capital	4,000,000	4,000,000
III – Revaluation reserves	0	59,323,923
IV – Legal reserve	800,000	800,000
VI – Other reserves, disclosed separately		
Extraordinary reserve	112,276,622	122,726,445
Sundry other reserves	428,178	2,462,161
Total other reserves	112,704,800	125,188,606
VII – Cash flow hedge reserve	4,395,028	(196,227)
VIII – Retained earnings (Accumulated losses)	0	(24,526,603)
IX – Profit (Loss) for the year	1,239,065	(47,281,124)
X – Negative reserve for treasury shares held	(5,100,000)	(5,100,000)
Total shareholders' equity	118,038,893	112,208,575
B) Provisions for risks and charges		
2) taxation, including deferred tax	6,658,405	6,601,948
3) derivatives - liabilities	0	196,227
4) other	3,622,214	496,093
Total provisions for risks and charges	10,280,619	7,294,268
C) Employee severance indemnity / "TFR" provision	2,744,752	2,783,309
D) Payables		
4) bank borrowing		
due within a year	20,841,792	18,913,662
due after more than a year	48,838,694	63,951,710
Total bank borrowing	69,680,486	82,865,372
6) payments on account		
due within a year	13,901,165	40,393,093
Total payments on account	13,901,165	40,393,093
7) due to suppliers (trade)		
due within a year	20,819,358	31,683,341

Total payables to suppliers (trade)	20,819,358	31,683,341
9) due to subsidiaries		
due within a year	3,021,314	5,552,399
Total payables to subsidiaries	3,021,314	5,552,399
10) payables to associated companies		
due within a year	109,632	82,182
due after more than a year	494,100	0
Total payables to associated companies	603,732	82,182
12) tax payables		
due within a year	1,562,131	1,568,982
Total tax payables	1,562,131	1,568,982
13) due to social security and pensions institutions		
due within a year	1,605,095	1,726,933
Total payables to social security and pensions institutions	1,605,095	1,726,933
14) other payables		
due within a year	3,717,812	3,697,826
Total other payables	3,717,812	3,697,826
Total payables	114,911,093	167,570,128
E) Accrued expenses and deferred income	197,770	25,264
Total liabilities and shareholders' equity	246,173,127	289,881,544

Income Statement

	31-12-2022	31-12-2021
Income Statement		
A) Value of production		
1) revenue from sales and services	194,949,846	130,381,982
3) change in contract work-in-progress	(13,621,153)	(12,831,622)
4) increase in non-current assets due to own work capitalised	19,031	5,461
5) other revenue and income		
operating grant income	467,338	585,691
other	2,504,373	4,712,410
Total other revenue and income	2,971,711	5,298,101
Total value of production	184,319,435	122,853,922
B) Cost of production		
6) raw, ancillary and consumable materials and goods	35,884,567	37,298,637
7) services	98,044,488	99,044,848
8) leases and rentals	5,229,465	4,261,199
9) personnel		
a) wages and salaries	24,141,612	23,773,672
b) social contributions	6,196,717	6,494,599
c) employee severance indemnity / “TFR”	1,826,629	1,706,435
d) retirement benefits and similar obligations	240,899	226,202
e) other personnel costs	728,803	77,287
Total personnel costs	33,134,660	32,278,195
10) depreciation, amortisation and writedowns		
a) amortisation of intangible assets	278,698	362,808
b) depreciation of tangible assets	2,367,570	2,328,324
d) writedowns of current receivables and cash and cash equivalents	1,056,563	202,421
Total depreciation, amortisation and writedowns	3,702,831	2,893,553
11) change in inventory of raw, ancillary and consumable materials and goods for resale	(152,307)	(4,104)
12) provisions for risks	2,470,503	125,258
14) other operating expenses	311,700	1,500,986
Total cost of production	178,625,907	177,398,572
Difference between value and cost of production (A - B)	5,693,528	(54,544,650)
C) Financial income and expenses		
15) income from investments		
from subsidiaries	0	725,000
other	692	621

Total income from investments	692	725,621
16) other financial income		
c) from current securities other than equity investments	460,916	1,084,174
d) income other than the above		
from subsidiaries	177,502	125,193
from associated companies	105,589	68,589
other	221,068	6,210
Total income other than the above	504,159	199,992
Total other financial income	965,074	1,284,166
17) interest and other financial expenses		
towards associated companies	1,254,828	0
other	1,693,428	1,212,203
Total interest and other financial expenses	2,948,255	1,212,203
17-bis) exchange gains and losses	22,519	184,112
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(1,959,970)	981,696
D) Adjustments to value of financial assets and liabilities		
18) revaluations		
a) of equity investments	473,098	1,533
c) of current securities other than equity investments	59,400	57,336
d) of derivatives	19,439	96,978
Total revaluations	551,937	155,847
19) writedowns		
a) of equity investments	1,846,498	1,406,604
c) of current securities other than equity investments	118,738	17,265
d) of derivatives	3,014	72,773
Total writedowns	1,968,250	1,496,642
Total adjustments to value of financial assets and liabilities (18 - 19)	(1,416,313)	(1,340,795)
Profit (Loss) before taxation (A - B + - C + - D)	2,317,245	(54,903,749)
20) Taxes on income – current, deferred and deferred tax income		
current taxes	1,037,864	333,032
prior year taxes	59,716	(336,149)
deferred taxes (income)	(19,400)	(7,619,508)
Total taxes on income – current, deferred and deferred tax income	1,078,180	(7,622,625)
21) Profit (Loss) for the year	1,239,065	(47,281,124)

Statement of cash flows, indirect method

	31-12-2022	31-12-2021
Statement of cash flows, indirect method		
A) Cash flows from operating activities (indirect method)		
Profit (Loss) for the year	1,239,065	(47,281,124)
Taxes on income	1,078,180	(7,622,625)
Interest expense/(income)	764,850	(104,025)
(Dividends)	(692)	(725,756)
(Gains)/Losses from disposal of assets	1,230,902	1,120,252
1) Profit (loss) for the year before taxes on income, interest and gains/losses on disposals	4,312,305	(54,613,278)
Adjustments for non-cash items with no impact on net working capital		
Allocations to provisions	6,409,772	2,127,004
Depreciation/Amortisation of non-current assets	2,646,268	2,691,132
Impairment adjustments	1,846,497	1,406,604
Adjustments to value of financial assets and liabilities (derivatives) not involving cash flows	4,591,255	174,787
Other increases/(decreases) due to non-cash items	(1,642,722)	6,091,351
Total adjustments for non-cash items with no impact on net working capital	13,851,070	12,490,878
2) Cash flows before changes in net working capital	18,163,375	(42,122,400)
Change in net working capital		
Decrease/(Increase) in inventory	12,197,660	14,686,322
Decrease/(Increase) in trade receivables	(10,322,612)	(6,670,998)
Increase/(Decrease) in trade payables	(12,873,518)	(246,769)
Decrease/(Increase) in prepaid expenses and accrued income	(566,453)	(305,958)
Increase/(Decrease) in accrued expenses and deferred income	172,506	(50,099)
Other decreases/(Other increases) in net working capital	(29,657,764)	15,071,032
Total changes in net working capital	(41,050,181)	22,483,530
3) Cash flows after changes in net working capital	(22,886,806)	(19,638,870)
Other adjustments		
Interest received /(paid)	(764,850)	104,025
(Taxes on income paid)	0	0
Dividends received	692	725,756
(Use of provisions)	(2,392,563)	(2,295,054)
Other receipts/(payments)	0	0
Total other adjustments	(3,156,721)	(1,465,273)
Cash flows from operating activities (A)	(26,043,527)	(21,104,143)
B) Cash flows from investing activities		
Tangible assets		
(Investments)	(693,601)	(3,071,073)
Disposals	9,020	385,870

Intangible assets		
(Investments)	(2,545)	(55,118)
Disposals	0	0
Non-current financial assets		
(Investments)	(2,137,363)	(500,012)
Disposals	80,000	0
Current financial assets		
(Investments)	(4,048,621)	(6,916,226)
Disposals	25,530,466	37,746,370
(Acquisition of businesses net of cash and cash equivalents)	0	0
Disposal of businesses net of cash and cash equivalents	0	0
Cash flows from investing activities (B)	18,737,356	27,589,811
C) Cash flows from financing activities		
Debt		
Increase/(Decrease) in short-term bank borrowing	(54)	78
Loans arranged	7,000,000	60,980,000
(Loans repaid)	(20,184,832)	(35,983,238)
Equity		
Paid share capital increases	0	0
(Reimbursement of capital)	0	0
Sale/(Purchase) of treasury shares	0	0
(Dividends and advances on dividends paid)	0	0
Cash flows from financing activities (C)	(13,184,886)	24,996,840
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(20,491,057)	31,482,508
Opening cash and cash equivalents		
Bank and post office accounts	38,628,060	7,139,704
Cash and cash equivalents on hand	26,710	32,558
Total opening cash and cash equivalents	38,654,770	7,172,262
Of which not freely available for use	0	0
Closing cash and cash equivalents		
Bank and post office accounts	18,124,817	38,628,060
Cash and cash equivalents on hand	38,896	26,710
Total closing cash and cash equivalents	18,163,713	38,654,770
Of which not freely available for use	0	0

Notes to the Financial Statements as at 31-12-2022

Notes to the Financial Statements, opening section

Basis of preparation

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

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

The financial statements have been prepared on a going concern basis. When reaching their conclusion that this was the correct approach and considering the current macroeconomic environment the Directors took account of the Group Business Plan 2023-2025 approved by the Board of Directors on 01.02.2023 and, in particular, of the recovery in investment in the Energy industry, as described in more detail in the Directors' Report and as highlighted by the major orders acquired in 2022 and in the first few months of 2023 (as reflected in the aforementioned Business Plan), as well as ongoing negotiations for the award of major contracts in the Energy sector. When making their assessments, the Directors also took account of the liquid financial assets reported in the financial statements at 31 December 2022 and of those raised in 2023 upon the sale of the San Vitale yard, as described below.

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

Amounts are stated in Euro, unless otherwise specified.

Accounting policies

The most significant accounting policies applied when preparing the financial statements at 31 December 2022 in compliance with the requirements of Article 2426 of the Italian Civil Code and the aforementioned accounting standards are as follows:

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

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

Tangible assets

Tangible assets are recognised at purchase or production cost, net of any grants towards capital expenditure and adjusted for certain assets in application of specific revaluation laws.

Cost includes related expenses and direct and indirect costs to the extent reasonably attributable to the asset. Tangible assets are systematically depreciated each year on a straight-line basis using rates of depreciation determined in relation to the residual useful lives of the assets.

In 2020, in a departure from the accounting policy described above, for some assets, the Company suspended the allocation to the income statement of some 25% of the full depreciation charge, representing the period of around three months during which production activities were suspended because of the Covid-19 pandemic; this was done pursuant to Article 60(7-ii) to (7-v) of the Decree Law. The suspension also involved the creation of an equity reserve of the same amount that will remain non-distributable until the various assets affected have been depreciated in full.

Tangible assets are written down when impaired, irrespective of previously recognised depreciation charges. If the grounds for an impairment loss cease to apply in later years, the original amount is restored, as adjusted for depreciation only.

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

Assets held under finance leases

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

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

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

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

Inventory

Raw materials

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

Contract work-in-progress and revenue recognition

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

Contract work in progress spanning more than one year is measured at the reporting date on the basis of the consideration accruing with reasonable certainty (the percentage completion method). Consideration accruing is calculated by applying the completion percentage determined using the cost-to-cost method to estimated total revenues. It is reported under contract work in progress net of consideration recorded under revenues as it has been definitively earned following recognition by the client as consideration for the value of the work performed. This percentage is calculated as the ratio of costs incurred as at 31 December 2022 to estimated total costs. Additional consideration is included in contract revenues only when it is formally accepted by the client before the reporting date or, if there has been no formal acceptance, at the reporting date, it is highly probable that the request for additional consideration will be accepted based on the most recent information and historical experience.

Payments on account made by clients while a project is ongoing, in respect of work done and usually agreed on a “state of completion” basis, is recorded under revenue while advances received from clients at the outset of contract work are recognised under the item “Payments on account” on the liabilities side of the balance sheet. Contracts are considered completed when all costs have been incurred and the work has been accepted by the clients. Any losses on contracts that

can be estimated with reasonable accuracy are deducted from the value of contract work in progress, on the assets side of the balance sheet, in the period they come to light. If such losses exceed the value of the contract work in progress, the Company records a specific provision for risks, on the liabilities side of the balance sheet, for the excess amount.

Receivables

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

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

Current financial assets

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

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

Cash and cash equivalents

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

Prepaid expenses and accrued income, accrued expenses and deferred income

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

Provisions for risks and charges

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

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

Derivative instruments

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

Derivatives are classified as hedging instruments only when, at the start of the hedge, there is a close, documented relationship between the item hedged and the financial instrument and the effectiveness of the hedge – as regularly tested - is high. When the derivatives hedge the risk of changes in cash flow from the hedged instruments (“cash flow hedges”), the effective portion of the gains or losses on the derivative financial instrument is suspended under equity. Gains or losses relating to a in effective portion of a hedge are recorded in the income statement. When the related operation is realised, gains and losses accumulated in equity to date are recorded in the income statement when the operation in question is realised (as adjustments to the income statement captions affected by the hedged cash flows).

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

Employee severance indemnity / "TFR" provision
The employee severance indemnity provision covers the full liability accruing up to 31 December 2006 towards employees under applicable legislation, collective labour agreements and supplementary company agreements. The liability is adjusted each year in accordance with Article 2120 of the Italian Civil Code.
The TFR liability reported in the financial statements is stated net of amounts paid to the INPS Treasury Fund and to supplementary pension funds as provided for by Law no 296 of 27 December 2006 ("Finance Act 2007") and by subsequent Decrees and implementation Regulations.

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

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

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

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

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

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

Translation into Euro of foreign currency items
Receivables and payables in foreign currency are originally accounted for at the exchange rates in effect when the transactions are recorded.
Exchange differences arising on the collection of receivables and settlement of payables in foreign currency are recognised in the income statement.
Receivables and payables in foreign currency for which exchange risk hedging transactions have been arranged are adjusted to the base exchange rate of the said hedging transactions.

At year-end, receivables and payables in foreign currency for which hedging transactions have not been arranged are translated on the basis of the exchange rate in force at the reporting date. Gains and losses arising from this translation are credited and debited to the income statement as financial income or expenses.
Any net gain arising after considering unrealised exchange gains and losses is allocated to a specific non-distributable reserve until it is realised.

Other information

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

Preparation of consolidated financial statements
As it holds significant controlling investments, as defined by Article 2359 of the Italian Civil Code, the Company is obliged to prepare consolidated financial statements at 31 December 2022, in accordance with Legislative Decree 127/91. The Company has prepared such financial statements by the deadline required by Article 46(4) of the said Decree. They supplement these financial statements and are contained in a separate document.

Notes to the financial statements, assets

Non-current assets

Intangible assets

Intangible assets amount to Euro 1,036 thousand (Euro 1,313 thousand at 31.12.2021) and are analysed as follows:
- "Concessions, licences, trademarks and similar rights", amounting to Euro 330 thousand, includes the net carrying amount of the consideration paid to acquire rights, expiring in 2050, on land adjacent to the Piomboni Yard;
- "Other intangible assets" includes leasehold improvements of Euro 701 thousand (Euro 944 thousand at 31.12.2021) and software of Euro 5 thousand (Euro 26 thousand at 31.12.2021).

Movements on intangible assets

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

	Concessions, licences, trademarks and similar rights	Other intangible assets	Total intangible assets
Opening amount			
Cost	600,832	2,055,738	2,656,570
Amortisation (Accum. amortisation)	(258,460)	(1,085,572)	(1,344,032)
Net carrying amount	342,372	970,166	1,312,538
Changed during period			
Increases due to additions	-	2,545	2,545
Amortisation for the period	12,013	266,685	278,698
Total changes	(12,013)	(264,140)	(276,153)
Closing amount			
Cost	600,832	2,058,284	2,659,116
Amortisation (Accum. amortisation)	(270,474)	(1,352,258)	(1,622,732)
Net carrying amount	330,358	706,026	1,036,384

Concessions, licences, trademarks and similar rights
This caption has decreased by Euro 12 thousand due to amortisation charged over the period of the land rights concession.

Other intangible assets
The Euro 3 thousand increase in this caption is due to the purchase and or implementation of management software used in the various business processes.
Decreases totalling Euro 267 thousand regard amortisation for the year. Amortisation is charged at different rates for the various types of capitalised cost, as follows:
- on a straight-line basis over three years for software;
- over the period of the land rights for capex in that area;
- over the residual period of the lease agreement for leasehold improvements to the Milan offices.

Tangible assets

Tangible assets amount to Euro 79,062 thousand (Euro 80,758 thousand at 31.12.2021). The caption includes fixed assets forming part of the Company's permanent organisation. The long-term nature of the assets refers to their use rather than their inherent characteristics. Such assets are normally deployed for income generating purposes as part of ordinary activities and are not destined for sale or for transformation into products sold by the Company, except as described below with regard to the sale of the San Vitale Yard. That asset remains classified under non-current Tangible assets rather than under Current assets because activities in preparation for the sale – including the preliminary sales agreement and the subsequent Board of Directors' resolution approving that document – and the finalisation of the sale took place during the 2023 reporting period.
In 2022, ordinary depreciation, as shown in the relevant table, has been calculated at rates felt to represent the remaining useful lives of the tangible assets.
The depreciation rates applied were as follows:
Buildings:
- Buildings 3.00%
- Lightweight constructions 10.00%
Plant and machinery:
- General and specific plant 10.00%
- Water treatment plant 15.00%
- Machinery 15.50%
Industrial and commercial equipment 25.00%
Other tangible assets:
- Office furniture and fittings 12.00%
- Electronic office equipment 20.00%
- Commercial vehicles 20%
- Automobiles 25.00%
- Barges 9.00%

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

Movements on tangible assets

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

	Land and buildings	Plant and machinery	Industrial & commercial equipment	Other tangible assets	Assets under construction and payments on a/c	Total tangible assets
Opening amount						
Cost	41,721,534	20,895,116	3,172,976	6,185,058	330,501	72,305,185
Revaluations	63,745,498	1,306,520	-	-	-	65,052,018
Depreciation (Accum. depreciation)	(29,977,432)	(20,540,949)	(2,989,728)	(3,091,281)	-	(56,599,390)
Net carrying amount	75,489,600	1,660,687	183,248	3,093,777	330,501	80,757,813
Changes during year						
Increases due to additions	31,444	41,662	57,697	475,763	87,035	693,601
Reclassifications (of net carrying amount)	-	-	-	65,898	(65,898)	0
Decreases due to disposals (of net carrying amount)	5,040	61.004	-	36.333	-	102.377
Depreciation for year	1,013,619	831,647	99,302	423,002	-	2,367,570
Other changes	5,040	61,004	-	14,664	-	80,708
Total changes	(982,175)	(789,985)	(41,605)	96,990	21,137	(1,695,638)
Closing amount						
Cost	41,747,939	20,875,774	3,230,673	6,690,387	351,638	72,896,411
Revaluations	63,745,498	1,306,520	-	-	-	65,052,018
Depreciation (Accum. depreciation)	(30,986,011)	(21,311,592)	(3,089,031)	(3,499,620)	-	(58,886,254)
Net carrying amount	74,507,426	870,702	141,642	3,190,767	351,638	79,062,175

The main increases for the year regarded:

- Land and buildings: improvements to existing buildings at the S. Vitale Yard (Euro 6 thousand), at the Piomboni Yard (Euro 17 thousand) and at headquarters (Euro 8 thousand);
- Plant and machinery: work on the cooling system (Euro 5 thousand), on the plumbing system (Euro 4 thousand) and on the provisional emergency lighting system (Euro 9 thousand) at S. Vitale Yard; work on the sewage discharge system (Euro 9 thousand) at Piomboni Yard; and the purchase of a turntable positioner for headquarters (Euro 15 thousand);
- Industrial equipment: purchase of lifting equipment for S. Vitale Yard (Euro 9 thousand) and Piomboni Yard (Euro 38 thousand), purchase of a bevelling machine for headquarters (Euro 2 thousand);
- Other tangible assets: purchase and installation of a towing and mooring winch on the AMT Carrier barge and updating of the class of the barge (Euro 390 thousand) and purchase of smartphones (Euro 86 thousand);

- Assets under construction: work not yet completed on the refurbishment of office premises at the headquarters building (Euro 72 thousand).

Decreases mainly relate to the depreciation charge for the year and, to a minor extent, to the sale of old, fully depreciated equipment and other assets.

Financial fixed assets

As at 31 December 2022, the Company has financial fixed assets totalling Euro 35,349 thousand (Euro 33,643 thousand at 31.12.2021).
This item includes investments in subsidiaries of Euro 16,173 thousand (Euro 15,373 thousand at 31.12.2021), investments in associated companies of Euro 8,861 thousand (Euro 7,808 thousand at 31.12.2021), investments in other entities of Euro 153 thousand (Euro 150 thousand at 31.12.2021) and non-current financial receivables of Euro 10,209 thousand (Euro 10,312 thousand at 31.12.2021).
Non-current receivables mainly include three medium-term loans granted to subsidiary Kazakhstan Caspian Offshore Industries Llp (Euro 7,500 thousand) and to associated companies Rigros S.r.l (Euro 1,550 thousand) and Rosetti Pivot Ltd (Euro 421 thousand).
The loan to subsidiary Kazakhstan Caspian Offshore Industries Llp represents the outstanding amount of a loan disbursed in several stages from 2009 in order to enable that company it to build and then expand its yard in Kazakhstan.
The loan receivable from associated company Rigros S.r.l. was disbursed in 2017 in order to finance the purchase of a plot of land next to the headquarters of Rosetti Marino S.p.A.
The loan to associated company Rosetti Pivot Ltd represents the outstanding amount of a loan disbursed during in 2018 to cover its start-up operating expenses.
All of the loans are interest bearing on arm's length terms and, after adjustment for impairment, are expected to be recoverable in full given the expected growth of the associated companies as per the Group's business plan for the years 2023-2025.
Financial fixed assets also includes the outstanding receivable of Euro 569 thousand from the Ministry of Transport and Infrastructure in relation to grants that will be collected in annual instalments of Euro 47 thousand in future years in relation to project "ROSMANDITEN" (process innovation project in the shipbuilding segment commenced in prior years).

Movements on equity investments, other securities and derivatives

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

	Investments in subsidiaries	Investments in associated companies	Investments in other entities	Total Investments
Opening amount				
Cost	22,555,885	8,937,062	228,295	31,721,242
Revaluations	295,631	764,682	12,044	1,072,357
Writedowns	(7,478,151)	(1,893,924)	(90,663)	(9,462,738)
Net carrying amount	15,373,365	7,807,820	149,676	23,330,861
Changes during year				
Increases due to acquisitions	137,363	1,055,773	-	1,193,136
Revaluations performed during year	14,206	455,678	3,214	473,098
Writedowns made during year	1,387,833	458,664	-	1,846,497
Other changes	2,000,000	-	-	2,000,000
Total changes	763,736	1,052,787	3,214	1,819,737
Closing amount				
Cost	24,693,248	9,916,611	228,295	34,838,154
Revaluations	309,837	1,220,360	15,258	1,545,455
Writedowns	(8,865,984)	(2,276,364)	(90,663)	(11,233,011)
Net carrying amount	16,137,101	8,860,607	152,890	25,150,598

The following changes compared to prior year took place in 2022:
- Payment of Euro 2,000 thousand to subsidiary Rosetti Superyachts S.p.A. to cover losses maturing and restatement of the carrying amount of the investment at relevant portion of equity by means of an impairment adjustment of Euro 1,388 thousand;
- Alignment of the carrying amount of investment in associated company Rosetti Libya Jsc with the relevant portion of equity by means of a revaluation of Euro 14 thousand;
- Incorporation of subsidiary Rosetti Marino for Trading Wll – with registered office in Doha, Qatar – and subscription of 100% of wholly paid share capital of Euro 137 thousand;
- Alignment of the carrying amount of investment in associated company Rosetti Pivot Ltd with the relevant portion of equity by means of a revaluation of Euro 456 thousand;
- Disposal of the entire investment held in associated company Rosetti Congo Sarl, registered office in Pointe Noire, Republic of Congo;
- Alignment of the carrying amount of investment in associated company Rigros Srl with the relevant portion of equity by means of an impairment adjustment of Euro 20 thousand;
- Acquisition of 26.32% of the share capital of associated company Broadshore Energy Limited – based in Lagos, Nigeria – for Euro 1,056 thousand (equivalent of USD 1,132 thousand);
- Impairment adjustment of Euro 439 thousand to carrying amount of investment in associated company Rosetti Ali;
- Restatement of carrying amount of shares in La Cassa di Ravenna SpA at fair value at 31.12.2022 by means of a revaluation of Euro 3 thousand.

Investments in other entities, amounting to Euro 153 thousand (Euro 150 thousand at 31 December 2021), are analysed as follows:
- Cassa di Risparmio di Ravenna Spa - Euro 126 thousand;
- Consorzio CURA - Euro 1 thousand;
- Porto Intermodale di Ravenna – SAPIR – Euro 3 thousand;
- CAAF Industrie – Euro 2 thousand;
- Consorzio Destra Candiano – Euro 1 thousand
- O.M.C. – Euro 20 thousand.

Changes in and maturity of non-current receivables

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

	Opening amount	Changes during year	Closing amount	Amount due within a year	Amount due after > 1 year	Of which due after more than 5 years
Non-current receivables from subsidiaries	7,580,000	(80,000)	7,500,000	2,500,000	5,000,000	-
Non-current receivables from assoc. companies	1,946,635	24,543	1,971,178	421,178	1,550,000	-
Non-current receivables from others	785,038	(47,436)	737,602	47,438	690,164	332,062
Total non-current receivables	10,311,673	(102,893)	10,208,780	2,968,616	7,240,164	332,062

As previously stated, non-current receivables mainly include medium/long-term loans granted to subsidiary Kazakhstan Caspian Offshore Industries Llp and to associated companies Rigros S.r.l. and Rosetti Pivot Ltd.
The decrease in receivables from subsidiaries is entirely due to full repayment during the reporting period of the loan granted and disbursed to subsidiary Rosetti Marino Project Ooo in 2019.
The change in receivables from associated companies is entirely due to the restatement in Euro at the 31.12.2022 exchange rate of the loan granted to Rosetti Pivot Ltd.
The decrease in receivables from others is entirely due to collection of the annual instalment of the grant from the Ministry of Infrastructure and Transport for project "ROSMANDITEN" (process innovation project in the shipbuilding segment commenced in prior years).

Information on non-current investments in subsidiaries

As at 31 December 2022, the Company had investments in subsidiaries totalling Euro 16,173 thousand (Euro 15,373 thousand as at 31.12.2021).
A detailed breakdown of investments in subsidiaries is provided in the following table together with highlights from their 2022 financial statements. Note that newly incorporated company Rosetti Marino for Trading Wll has yet to prepare and approve its first set of financial statements.

Name	City, if in Italy, or Country	Tax number (for Italian entities)	Capital in Euro	Profit (Loss) for last year in Euro	S/holders' equity in Euro	Interest held in Euro	Interest held (%)	Carrying amount or corresponding receivable
Fores Engineering Srl	Forlì	02178650400	1,000,000	(4,396,473)	4,319,495	4,319,495	100.00%	603,308
Rosetti Superyachts Spa	Ravenna	02586850394	1,500,000	(1,387,832)	2,050,103	2,050,103	100.00%	2,050,102
Rosetti Marino UK Ltd	Scotland		115	(5,508)	202,435	202,435	100.00%	119
Rosetti Marino Project Ooo	Russia		250,000	92,761	208,253	208,253	100.00%	250,140
Rosetti Marino for Trading Wll	Qatar		137,363	0	137,363	137,363	100.00%	137,363
Rosetti Kazakhstan Llp	Kazakhstan		198,161	389,167	931,113	838,002	90.00%	178,901
Rosetti Libya Jsc	Libya		622,084	22,261	454,167	295,209	65.00%	295,209
Tecon Srl	Milan	06503230150	46,500	274,167	3,396,076	2,037,646	60.00%	1,896,786
Green Methane Srl	Ravenna	04207740277	100,000	247,986	638,735	383,241	60.00%	1,040,000
Kazakhstan Caspian Offshore Industries Llp	Kazakhstan		1,159,735	9.955.036	30.901.406	13.905.633	45.00%	9.685.172
Total								16,137,100

The subsidiaries operate in the following sectors:

- Fores Engineering S.r.l (which owns 100% of Fores Engineering Algèrie Eurl which operates in the same segment, plus 10% of Rosetti Kazakhstan Llp): design, construction and maintenance of automation and control systems;
- Tecon Srl: multi-disciplinary design of oil and petrochemical facilities;
- Kazakhstan Caspian Offshore Industries Llp, Rosetti Marino UK Ltd, Rosetti Marino Project Ooo e Rosetti Libya Jsc, Rosetti Marino for Trading Wll: construction of offshore and onshore oil facilities;
- Rosetti Superyachts Spa: building of superyachts;
- Rosetti Kazakhstan Llp (which owns 5% of Kazakhstan Caspian Offshore Industries Llp): delivery of technical services;
- Green Methane Srl: construction of biomethane facilities;

Rosetti Libya Jsc and Rosetti Marino for Trading Wll are currently dormant.

The excess of the value of the investment in Green Methane Srl over the corresponding portion of equity represents implicit goodwill. This amount is considered recoverable as the future profit outlook of the investee company taken into account at the time of its acquisition remains unchanged.

Information on non-current investments in associated companies

As at 31 December 2022, the Company held investments in associated companies totalling Euro 8,861 thousand (Euro 7,808 thousand as at 31.12.2021).
The following table contains details of investments in associated companies with highlights from their 2022 financial statements. Note that the figures for Rosetti Pivot Ltd and Broadshore Energy Ltd relate to the financial statements as at 31/03/2022.

Name	City, if in Italy, or country	Tax number (for Italian entities)	Capital in Euro	Profit (Loss) for last year in Euro	S/holders' equity in Euro	Interest held in Euro	Interest held in %	Carrying amount or corresponding receivable
Rigros Srl	Italy	02568990390	100,000	(40,107)	104,547	52,274	50.00%	52,274
Rosetti Pivot Ltd	Nigeria		2,817,869	370,769	153,359	75,146	49.00%	1,204,978
Rosetti Ali e Sons Llc	United Arab Emirates		36,357	(536,744)	(895,125)	(438,611)	49.00%	6,526,950
Basis Pivot Ltd	Nigeria		46,667	0	46,667	21,000	45.00%	20,632
Broadshore Energy Ltd	Nigeria		158	(2,561)	2,843,760	748,193	26.30%	1,055,773
Total								8,860,607

The associated companies operate in the following sectors:
- Basis Pivot Ltd: multi-discipline design of oil and petrochemical plants;
- Rosetti Pivot Ltd and Rosetti Ali e Sons Llc: construction of offshore and onshore oil facilities;

- Rigros Srl and Broadshore Energy Ltd: management of land for industrial use.

Basis Pivot Ltd and Broadshore Energy Ltd are currently non-operating/dormant.

The excess of the value of the investment in Rosetti Ali & Sons Llc over the corresponding portion of equity represents implicit goodwill. This amount is considered recoverable as the future profit outlook of the investee company taken into account at the time of its acquisition remains unchanged, as a direct result of the major investment plans announced by the United Arab Emirates.

Current assets

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

Inventory

Raw, ancillary and consumable materials

As at 31 December 2022, raw materials inventory amounted to Euro 282 thousand (Euro 130 thousand at 31.12.2021), after an obsolescence provision of Euro 564 thousand (Euro 250 thousand at 31.12.2021). This provision is currently considered appropriate to bring inventory into line with estimated realisable value.
Inventory includes stock held at the Company's production facilities and warehouses (excluding items received from third parties for various reasons, title to which remains with said third parties), stock owned by the Company but held by third parties and goods in transit property of which has already been transferred to the Company.
Raw materials inventory is valued under the weighted average cost method. Use of this method does not result in any appreciable differences compared to a current cost valuation.

Contract work-in-progress

This caption, amounting to Euro 9,619 thousand (Euro 23,240 thousand as at 31.12.2021), consists almost entirely of long-term contracts valued using the percentage of completion method. Contract work-in-progress includes Euro 6,360 thousand relating to the Energy Business Unit and Euro 3,259 thousand relating to the Shipbuilding Business Unit. It should be noted that work in progress for an end customer in Russia is now close to completion and that, throughout the contract period, the Board of Directors has followed a process to monitor the fact that the work is carried out in compliance with the sanctions introduced following the outbreak of the military conflict between Russia and Ukraine; this has been done with support from law firms and professional associations.

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

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

	Opening amount	Change during year	Closing amount
Raw, ancillary and consumable materials	129,560	152,307	281,867
Contract work in progress	23,239,892	(13,621,153)	9,618,739
Advances to suppliers	2,719,630	957,185	3,676,815
Total inventory	26,089,082	(12,511,661)	13,577,421

The decrease of Euro 12,512 thousand compared to prior year entirely relates to “Contract work in progress” and regards the percentage of completion of contract work in progress.

Receivables

As at 31 December 2022, receivables amount to Euro 76,363 thousand (Euro 70,287 thousand as at 31.12.2021).

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

Receivables from clients (trade)
Receivables from clients relate to normal commercial transactions. Given the nature of the Company’s business, trade receivables are highly concentrated with around 74% (76% in prior year) of the total due from the five leading clients by outstanding balance. At 31 December 2022, the “Provision for Bad Debts” amounted to Euro 2,672 thousand (Euro 412 thousand at 31 December 2021). The provision for bad debts adjusts gross receivables to bring them into line with estimated realisable amount based on an overall assessment taking account of collection risks mainly relating to certain specific factors. The amount provided reflects the prudent approach adopted by the Directors in relation to the receivables collection risk, also taking account of the amount of overdue receivables and any repayment agreements reached, as well as of the current economic climate.

Receivables from subsidiaries
Receivables from subsidiaries include financial receivables of Euro 2,600 thousand and trade receivables of Euro 18,549 thousand.
Financial receivables entirely consist of loans granted to Green Methane Srl (Euro 600 thousand) and Fores Engineering Srl (Euro 2,000 thousand).
Trade receivables include amounts due from Fores Engineering S.r.l. (Euro 159 thousand), Green Methane S.r.l. (Euro 142 thousand), Kazakhstan Caspian Offshore Industries Llp (Euro 959 thousand), Rosetti Kazakhstan Llp (Euro 4 thousand) and Rosetti Marino Project Ooo (Euro 17,285 thousand).
All trade and financial transactions with subsidiaries take place on an arm’s length basis. Except as stated, the Directors consider all of these receivables to be recoverable in full and no provision for bad debts has been recorded.

Receivables from associated companies
Receivables from associated companies of Euro 3,652 thousand consist entirely of trade receivables. During the reporting period, a loan was granted to associated company Rosetti Ali e Sons Llc (Euro 50 thousand) but it has been wholly adjusted for impairment.
Trade receivables from associated companies include amounts due from Rigros S.r.l. (Euro 5 thousand), Rosetti Ali and Sons Llc (Euro 602 thousand) and Rosetti Pivot Ltd (Euro 3,045 thousand).
All trade and financial transactions with subsidiaries take place on an arm’s length basis. Except as stated, the Directors consider all of these receivables to be recoverable in full and no provision for bad debts has been recorded.

Receivables from parent companies

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

Tax receivables

Tax receivables amount to Euro 2,154 thousand as at 31 December 2022 (Euro 4,095 thousand as at 31.12.2021) and mainly refer to the following categories:

- IRES receivable of Euro 2,053 thousand as a result of consolidated taxation arrangement;
- Foreign tax credit of Euro 1,060 thousand for withholding taxes applied by customers and in respect of which a refund has been requested from the foreign tax authorities;
- VAT receivable of Euro 321 thousand arising during the year on ordinary commercial transactions by the company and the branches;
- Tax credit of Euro 100 thousand relating to R&D costs incurred in 2020 and 2021. The amount represents the portion of the credit that may be offset in 2023 and 2024;
- Tax credit of Euro 5 thousand maturing during the year and in prior years under Law no 106 of 29 July 2014 (the "Art Bonus" law). That law makes it possible to benefit from a tax credit - split into three annual instalments - of 65% of donations made in support of culture;
- Tax credit of Euro 128 thousand recognised in relation to higher gas and electricity costs incurred in the fourth quarter of 2022 (Decree Law – Assistance iii 144/2022 and Decree Law – Assistance iv 176/2022).

Deferred tax assets

Deferred tax assets amount to Euro 22,870 thousand (Euro 22,847 thousand at 31 December 2021) and have been recognised on all positive temporary differences and calculated at the applicable tax rates. See the relevant tables in the Note on Taxation for details of movements on deferred tax assets. The recoverability of deferred tax assets is reviewed at each reporting date. The Directors believe the amount recognised at 31 December 2022 is recoverable, considering the future taxable income forecast in the Group Business Plan for 2023-2025, as well as the recognition of deferred taxes of Euro 6,658 thousand, as highlighted in the Note on "Tax Provisions" below. The Company did not recognise deferred tax losses of Euro 4,298 thousand on losses arising in 2021.

Other receivables

Other receivables mainly include receivables from Broadview Engineering Limited (shareholder of associated company Broadshore Energy Limited) in relation to a loan granted during the reporting period and maturing in 2023 (Euro 296 thousand, the equivalent of USD 315 thousand), guarantee deposits (Euro 207 thousand) and receivables from employees (Euro 97 thousand).

There are no receivables due after more than five years.

Changes in and maturity of receivables classed as current assets

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

	Opening amount	Change during year	Closing amount	Amount due within a year	Amount due after > 1 year	Of which due after > 5 years
Trade receivables	26,121,571	(200,115)	25,921,456	25,921,456	-	-
Receivables from subsidiaries	12,685,215	8,463,788	21,149,003	21,149,003	-	-
Receivables from associated companies	2,964,163	687,525	3,651,688	3,651,688	-	-
Receivables from parent companies	12,200	0	12,200	12,200	-	-
Receivables from entities controlled by parent companies	-	-	0	-	-	-
Tax receivables	4,094,728	(1,940,910)	2,153,818	2,153,818	-	-
Deferred tax assets	22,846,900	23,049	22,869,949			
Other receivables	1,562,442	(957,385)	605,057	398,210	206,847	-
Total receivables	70,287,219	6,075,952	76,363,171	53,286,375	206,847	0

The increase in receivables from subsidiaries is mainly due to trade receivables due from Rosetti Marino Project Ooo.
The increase in receivables from associated companies is mainly due to a general increase in trade receivables.
The decrease in tax receivables is mainly due to offsetting of the IRES tax credit against other tax liabilities during the year.
The decrease in other receivables is mainly due to payment of equity interests of Euro 1,056 thousand in newly incorporated company Broadshore Energy Ltd.

Breakdown by geographical area of receivables classed as current assets

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

Geographical area	Italy	Other EU	Non-EU	Total
Trade receivables	6,133,230	1,417,397	18,370,829	25,921,456
Receivables from subsidiaries	2,900,787	-	18,248,216	21,149,003
Receivables from associated companies	4,652	-	3,647,036	3,651,688
Receivables from parent companies	12,200	-	-	12,200
Receivables from entities controlled by parent companies	-	-	-	0
Tax receivables	824,555	-	1,329,263	2,153,818
Deferred tax assets	22,869,949	-	-	22,869,949
Other receivables	116,826	-	488,231	605,057
Total receivables	32,862,199	1,417,397	42,083,575	76,363,171

Current financial assets

Changes in current financial assets

The following table shows changes in current financial assets:

	Opening amount	Change during year	Closing amount
Derivatives – assets	478,564	4,294,138	4,772,702
Other current securities	37,891,878	(21,387,294)	16,504,584
Total current financial assets	38,370,442	(17,093,156)	21,277,286

Derivatives – assets includes Euro 378 thousand of derivatives classified as held for trading as they do not fulfil hedge accounting requirements and Euro 4,395 thousand representing the Mark to Market value of the following hedging instruments:

Type: IRS agreement
Type of underlying contract: Intesa San Paolo Spa loan
Notional amount: Euro 500,000
Duration: 60 months
Period: 28/02/2018 - 28/02/2023
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 1,836

Type: IRS agreement
Underlying contract type: Intesa San Paolo Spa loan
Notional amount: Euro 3,000,000
Duration: 59 months
Period: 31/07/2019 - 17/06/2024
Interest rate: Euribor 6 months
Frequency: Six-monthly instalments
MTM: Euro 94,899

Type: IRS agreement
Underlying contract type: Unicredit Spa loan
Notional amount: Euro 1,839,054
Duration: 60 months
Period: 21/07/2020 - 31/07/2025
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 82,862

Type: IRS agreement
Underlying contract type: Unicredit Spa loan
Notional amount: Euro 11,977,273
Duration: 69 months
Period: 21/06/2021 - 31/03/2027
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 832,467

Type: IRS agreement
Underlying contract type: Credit Agricole Italia Spa loan
Notional amount: Euro 1,887,031

Duration: 48 months
Period: 16/07/2019 - 16/07/2023
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 18,564

Type: IRS agreement
Underlying contract type: Credit Agricole Italia Spa loan
Notional amount: Euro 1,003,592
Duration: 60 months
Period: 29/06/2020 - 29/06/2025
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 45,138

Type: IRS agreement
Underlying contract type: Banco BPM loan
Notional amount: Euro 4,444,444
Duration: 72 months
Period: 11/01/2021 - 31/12/2026
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 281,241

Type: IRS agreement
Underlying contract type: Banco BPM loan
Notional amount: Euro 5,000,000
Duration: 71 months
Period: 21/10/2021 - 30/09/2027
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 426,194

Type: IRS agreement
Underlying contract type: BPER Banca Spa loan
Notional amount: Euro 3,150,800
Duration: 48 months
Period: 29/01/2020 - 29/01/2024
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 52,745

Type: IRS agreement
Underlying contract type: Banca Monte dei Paschi di Siena Spa loan
Notional amount: Euro 13,333,333
Duration: 72 months
Period: 13/01/2021 - 31/12/2026
Interest rate: Euribor 3 months
Frequency: Quarterly instalments
MTM: Euro 438,062

Type: Forward sales contract
Underlying contract type: BPER Banca Spa forward sale
Notional amount USD: 32,218,145
Notional amount Euro: 32,629,550

Maturity: 26/09/2024
MTM: Euro 2,121,020

Other current securities have decreased by Euro 21,387 thousand compared to prior year because of disposals during the reporting period. They entirely consist of temporary investments of cash – immediately accessible - mainly in insurance policies (Euro 3,816 thousand), mutual fund units (Euro 3,588 thousand) and bonds (Euro 9,100 thousand). Changes in fair value are recognised in the Balance Sheet and recorded in the Income Statement in items D18c or D19c.

Cash and cash equivalents

Cash and cash equivalents amount to Euro 18,164 thousand (Euro 38,655 thousand at 31.12.2021) and include bank current accounts of Euro 28,125 thousand and cash on hand of Euro 39 thousand.
Changes in cash and cash equivalents are shown in the following table:

	Opening amount	Change during year	Closing amount
Bank and post office accounts	38,628,060	(20,503,243)	18,124,817
Cash and cash equivalents on hand	26,710	12,186	38,896
Total cash and cash equivalents	38,654,770	(20,491,057)	18,163,713

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

Prepaid expenses and accrued income

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

	Opening amount	Change during year	Closing amount
Accrued income	0	16,279	16,279
Prepaid expenses	767,146	550,174	1,317,320
Total prepaid expenses and accrued income	767,146	566,453	1,333,599

Prepaid expenses include Euro 139 thousand of prepaid hire/rental costs for moveable assets, Euro 446 thousand of prepaid rental costs and Euro 733 thousand of sundry prepaid expenses.
The prepaid rental costs wholly refer to the rent paid to Rigros Srl for twenty-year surface use rights to land owned by that associated company.
Accrued income refers entirely to interest income relating to the reporting period but that will be received in future periods in relation to IRS hedging agreements.

Notes to the Financial Statements, liabilities and shareholders' equity

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

Shareholders' equity

Shareholders' equity includes the following items:

Share capital
At 31 December 2022, share capital was wholly subscribed and paid and consisted of 4,000,000 ordinary shares with a par value of Euro 1.00 each.

Reserves

Following the Extraordinary General Meeting of 16.06.2022, revaluation reserves (Euro 59,324 thousand), the Legislative Decree 124 /93 reserve (Euro 15 thousand), the reserve for government grants in terms of Art. 55 DPR 917/1986 (Euro 1,926 thousand) and part of the extraordinary reserve (Euro 10,542 thousand) were allocated to cover losses arising in 2020 and 2021.

The legal reserve consists of portions of annual profits allocated to the reserve in prior years.

The extraordinary reserve entirely consists of portions of annual profits allocated to the reserve in prior years. In addition to the decrease described above, the reserve has increased by Euro 93 thousand as a result of the release of said amount from the reserve for deferred depreciation. The reserve for deferred depreciation was created using the extraordinary reserve in 2020 pursuant to Article 60(7-ter) of Decree Law 104/2020, converted as amended by Law 126/2020. The decrease in the reserve is directly linked to the depreciation periods of the assets affected by said legislative provision.

Movements on the cash flow hedge reserve reflect the recognition of future cash flows under derivatives designated as "cash flow hedges. Movements during the reporting period show an overall increase of Euro 4,591 thousand in order to restate at 31.12.2022 fair value the derivatives in place at that date to hedge variable rate loans as well as to restate exchange risk hedging agreements. The negative reserve for treasury shares represents 200,000 treasury shares with a nominal amount of Euro 25.50 each, as acquired in prior years.

Net profit for the year

A net profit of Euro 1,239 thousand is reported for 2022.

Changes in shareholders' equity items

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

	Share capital	Revaluation reserve	Legal reserve	Extra-ordinary reserve	Reserve under Leg. Decr 124/93 / Grants Reserve	Reserve for deferred depreciation	Negative reserve for treasury shares held	Accumulated loss	Net profit (loss) for the year	Cash flow hedge reserve	Total
BALANCE AT 31 DECEMBER 2020	**4,000**	**59,324**	**800**	**122,702**	**1,941**	**545**	**(5,100)**	**0**	**(24,526)**	**(371)**	**159,315**
Allocation of net loss for 2020:											
- to accumulated losses	0	0	0	0	0	0	0	(24,526)	24,526	0	0
Change in fair value of cash flow hedges	0	0	0	0	0	0	0	0	0	175	175
Reserve for lower/deferred depreciation	0	0	0	24	0	(24)	0	0	0	0	0
Net loss for 2021	0	0	0	0	0	0	0	0	(47,281)	0	(47,281)
BALANCE AT 31 DECEMBER 2021	**4,000**	**59,324**	**800**	**122,726**	**1,941**	**521**	**(5,100)**	**(24,526)**	**(47,281)**	**(196)**	**112,209**
Coverage of losses for 2020	0	(22,585)	0	0	(1,941)	0	0	24,526	0	0	0
Coverage of losses for 2021	0	(36,739)	0	(10,542)	0	0	0	0	47,281	0	0
Change in fair value of cash flow hedges	0	0	0	0	0	0	0	0	0	4,591	4,591
Reserve for lower/deferred depreciation	0	0	0	93	0	(93)	0	0	0	0	0
Net profit for 2022	0	0	0	0	0	0	0	0	1,239	0	1,239
BALANCE AT 31 DECEMBER 2022	**4,000**	**0**	**800**	**112,277**	**0**	**428**	**(5,100)**	**0**	**1,239**	**4,395**	**118,039**
Possible utilisation	B; C or D	A;B;D	A;B	A;B;C	A;B;D	E	E	E		E	

Some Euro 832 thousand of share capital would be taxable if distributed to the shareholders.
Legend:
A) reserve available for share capital increases
B) reserve available to cover losses
C) reserve available for distribution to shareholders
D) reserve available for distribution to shareholders but taxable on distribution
E) reserve not available

Provisions for risks and charges

As at 31.12.2022, provisions for risks and charges amount to Euro 10,281 thousand (Euro 7,294 thousand as at 31.12.2021) and are analysed as follows:

	Provision for tax, incl. deferred tax	Derivatives	Other prov.	Total provisions for risks and charges
Opening amount	6,601,948	196,227	496,093	7,294,268
Changes during year				
Allocated during year	91,256	-	3,126,121	3,217,377
Utilised during year	34,799	196,227	-	231,026
Total changes	56,457	(196,227)	3,126,121	2,986,351
Closing amount	6,658,405	0	3,622,214	10,280,619

Provision for tax, including deferred tax
This item includes the deferred tax provision of Euro 28 thousand created in relation to unrealised exchange gains which will be subject to taxation in future periods, the deferred tax provision of Euro 6,357 thousand created in 2020 upon the revaluation of land for statutory reporting purposes only and the provision of Euro 273 thousand created to cover the risk of non-utilisation, as a tax credit, of foreign taxes relating to the period that will be paid in future years.

Other provisions
This item includes a provision for performance-related bonuses of Euro 395 thousand, a provision for contractual risks of Euro 395 thousand (Euro 337 thousand at 31.12.2021) and a provision for future risks and charges of Euro 2,571 thousand (Euro 159 thousand at 31.12.2021).
The provision for contractual risks has been created to cover the probable risk of warranty costs.
The provision for future risks and charges has been created mainly to cover risks relating to ongoing litigation with a client.

TFR / Employee severance indemnity provision

The employee severance indemnity provision of Euro 2,745 thousand (Euro 2,783 thousand at 31.12.2021) has been determined in accordance with Article 2120 of the Italian Civil Code. Movements during the year were as follows:

	TFR/Employee severance indemnity provision
Opening amount	2,783,309
Changes during year	
Allocated during year	1,847,648
Utilised during year	1,886,205
Total changes	(38,557)
Closing amount	2,744,752

The TFR/employee severance indemnity provision at 31 December 2022 represents the indemnity in favour of employees up to 31 December 2006 which will be settled through payments made when employees leave the Italian companies or through advance payments made in accordance with the law. Utilisation during the year consists of transfers of Euro 755 thousand to complementary pension funds, the transfer of Euro 716 thousand to the INPS treasury fund, payment of indemnities and advances totalling Euro 262 thousand and payment of personal income tax and social security contributions of Euro 153 thousand on behalf of employees. The balance at 31 December 2022 is stated net of advances paid.

Payables

Changes in and maturity of payables

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

	Opening amount	Change during year	Closing amount	Amount due within a year	Amounts due after more than a year
Bank borrowing	82,865,372	(13,184,886)	69,680,486	20,841,792	48,838,694
Payments on account	40,393,093	(26,491,928)	13,901,165	13,901,165	-
Due to suppliers (trade)	31,683,341	(10,863,983)	20,819,358	20,819,358	-
Payables to subsidiaries	5,552,399	(2,531,085)	3,021,314	3,021,314	-
Payables to associated companies	82,182	521,550	603,732	109,632	494,100
Tax payables	1,568,982	(6,851)	1,562,131	1,562,131	-
Payables to pensions and social security institutions	1,726,933	(121,838)	1,605,095	1,605,095	-
Other payables	3,697,826	19,986	3,717,812	3,717,812	-
Total payables	167,570,128	(52,659,035)	114,911,093	65,578,299	49,332,794

Bank borrowing

This item includes the following financing granted by the banks:
- Banco BPM Spa: Euro 9,444 thousand
- Intesa San Paolo Spa: Euro 3,500 thousand
- Unicredit Spa: Euro 13,816 thousand
- Credit Agricole Italia Spa: Euro 2,891 thousand
- Monte dei Paschi di Siena Spa: Euro 13,333 thousand
- BPER Banca Spa: Euro 8,878 thousand
- Credito Emiliano Spa: Euro 1,929 thousand
- Banca del Mezzogiorno - MedioCredito centrale Spa: Euro 5,409 thousand
- Simest Spa: Euro 480 thousand
- Cassa depositi e prestiti Spa: Euro 10,000 thousand

The financing granted by Banco BPM S.p.A. consists of two loans. The first loan, signed in 2021 and secured by a government guarantee, provides for a floating rate of interest, repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2026 (outstanding amount at 31 December 2022 – Euro 4,444 thousand). The second loan, signed in 2021 and secured by a government guarantee, provides for a floating rate of interest, a period of interest-only payments until 30.09.2023 and, subsequently, repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2027 (outstanding amount at 31 December 2022 – Euro 5,000 thousand). In order to hedge the interest rate risk relating to these loans, the Company has arranged a derivative contract (Interest Rate Swap) which meets the accounting requirements to be treated as a hedging derivative, as previously described.
The financing granted by Intesa San Paolo S.p.A. consists of two loans. The first loan agreement, signed in 2018, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2023 (outstanding amount at 31 December 2022 – Euro 500 thousand). It should be noted that the

loan was repaid in full on 28.02.2023 The second loan agreement, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2024 (outstanding amount at 31 December 2022 – Euro 3,000 thousand). In order to hedge the interest rate risk relating to these loans, the Company has arranged derivative contracts (Interest Rate Swaps) that meet the accounting requirements to be treated as hedging derivatives, as previously described.
The financing granted by Unicredit S.p.A. consists of two loans. The first contract, entered into in 2020 and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2025 (outstanding amount at 31.12.2022 - Euro 1,839 thousand). The second loan, signed in 2021 and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2027 (outstanding amount at 31 December 2022 – Euro 11,977 thousand). The loan is subject to covenants that have been respected to date. In order to hedge the interest rate risk relating to these loans, the Company has arranged derivative contracts (Interest Rate Swaps) which meet the accounting requirements to be treated as a hedging derivative, as previously described.
The financing granted by Credit Agricole Italia S.p.A. comprises two loans. The first loan agreement, signed in 2019, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2023 (outstanding amount at 31 December 2022 – Euro 1,887 thousand). The loan is subject to covenants that have been respected to date. The second loan agreement, signed in 2020 and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity date of the loan in 2025 (outstanding amount at 31 December 2022 – Euro 1,004 thousand). In order to hedge the interest rate risk relating to these loans, the Company has arranged derivative contracts (Interest Rate Swaps) which meet the accounting requirements to be treated as hedging derivatives, as previously described.
The financing granted by Monte dei Paschi di Siena S.p.A. regards a loan contract signed in 2021 and secured by a government guarantee. It provides for a floating rate of interest and by repayment of principal and interest in quarterly instalments until the scheduled maturity date in 2026 (outstanding amount at 31 December 2022 – Euro 13,333 thousand). In order to hedge the interest rate risk relating to the loan, the Company has arranged a derivative contract (Interest Rate Swap) which meets the accounting requirements to be treated as a hedging derivative, as previously described.
The financing granted by BPER Banca S.p.A. comprises two loans. The first loan agreement, signed in 2020, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity of the loan in 2024 (outstanding amount at 31 December 2022 – Euro 3,151 thousand). The loan is subject to covenants that have been respected to date. In order to hedge the interest rate risk relating to this loan, the Company has arranged a derivative contract (Interest Rate Swap) that meets the accounting requirements to be treated as a hedging derivative, as previously described. The second loan agreement, signed during the reporting period and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity of the loan in 2025 (outstanding amount at 31 December 2022 - Euro 5,727 thousand).
The loan granted by Credito Emiliano Spa, as arranged in 2021 and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity of the loan in 2025 (outstanding amount at 31 December 2022 – Euro 1,929 thousand).
The loan granted by Banca del Mezzogiorno - MedioCredito Centrale Spa, as arranged in 2021 and secured by a government guarantee, provides for a floating rate of interest and repayment of principal and interest in quarterly instalments until the scheduled maturity of the loan in 2027 (outstanding amount at 31 December 2022 – Euro 5,409 thousand).
The loan granted by Simest Spa, as arranged in 2021, provides for a fixed rate of interest with interest only payments until 31 December 2023 followed by repayment of principal and interest in six-monthly instalments until the scheduled maturity of the loan in 2027 (outstanding amount at 31 December 2022 – Euro 480 thousand).
The loan granted by Cassa depositi e prestiti Spa, as arranged in 2021 and secured by a government guarantee, provides for a floating rate of interest with interest only payments until 30 September 2023 followed by repayment of principal and interest in quarterly instalments until the scheduled maturity of the loan in 2027 (outstanding amount at 31 December 2022 – Euro 10,000 thousand). The loan is subject to covenants that have been respected to date.
The Company has elected not to measure these liabilities at amortised cost as application of said method would have no material effect.
During the reporting period, the Company extinguished a loans granted in 2019 by Monte dei Paschi di Siena Spa.

Payments on account
This item includes advances already received from clients for contracts in progress. The balance includes advances paid at the time of orders and payments on account made by customers during contract work. The decrease compared to prior year reflects the contract work in progress trend at the reporting date. For further information, see the specific note on "Value of production ".

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

Payables to subsidiaries
These payables include Euro 2,739 thousand relating to commercial transactions entered into on an arm's length basis and comprise amounts payable to Kazakhstan Caspian Offshore Industries Llp (Euro 45 thousand), Fores Engineering S.r.l. (Euro 1,091 thousand), Green Methane Srl (Euro 19 thousand), Rosetti Superyachts S.p.A. (Euro 587 thousand) and Tecon S.r.l. (Euro 997 thousand).
As these payables are due within a year, the company has not discounted them. The remaining amount of Euro 282 thousand regards capital subscribed but not yet paid in relation to Rosetti Libya Jsc (Euro 281 thousand) and the payable to Rosetti Superyachts Spa for IRES credits transferred to the tax consolidation but not yet utilised (Euro 1 thousand).

Payables to associated companies
These payables, amounting to Euro 604 thousand, mainly include trade payables due to Rigros Srl (Euro 522 thousand) and the portion of share capital of Basis Pivot Ltd subscribed but not yet paid (Euro 21 thousand).

Tax payables
This item mainly consists of personal income tax deducted at source from the remuneration of employees and freelance workers (Euro 1,285 thousand), substitute taxes in relation to the revaluation of land performed in 2020 (Euro 61 thousand), substitute taxes relating to the revaluation of the employee severance indemnity provision (Euro 23 thousand), IRAP payable for the year (Euro 181 thousand) and direct taxes due by the foreign branches (Euro 12 thousand).

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

Other payables
This item mainly includes payables to employees of Euro 3,252 thousand and payables to pension funds of Euro 348 thousand.

Breakdown of payables by geographical area

The following table provides a breakdown of payables by geographical area at 31.12.2022:

Geographical area	Italy	Other EU	Non-EU	Total
Bank borrowing	69,680,486	-	-	69,680,486
Payments on account	4,650,939	3,375	9,246,851	13,901,165
Due to suppliers (trade)	14,045,577	1,675,504	5,098,277	20,819,358
Payables to subsidiaries	2,695,044	-	326,270	3,021,314
Payables to associated companies	521,550	-	82,182	603,732
Tax payable	1,549,798	-	12,333	1,562,131
Payables to pensions and social security institutions	1,605,095	-	-	1,605,095
Other payables	3,717,812	-	-	3,717,812
Payables	98,466,301	1,678,879	14,765,913	114,911,093

Accrued expenses and deferred income

Accrued expenses and deferred income consist of portions of costs relating to the reporting period that will materialise in future periods. They mainly regard financial expenses regarding forward currency transactions maturing after 31.12.2022 (Euro 160 thousand) and accrued interest expenses on loans (Euro 34 thousand).

Notes to the Financial Statements, income statement

Value of production

Value of production amounts to Euro 184,319 thousand (Euro 122,854 thousand in 2021).

Revenues from sales and services
Given the nature of the Company's business, Revenues from sales and services, amounting to Euro 194,950 thousand (Euro 130,382 thousand in 2021), are highly concentrated with around 74% of the total (72% in prior year) generated by the five leading clients.

Change in contract work-in-progress
This item shows a negative balance of Euro 13,621 thousand (negative balance of Euro 12,832 thousand at 31.12.2021). It includes a negative amount of Euro 12,195 thousand relating to Energy Business Unit contracts and a negative amount of Euro 1,426 thousand relating to Shipbuilding Business Unit contracts.
For details of the valuation method adopted, see the accounting policies described at the start of these Notes.

Increases in internal works capitalised
Increases in own work capitalised, amounting to Euro 19 thousand (Euro 5 thousand in 2021), includes capitalised costs that led to increases in Balance Sheet caption "Tangible assets".

Other revenues and income
This item, amounting to Euro 2,972 thousand (Euro 5,298 thousand in 2021), includes Euro 467 thousand of grants towards operating expenses and Euro 2,505 thousand of other revenues.
"Grants towards operating expenses" includes Euro 44 thousand of grants towards the photovoltaic solar power systems installed at the S. Vitale yard and at the Via Trieste site, Euro 24 thousand of grants received from Fondirigenti and Fondimpresa in reimbursement of costs incurred to run training programmes, Euro 124 thousand of subsidies resulting from the tax credit for research and development activities carried out in 2021, Euro 3 thousand of subsidies resulting from the tax credit for donations for cultural initiatives during the year and Euro 272 thousand of grants received towards the additional costs for gas and electricity incurred in 2022 (Decree Law Assistance 21/2022 et seq,).

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

Other revenues mainly comprise Euro 1,245 thousand from the secondment of employees to other Group companies, Euro 118 thousand of costs recharged for third party use of utilities and industrial gases, Euro 119 thousand of chargebacks to employees for the use of company cars and Euro 249 thousand of insurance pay-outs in compensation for the "Lotos Petrobaltic" claim dating back to 2019.

Breakdown by business segment of revenues from sales and services

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

Business segment	2022
Energy	175,541,316
Shipbuilding	18,524,247
Sundry services	884,283
Total	194,949,846

Breakdown by geographical area of revenues from sales and services

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

Geographical area	2022
Italy	24,197,684
Other EU	28,775,663
Non-EU	141,976,499
Total	194,949,846

Cost of production

Cost of production amounts to Euro 178,626 thousand (Euro 177,399 thousand in 2021).

Purchases of raw, ancillary and consumable materials and goods
This caption, amounting to Euro 35,885 thousand (Euro 37,299 thousand in 2021), includes Euro 34,875 thousand of purchases of raw materials, Euro 995 thousand of purchases of ancillary and consumable materials and Euro 15 thousand of purchases of sundry materials. The decrease compared to prior year is due to the lower volume of production activity and to a related decrease in purchases of materials.

Services
This item, amounting to Euro 98,044 thousand (Euro 99,045 thousand in 2021), includes the cost of services purchased during ordinary operating activities and consists of the following:
- sub-contracting of Euro 74,435 thousand (Euro 82,875 thousand in 2021);
- repairs and maintenance of Euro 927 thousand (Euro 966 thousand in 2021);
- electricity, water and heating of Euro 2,228 thousand (Euro 1,578 thousand in 2021);
- other outsourced production costs of Euro 6,872 thousand (Euro 6,464 thousand in 2021);
- sundry personnel costs of Euro 2,604 thousand (Euro 1,620 thousand in 2021);
- selling costs of Euro 259 thousand (Euro 748 thousand in 2021);
- statutory auditors' fees of Euro 44 thousand (Euro 39 thousand in 2021);
- directors' fees of Euro 322 thousand (Euro 332 thousand in 2021);
- audit fees of Euro 79 thousand (Euro 101 thousand in 2021);
- general, administrative and insurance costs of Euro 4,075 thousand (Euro 3,342 thousand in 2021).
- transport and shipping costs of Euro 6,199 thousand (Euro 980 thousand in 2021).

Lease and rental costs
Lease and rental costs amount to Euro 5,229 thousand (Euro 4,261 thousand in 2021) and include lease and rental costs regarding tangible and intangible assets, as follows:
- maintenance of Euro 3 thousand (Euro 15 thousand in 2021);
- state land concession fees of Euro 55 thousand (Euro 57 thousand in 2021);
- rental of property of Euro 2,394 thousand (Euro 1,531 thousand in 2021);
- software rental of Euro 247 thousand (Euro 186 thousand in 2021);
- hire/rental of moveable assets of Euro 2,530 thousand (Euro 2,472 thousand in 2021).
The increase compared to prior year is mainly due to the type of contracts in progress which required more hire/rental of moveable assets.

Personnel
Personnel expenses of Euro 33,135 thousand (Euro 32,278 thousand in 2021) includes costs incurred for employees during the year.

Depreciation, amortisation and writedowns
"Depreciation, amortisation and writedowns", amounting to Euro 3,703 thousand (Euro 2,894 thousand in 2021), includes depreciation and amortisation of tangible and intangible assets and writedowns of trade and financial receivables.

Change in inventory of raw, ancillary and consumable materials and goods for resale
This caption has a negative balance of Euro 152 thousand (negative balance of Euro 4 thousand in 2021). It includes the change in value of raw materials inventory (opening inventory of Euro 380 thousand and closing inventory of Euro 846 thousand) and the amount allocated to the inventory obsolescence provision during the year (Euro 314 thousand).

Provisions for risks
This item amounts to Euro 2,471 thousand (Euro 125 thousand in 2021) and includes amounts allocated during the year to update the provision for contractual risks (Euro 58 thousand) and the provision for future/contingent risks (Euro 2,413 thousand).

Sundry operating expenses
"Sundry operating expenses", amounting to Euro 312 thousand (Euro 1,501 thousand in 2021), mainly includes sundry taxes paid for the year and including IMU/local property tax, chamber of commerce duty, authentication of company books, contribution to Clean-up Consortium, local tax on advertising, excise duty and rights on electricity licence, tax for occupation of public land and refuse tax (Euro 273).

Financial income and expenses

There were net financial expenses of Euro 1,960 thousand in the year ended 31 December 2022 (net financial income of Euro 982 thousand in 2021). This caption includes all of the Company's financial income and expenses for the year.

Income from equity investments

Income from equity investments amounts to Euro 1 thousand (Euro 726 thousand in 2021) and entirely refers to dividends paid by Sapir Spa.

Other financial income

"Other financial income" of 965 thousand (Euro 1,284 thousand in 2021) mainly includes the following items:
- financial income from cash investments - Euro 461 thousand;
- bank interest income - Euro 7 thousand;
- interest income on loans to subsidiaries Fores Engineering Srl (Euro 34 thousand), Kazakhstan Caspian Offshore Industries Llp (Euro 142 thousand) and Rosetti Marino project Ooo (Euro 2 thousand);
- interest income on loans to associated companies Rigros Srl (Euro 5 thousand) and Rosetti Pivot Ltd (Euro 101 thousand);
- interest income from IRS hedging agreements (Euro 194 thousand);
- interest income on loan granted during the reporting period to Broadview Engineering Limited (shareholder of associated company Broadshore Energy Limited) - Euro 17 thousand.

Breakdown of interest and other financial expenses by type of debt

Other financial expenses amount to Euro 2,948 thousand (Euro 1,212 thousand in 2021) and mainly include: losses on investments following the sale of the equity interest in associated company Rosetti Congo Sarl (Euro 1,255 thousand), interest expenses on bank loans (Euro 1,527 thousand) and financial expenses on forward currency sale transactions (Euro 166 thousand).

Breakdown of exchange gains and losses

"Exchange gains and losses" includes Euro 85 thousand of realised exchange losses i.e. resulting from the translation into Euro of foreign currency assets and liabilities settled (i.e. collected or paid) during the year and Euro 107 thousand of unrealised exchange gains, resulting from the translation into Euro of foreign currency assets and liabilities not yet settled at the reporting date.

Adjustments to value of financial assets and liabilities

"Adjustments to value of financial assets" is negative by Euro 1,416 thousand (negative by Euro 1,341 thousand in 2021) and includes the following adjustments, as described in earlier paragraphs:
- revaluation of investments - Euro 473 thousand;
- revaluation of securities classed as current assets - Euro 59 thousand;
- revaluation of derivatives - Euro 20 thousand;
- writedown of investments - Euro 1,846 thousand;
- writedown of securities classed as current assets – Euro 119 thousand
- writedown of derivatives - Euro 3 thousand.

Taxes on income – current, deferred and deferred tax income

Income taxes have been calculated in accordance with applicable tax laws and regulations and represent the tax expense for the reporting period.
This item has a positive balance (net income) of Euro 1,078 thousand (negative balance/net expense of Euro 7,623 thousand in 2021 and includes:
a) current taxes on taxable income for the period generated, in particular, by foreign branches;
b) taxes relating to prior periods;
c) deferred taxation and deferred tax income.
The main temporary differences that led to the recognition of deferred taxation are shown in the following table, together with the related effects.

Recognition of deferred tax and deferred tax income

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	95,229,198	383,103
Total taxable temporary differences	22,901,373	22,786,610
Temporary differences, net	(72,327,825)	22,403,507
B) Tax effects		
Deferred tax provision (assets) at start of period	(17,329,116)	863,573
Deferred tax (income) for the period	(29,562)	10,164
Deferred tax provision (assets) at end of period	(17,358,678)	873,737

Details of deductible temporary differences

Description	Amount at 31/12/2021	Change during the reporting period	Amount at 31/12/2022	IRES Rate	Tax effect IRES	IRAP Rate	Tax effect IRAP
Inventory obsol. provision	250,000	314,000	564,000	24.00%	75,360	-	-
Prov for contractual risks	337,474	57,933	395,407	24.00%	13,904	-	-
Prov for future risks	158,619	2,412,570	2,571,189	24.00%	579,017	-	-
Taxed bad debt provision	157,562	754,245	911,807	24.00%	181,019	-	-
Unrealised exchange losses	32,135	(24,462)	7,673	24.00%	(5,871)	-	-
Contracts in progress	6,833,267	(3,547,485)	3,285,782	24.00%	(851,396)	-	-
A.C.E. not utilised	2,247,345	(1,199,276)	1,048,069	24.00%	(287,826)	-	-
Depreciation of tangible assets	643,709	(260,606)	383,103	24.00%	(62,545)	3.90%	(10,164)
Tax loss	80,380,191	0	80,380,191	24.00%	0	-	-
Provisional POC payments on account	4,050,513	975,847	5,026,360	24.00%	234,203	-	-
Prov. for performance-related bonuses and variable remuneration	0	655,618	655,618	24.00%	157,348	-	-
Total	95,090,815	138,384	95,229,199	-	33,213	-	(10,164)

Details of taxable temporary differences

Description	Amount at 31/12/2021	Change during the reporting period	Amount at 31/12/2022	IRES Rate	Tax effect IRES	IRAP Rate	Tax effect IRAP
Unrealised exchange gains	99,556	15,207	114,763	24.00%	3,650	-	-
Gain on revaluation of land	22,786,610	0	22,786,610	24.00%	0	3.90%	0
Total	22,886,166	15,207	22,901,373	-	3,650	-	0

Notes to the Financial Statements, other information

Workforce details

	Average headcount
Senior managers	40.2
Managers	74.1
White collar	254.6
Blue collar	34.3

In addition to the persons indicated in the table, the Company uses operations personnel at its foreign branches (average of 6 FTEs per annum).

Off-balance sheet commitments, guarantees and contingent liabilities

GUARANTEES GIVEN BY THE COMPANY

Sureties
This item consists of sureties given by insurers and banks to the Company's clients (Euro 44,485 thousand) and to clients of Group companies (Euro 34,929 thousand) as guarantees of proper performance of works and to release amounts withheld for performance purposes.
The Company has also granted sureties to the banks (Euro 74,320 thousand) as security for the granting of loans and/or the issue of bank guarantees in favour of Group companies.

COMMITMENTS MADE BY THE COMPANY

At 31 December 2022, there were no off-balance sheet commitments.

Significant events after the reporting date

The sale of real estate property rights to the San Vitale Yard in the port of Ravenna, historically used for shipbuilding, was completed on 20 March 2023 for a price of around Euro 40 million. The P&L and financial effects of the operation will be reflected in the 2023 financial statements. It will lead to a reduction in operating costs, a significant improvement in the financial position and the concentration of technical, human and financial resources in the Energy sector where the outlook is extremely promising.

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

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

Name of funding body: Gestore dei Servizi Energetici GSE S.p.A.
Amount received: Euro 55,354
Date received: various dates in 2022
Reason: grants to net metering account

Name of funding body: Ministry of cultural heritage and tourism
Amount offset against other taxes: Euro 2,392
Date received: 16/12/2022
Reason: Art Bonus subsidy for payments incurred in 2019

Name of funding body: Ministry of cultural heritage and tourism
Amount offset against other taxes: Euro 607
Date received: 16/12/2022
Reason: Art Bonus subsidy for payments incurred in 2020

Name of funding body: Ministry of Infrastructure and Transport
Amount received: Euro 47,436
Date received: 19/05/2022
Reason: grant to finance projects for product or process innovation in the shipping field – project called "ROSMANDITEN"

Name of funding body: Ministry of cultural heritage and tourism
Amount offset against other taxes: Euro 607
Date received: 16/12/2022
Reason: Art Bonus subsidy for payments incurred in 2021

Name of funding body: Ministry for the Economy and Finance
Amount offset against other taxes: Euro 17,186
Date received: 16/12/2022
Reason: R&D grant for costs incurred in 2020

Name of funding body: Ministry for the Economy and Finance
Amount offset against other taxes: Euro 41,369
Date received: 16/12/2022
Reason: R&D grant for costs incurred in 2021

Name of funding body: Ministry for the Economy and Finance
Amount offset against other taxes: Euro 143,916
Date received: 16/12/2022
Reason: subsidy towards higher gas and electricity costs incurred in the second and third quarters of 2022

Proposed allocation of profits or coverage of losses

We propose to allocate Euro 107,090 of the net profit for the year to the Reserve for exchange gains, in terms of Article 8-bis of Article 2426 of the Italian Civil Code, and to take the remaining net profit of Euro 1,131,975 to retained earnings.

3. BOARD OF STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AS AT 31/12/2022

To the Shareholders of ROSETTI MARINO S.p.A.

During the year ended 31 December 2022, our work was performed in accordance with statutory requirements and the Code of Conduct for Statutory Auditors recommended by the Italian Accounting Profession ("*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*").
Based on that work and the results obtained, we draw your attention to the following by means of this report.
The financial statements of ROSETTI MARINO S.p.A. as at 31 December 2021, prepared in accordance with Italian GAAP and reporting a net profit of Euro 1,239,064.56, have been presented for your review. The financial statements were made available to us by the deadline required by law.
The financial statements have been audited by DELOITTE & TOUCHE S.p.A. They gave us their audit report thereon – containing an unqualified opinion – on 12 April 2023.

According to the External Auditors' Report, the financial statements for the year ended 31 December 2022 provide a true and fair representation of the balance sheet and financial position, the result and the cash flows for the year. They have been prepared in accordance with Italian statutory reporting requirements.

As the Board of Statutory Auditors has not been engaged to audit the financial statements, it has performed supervisory activities consisting of an overall check to ensure that the financial statements have been prepared properly. The external auditors are responsible for confirming that the financial statements reflect the contents of the accounting records.

1) Supervisory activities in terms of Articles 2403 et seq. of the Italian Civil Code.
We have checked observance of the law and the articles of association and compliance with principles of proper business management. In particular, this has regarded organisational structures, the accounting system and how they function.
We have attended Shareholders' General Meetings and meetings of the Board of Directors and, based on the information available, have no particular findings to report.
We obtained with sufficient advance from the Board of Directors and also during its meetings, information on the general operating performance and on the business outlook, as well as details of the most significant transactions – in terms of size or characteristics – carried out by the Company and its subsidiaries. We have no comments to make based on the information obtained.
We maintained a regular exchange with the external auditors of information of relevance to the performance of supervisory activities.
We obtained information from the Supervisory Board and no issues regarding the proper implementation of the organisational model were identified.
We gathered information on and reviewed the appropriateness of the organisational, administrative and accounting structure as well as checking its proper functioning. This involved gathering information from heads of department. We have no significant findings to report.
We gathered information on and checked – insofar as we are responsible – the adequacy and functioning of the accounting system, as well as its reliability in accurately reporting operations. This involved gathering information from heads of department and reviewing company documents. We have no significant findings to report.
No reports by the shareholders in terms of Article 2408 of the Italian Civil Code have been received.
During the period, the Board of Statutory Auditors did not issue any legal opinions or observations.

2) Observations regarding the financial statements

As reported in the External Auditors' Report, "the financial statements provide a true and fair view of the balance sheet and financial position of ROSETTI MARINO S.p.A. at 31 December 2022 and of its result and cash flows for the year then ended, in accordance with Italian statutory reporting requirements".

To the best of our knowledge, when preparing the financial statements, the Directors did not depart from statutory reporting requirements under Article 2423(5) of the Italian Civil Code.

The Company also prepares consolidated financial statements and the external auditors' report thereon contains no qualifications or emphases of matter.

3) Comments and proposals regarding approval of the Financial Statements

Considering the results of our work and the audit opinion expressed by the External Auditors, we have found no reason preventing approval of the financial statements as at 31 December 2022, as prepared by the Directors, which report a net profit of Euro 1,239,064.56.

The Board of Statutory Auditors agrees with the allocation of the net profit for the year proposed by the Directors in the Notes to the Financial Statements.

Ravenna, 12 April 2023

For the Board of Statutory Auditors

The President

Gian Luigi Facchini

4. EXTERNAL AUDITORS' REPORT

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www deloitte it

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rosetti Marino S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

Basis for Opinion

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

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

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

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

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

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

© Deloitte & Touche S.p.A.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Deloitte.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Rosetti Marino S.p.A. are responsible for the preparation of the report on operations of the Company as at December 31, 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Rosetti Marino S.p.A. as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Rosetti Marino S.p.A. as at December 31, 2022 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Mauro Di Bartolomeo
Partner

Bologna, Italy
April 12, 2023

This report has been translated into the English language solely for the convenience of international readers.

5. MINUTES OF SHAREHOLDERS' MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

The Ordinary Shareholders' General Meeting of Rosetti Marino S.p.A. – registered office at Via Trieste, 230, Ravenna, Ravenna Register of Companies, Tax Number and VAT Number 00082100397 and wholly paid Share Capital of € 4,000,000 – took place at the Company's registered office at 1030 hours on **28 April 2023**.

The General Meeting was convened for this day, at the designated time and place, through an announcement published in the **Official Gazette** of the Italian Republic – Announcements Page no **41** of 06/04/2023 and through announcements published on 07/04/2023 in the Euronext Growth Milan section of the web site of Borsa Italiana www.borsaitaliana.it and in the Investor Relations Section of company web site **www.rosetti.it** in order to discuss and decide upon the following

Order of Business

1) Review and approval of the Statutory Financial Statements for the year ended 31/12/2022, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report; presentation of the Consolidated Financial Statements at 31/12/2022. Related business and resulting resolutions.
2) OMISSIS.
3) OMISSIS.
4) OMISSIS.

The following Directors were present for the **Board of Directors**:

- Stefano Silvestroni – Chairman;
- Oscar Guerra – Chief Executive Officer;
- Luca Barchiesi – Deputy Chairman and Managing Director;
- Ermanno Bellettini – Deputy Chairman and Managing Director;
- Gabriele Franco – Managing Director;
- Maria Alejandra Berardi – Director;
- Giovanni Baracca – Independent Director;
- Giorgio Zuffa – Director,

while Director Luca Gentili was justifiably absent.

For the **Board of Statutory Auditors**, President Gian Luigi Facchini was physically present while Statutory Auditor Norberto Rosini had announced his presence by video link, although the link had not yet been activated.

Statutory Auditor Renzo Galeotti was justifiably absent.

Preliminary matters

In accordance with the Articles of Association, the General Meeting was chaired by the Chairman, Stefano Silvestroni. Mr Silvestroni confirmed that the General Meeting was properly constituted to decide upon the matters included in the Order of Business as the following five Shareholders, owners of a total of 3,997,600 shares equal to 99.94% of the Share Capital, were present, either in person or by proxy:

- **ROSFIN S.p.A**., owner of **2,247,600** (two million, two hundred and forty-seven thousand, six hundred) shares, equal to **56.19 %** of Share Capital, represented by its Chairman and Legal Representative **Gianfranco Magnani**, holder of the necessary powers under the Articles of Association;
- **SAIPEM S.A**., owner of **800,000** (eight hundred thousand) shares, equal to **20%** of Share Capital, represented by **Niccolò Tamburini**, on the basis of a proxy filed with the Company and issued by Chief Executive Officer and Legal Representative of said company, Bertrand Marechal, on 24 April 2023;
- **COSMI HOLDING S.p.A**., owner of **700,000** (seven hundred thousand) shares, equal to **17.5%** of Share Capital, represented by **Francesca Mambelli**, on the basis of a proxy filed with the Company and issued on 21 April 2023 by the Sole Director of said company, Sonia Resca;
- **ROSETTI MARINO S.p.A**., owner of **200,000** (two hundred thousand) shares, equal to **5%** of Share Capital, in relation to which, given their status as treasury shares held by the Company, the Chairman duly notes that voting rights are suspended in terms of Article 2357-ter (2) of the Italian Civil Code; said company was represented by its Chairman and Legal Representative **Stefano Silvestroni**, holder of the necessary powers under the articles of association;
- **LA CASSA DI RAVENNA S.p.A.,** owner of **50,000** (fifty thousand) shares, equal to **1.25 %** of Share Capital, represented by **Marco Carboni**, on the basis of a proxy filed with the Company and issued on 26 April 2023 by its Chairman and Legal Representative Antonio Patuelli.

Chairman Stefano Silvestroni noted that, in order to facilitate the conduct of business at today's meeting, a personal folder was issued to each participant before the start of the meeting; said folders contained the following documents, as filed with the Company, which – unless otherwise stated – were also made available to the Shareholder, in accordance with the Law, at the Registered Office with effect from 15 days prior to today's date:

- **Notice calling** today's General Meeting (extract from G.U. no 41 of 6 April 2023);
- **Financial Statements as at 31/12/2022 with accompanying Directors' Report**, as approved by the Board of Directors on 31 March 2023;
- **Report of the Board of Statutory Auditors** on the Financial Statements as at 31 December 2022;
- **External Auditors' Report** on the Financial Statements as at 31 December 2022;
- **Consolidated Financial Statements as at 31 December 2022 with related attachments**, as approved by the Board of Directors on 31 March 2023;
- **Proposals of the Appointments & Remuneration Committee for 2023 for the General Meeting**, regarding both Fees and Remuneration (**Attachment 1**) and the Long-Term Variable Remuneration System (**Attachment 2)** with details of amendments and improvements after 31 March 2023, as signed by the Chairman on 5 April 2023;
- **Draft Rev. 0 of 27/04/2023 of minutes**, as a *trail for the start of works* (document printed only in the personal folder but previously sent to participants on 27 April 2023).

The Chairman declared the meeting open and recalled that:

- the current Share Capital of Rosetti Marino S.p.A. is wholly paid and amounts to € 4,000,000.00, comprising 4,000,000 shares with a nominal value of € 1.00 each;
- since 06/12/2012, the Company has been listed on the AIM Italy – Alternative Capital Market managed by Borsa Italiana and, therefore, in compliance with the applicable Rules, on 07/04/2023, a notice convening the General Meeting was published on the Borsa Italiana web site in the Euronext Growth Milan section and on the Company's own web site;
- checks on compliance with deadlines laid down by law and by the Articles of Association for legitimation of exercise of rights relating to the shares have been performed;
- voting is public and it is proposed that votes should be expressed by a show of hands.

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

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

1) Review and approval of the Separate Financial Statements for the year ended 31/12/2022, accompanied by the Directors' Report, the Board of Statutory Auditors' Report and the External Auditors' Report; presentation of the Consolidated Financial Statements at 31/12/2022. Related business and resulting resolutions.

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

- as required by law, copies of the Financial Statements were made available at the Company's Registered Office in the 15 days prior to the General Meeting;
- the Shareholders present today have been issued with a file called "ROSETTI MARINO – Statutory Financial Statements as at 31 December 2022" containing:
  - Directors' Report on Operations;
  - Board of Statutory Auditors' Report;
  - The Financial Statements;
  - Notes to the Financial Statements;
  - Attachments to the Financial Statements;
  - External Auditors' Report;
- since 13/04/2023, the Financial Statements have also been available online, having been published on the web sites of Borsa Italiana and the Company itself;
- the Consolidated Financial Statements for 2022, approved by the Board of Directors on 31/03/2023 and containing the "Directors' Report on Operations, accompanying the Consolidated Financial Statements as at 31 December 2022", the "Consolidated Financial Statements as at 31 December 2022" and the "External Auditors' Report on the Consolidated Financial Statements", have been made available on the websites of Borsa Italiana and the Company; moreover, a printed copy was issued before the start of today's meeting to all those present.

The Chairman then recalled the following highlights from the financial statements as at 31 December 2022 (in Euro):

BALANCE SHEET	
Assets	€ 246,173,127
Liabilities	€ 128,134,234
Shareholders' Equity	€ 118,038,893
INCOME STATEMENT	
Value of Production	€ 184,319,435
Costs and Taxes	€ (183,080,370)
Net Profit for the year	€ 1,239,065

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

The Chairman read out the report of external auditors Deloitte & Touche on the financial statements; it contained an unqualified audit opinion.

The Chairman then read the resolution proposed by the Board of Directors to take €107,089.89 of the net profit for the year of € 1,239,064.56 to the Reserved for Exchange with the remaining € 1,131,974.67 being taken to retained earnings.

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

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

Gianfranco Magnani, the Chairman of Parent Company Rosfin SpA, addressed the Meeting on behalf of that company. He announced said company would vote in favour of approval of the Financial Statements as at 31 December 2022 and in support of the proposals for allocation of the net profit for the year of € 1,239,064.56.

At this point of the meeting, at 1055 hours, the Chairman noted and acknowledged that Statutory Auditor Norberto Rosini had joined the meeting by video link.

The discussion recommenced and Marco Carboni stated that La Cassa di Ravenna SpA would vote in favour of approval of the Financial Statements and in support of the proposed allocation of the net profit.

No other Shareholder asked to address the Meeting and, at the end of the discussion, the Chairman thanked those present and proceeded with a vote on the Financial Statements of Rosetti Marino S.p.A. as at 31 December 2022 (Financial Statements, Notes and Attachments), as accompanied by the Directors' Report on Operations, the Board of Statutory Auditors' Report and the External Auditors' Report, together with the Directors' proposals for allocation of the net profit for the year of € 1,239,064.56.

The Chairman invited the General Meeting to vote by a show of hands. Four shareholders with voting rights – owners of a total of 3,797,600 shares, equal to 94.94% of Share Capital – were present either in person or by proxy.
Having completed the voting process, the Chairman announced the result and declared that the General Meeting of the Company, with the unanimous support of all Shareholders present and entitled to vote

HAD RESOLVED

1.a) to **approve the Financial Statements** as at 31 December **2022**;
1.b) to allocate the net profit for the year of € 1,239,064.56 as follows: € 107,089.89 to be taken to the Reserve for Exchange Gains with the remaining € 1,131,974.67 to be taken to retained earnings.

Before moving on to the next point on the Order of Business, the Chairman informed the Shareholders that, on 31 March 2022, the Company Board of Directors had approved the **Consolidated Financial Statement**s as at 31/12/2022 with a consolidated profit of €4,644 thousand. He also stated that the document had been made available through publication on the websites of Borsa Italiana and the Company with effect from 13/04/2023, as well as being issued to all of those present at today's General Meeting.
The Chairman invited the General Meeting to acknowledge the approval of the 2022 Consolidated Financial Statements by the Board of Directors on 31 March 2023 and the presentation of those Financial Statements at today's General Meeting.

Mr Silvestroni then put his proposal to a vote in the presence, in person or by proxy, of four Shareholders representing a total of 3,797,600 Shares, or 94.94% of Share Capital. Once voting had been completed, the Chairman announced the result and declared that the General Meeting, with the unanimous support of those Shareholders with voting rights present

ACKNOWLEDGED

i) that the Consolidated Financial Statements at 31/12/2022 had been approved by the Board of Directors' meeting held on 31/03/2023, (ii) that the Consolidated Financial Statements at 31/12/2022 had been published on the websites of the Company and Borsa Italiana and (iii) that the Consolidated Financial Statements at 31/12/2022 had been presented to today's General Meeting.

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

2) OMISSIS.

3) OMISSIS.

4) OMISSIS.

As there was no other business, the Chairman declared the General Meeting over at 1115 hours.

THE SECRETARY	THE CHAIRMAN
Alfonso Levote	Stefano Silvestroni