FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

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COMPANY DATA

Registered office
Next Geosolutions Europe SpA
Via Santa Brigida, 39
80133 – Naples (Italy)

Legal data
Tax Code and VAT number: 05414781210
E.A.I. registration number: NA – 752588
Authorised share capital: EUR 500,000
Subscribed and paid-up share capital: EUR 500,000

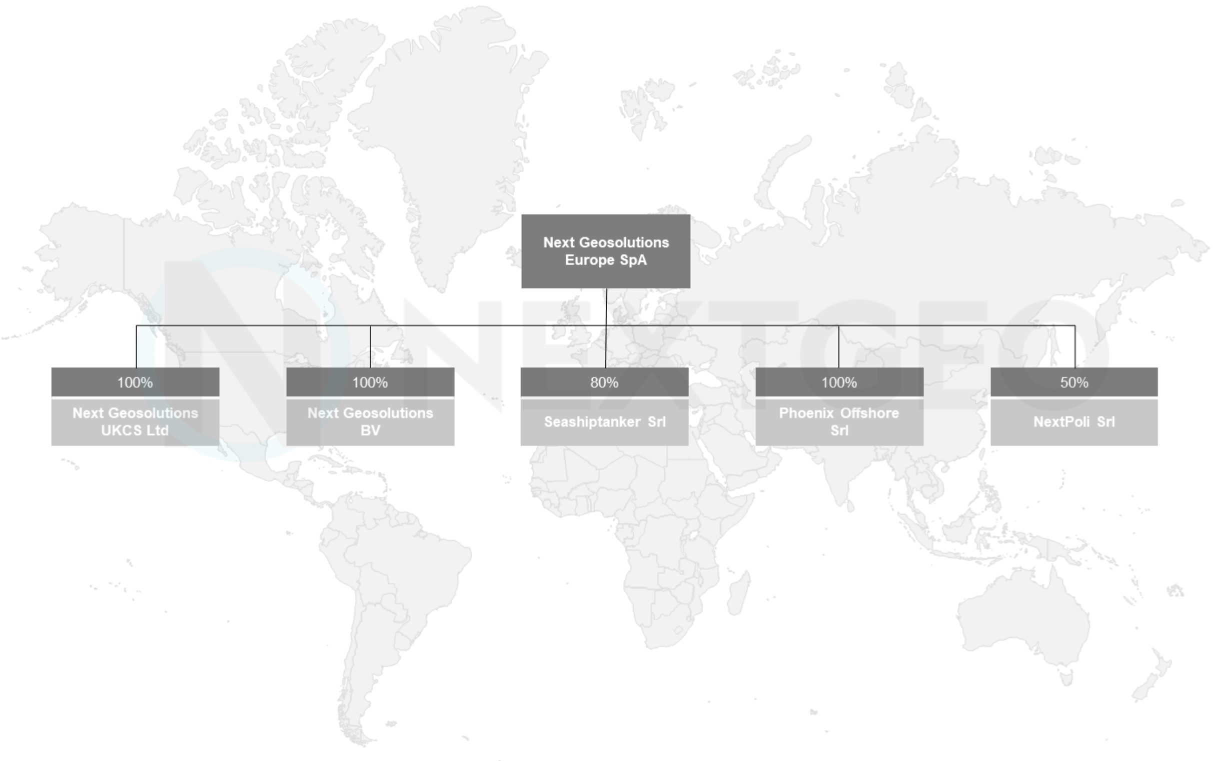
Website: https://www.nextgeo.eu/

COMPOSITION OF THE CORPORATE BODIES AS OF 31 DECEMBER 2023

Board of Directors [(1)]	Giorgio Filippi	Chairman of the Board of Directors
	Giovanni Ranieri	Managing director
	Giuseppe Maffia	Managing director
Board of Statutory Auditors [(2)]	Maurizio Vetere	Chairman of the Board of Statutory Auditors
	Mazio Marzio	Standing Statutory Auditor
	Simone Andrea d'Aniello	Standing Statutory Auditor
	Mauro Secchi	Alternate Statutory Auditor
	Paola Vicuna	Alternate Statutory Auditor
Auditing Firm [(3)]	PricewaterhouseCoopers SpA	

[1] Appointed by the Ordinary Shareholders' Meeting on 29 June 2021 (Managing Directors) and on 31 March 2022 (Chairman), it will remain in office until the approval of the financial statements for the year ending 31 December 2023.
[2] Appointed by the Ordinary Shareholders' Meeting on 28 April 2023, it will remain in office until the approval of the financial statements for the year ending 31 December 2025.
[3] Appointed by the Ordinary Shareholders' Meeting on 28 April 2023, it will remain in office until the approval of the financial statements for the year ending 31 December 2025.

GROUP CORPORATE ORGANISATION CHART AS OF 31 DECEMBER 2023



GROUP COMPOSITION AS OF 31 DECEMBER 2023

Parent company

Company Name	**Registered office**
Next Geosolutions Europe SpA	Naples - Italy

Subsidiaries

Company Name	**Registered office**
Seashiptanker Srl	Naples - Italy
Phoenix Offshore Srl	Naples - Italy
Next Geosolutions Ukcs Ltd	London - United Kingdom
Next Geosolutions BV	Ijmuiden - The Netherlands

Jointly controlled companies

Company Name	**Registered office**
NextPoli Srl	Naples - Italy

Next Geosolutions Europe SpA
Parent company, with registered office in Naples (Italy), carries out geophysical and geotechnical analysis at sea.

Seashiptanker Srl
A company with registered office in Naples, Italy, 80% owned by Next Geosolutions Europe SpA and 20% owned by Marnavi SpA (parent company of Next Geosolutions Europe SpA), it performs owner-management activities of a naval vessel.

Phoenix Offshore Srl
A company with registered office in Naples (Italy), 100% owned by Next Geosolutions Europe SpA, it carries out activities pertaining to the technical management of the naval fleet.

Next Geosolutions Ukcs Ltd
A company with registered office in London (UK) and operational headquarters in Norwich (UK), 100% owned by Next Geosolutions Europe SpA, it carries out the same activities as the parent company (geophysical and geotechnical analysis at sea), mainly in the North Seas.

Next Geosolutions BV
A company with registered office in Ijmuiden (The Netherlands), 100% owned by Next Geosolutions Europe SpA, it carries out administrative management of orders with Dutch clients.

NextPoli Srl
A company with registered office in Naples jointly controlled by Next Geosolutions Europe SpA (50%) and Poliservizi Srl (50%), it performs nearshore geophysical and geotechnical analysis.

DIRECTORS' REPORT ON OPERATIONS

INFORMATION ON THE COMPANY

Next Geosolutions Europe SpA (hereinafter also referred to as "Next Geosolutions" or the "Company") is an international provider of marine geoscience and offshore construction support services, operating mainly in the energy sector, with a focus on renewable energy and sustainability in all its forms.

Founded at the end of 2014, Next Geosolutions Europe SpA performs marine geophysical and geotechnical surveying activities, as well as further offshore construction support activities (in the marine environment), both in the domestic and international market, for companies operating in the submarine power cable (Interconnector), offshore renewable energy (offshore wind farms) and Oil & Gas sectors. The activities are carried out by Next Geosolutions Europe SpA both offshore (in deep water, far from the coast) and nearshore (in shallow water, typically close to the coast).

Next Geosolutions Europe SpA is today recognised as a leader in its field, able to provide high-quality, efficient and sustainable solutions, covering the entire life cycle of the assets and projects realised, from their initial conception to the design stage, from development and engineering, installation, inspection and maintenance, all the way to decommissioning.

Part of Marnavi Group, Next Geosolutions Europe SpA combines the knowledge, skills and resources of individuals with more than 30 years of experience in the marine and offshore sector with consolidated consultancy, engineering and operational capabilities, capable of delivering turnkey solutions, ready to meet the needs of its customers, in compliance with all required quality standards.

With a fleet of state-of-the-art Dynamic Positioning (DP) class 1 and 2 vessels and a multinational mix of more than 300 professionals, Next Geosolutions Europe offers a variety of services ranging from specialised consultancy to geophysical, geotechnical, environmental and marine archaeological surveys, potential Unexploded Ordnance (UXO) detection, removal and relocation, and support services for the implementation of offshore infrastructures (High-voltage direct current - HVDC) submarine cables, offshore wind farms, etc.).

OUR MISSION AND VALUES

Our mission is to provide our customers with all the data, information and support they need to realise their projects in full awareness, with the highest quality and in total safety, from conception to completion and beyond, until final decommissioning. Ultimately, we aim to make a specialised contribution to the implementation of key marine energy assets and infrastructures within our geographical area and professional capabilities.

Our dream is to see a world in which safe, efficient, affordable and sustainable energy supply is accessible in a fair and peaceful manner worldwide. Our visionary project is to become one of the largest and most excellent international players in the field of submarine geosciences, and to have a significant impact and role in realising this dream.

OUR HISTORY

Next Geosolutions Europe SpA was born in late 2014 from a joint venture between successful Italian entrepreneurs and a close-knit group of experienced executives. The shareholders are Marnavi Group, a major Italian shipowner operating globally in the offshore oil and gas sector, and the management team leading the Company.

From the outset, the operational headquarters of Next Geosolutions Europe SpA was located in Naples, where it is still located to this day. Over the years, the Company has expanded its activities through a process of internationalisation: in 2017, it entered the UK market by acquiring the UK company RSM Submarine Consulting, dedicated to personnel recruitment and subsequently converting it into a marine survey company with a consequent change of name to Next Geosolutions Ukcs Ltd, now operating from its Norwich office. Over the years, this company has maintained its initial characteristics, has continued with the recruitment of specialised personnel and has diversified its activities, integrating with Next Geosolutions Europe SpA and starting to carry out survey work, mainly in the North Seas.

This international expansion was a turning point in the history and strategy of Next Geosolutions Europe SpA, as the company has since become one of the fastest-growing international maritime survey contractors and offshore construction support service providers, occupying a leading position in the industry.

In order to secure new development opportunities, the management has over the years implemented an investment strategy aimed at strengthening the asset base. In September 2020, the Company assumed the role of shipowner by acquiring, through the company Seashiptanker Srl, the first vessel of the fleet, now called NG Worker.

Subsequently, in 2020, the Company was awarded a major contract in the Netherlands for the execution of the Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma projects, with the Dutch state company Tennet Bv and, also in order to better cover the relevant market, decided to acquire a company located in that country, now called Next Geosolutions Bv, with its operational headquarters in Ijmuiden.

In recent years, the Company has continued its expansion by:

- recruiting specialised personnel in key business roles, strengthening the operational and commercial area;
- investing in ships, vessels and equipment to diversify the segments of operations within the relevant business;
- strengthening its position in the value chain through the establishment of the "NextPoli" joint venture and the purchase of a boat for nearshore activities, thus succeeding in internalising nearshore activities in the Mediterranean areas, which were previously outsourced.

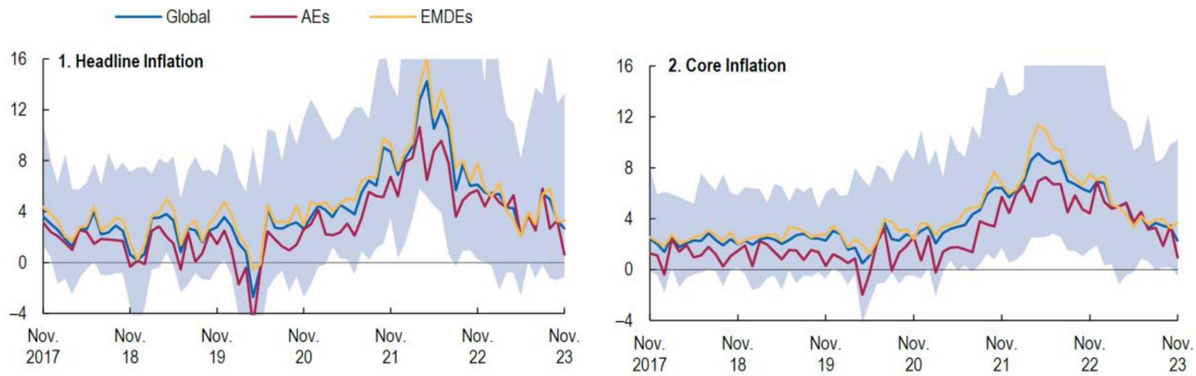
Thanks to the expertise, experience and reputation of its team and the high quality and efficiency of its naval and technical resources, notwithstanding its relatively recent establishment, the Company has been successfully involved in the realisation of most of the major energy infrastructure projects in the EMEA region.

THE MACROECONOMIC SCENARIO

The global economic recovery from the COVID-19 pandemic, the Russian invasion of Ukraine and the cost-of-living crisis is proving surprisingly resilient. Inflation has been falling faster than expected since the 2022 peak, with less impact on employment and activity than expected, thanks to favourable supply-side developments and the tightening of the central banks' stance, which have kept inflation expectations anchored. At the same time, high interest rates to fight inflation and the withdrawal of fiscal support due to high debt are expected to weigh on growth in 2024.

Resilient growth in major economies
Economic growth is estimated to be stronger than expected in the second half of 2023 in the US and several large emerging and developing economies. In many cases, public and private spending has contributed to the recovery, with real disposable income rising to support consumption in a still tight, albeit loosening, labour market, and with households tapping into savings accumulated during the pandemic. Supply-side expansion has also taken hold, with large-scale increases in labour force participation, the resolution of pandemic-era supply chain problems, and reductions in delivery times. This momentum was not felt everywhere, with growth particularly subdued in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices and weakness in the interest rate-sensitive manufacturing sector and business investment. Low-income economies continue to suffer large output losses compared to their pre-pandemic paths (2017-19) due to high financing costs.

Inflation falls faster than expected
In a context of favourable global supply developments, inflation fell faster than expected, with recent monthly readings close to the pre-pandemic average for both headline and underlying (core) inflation. Overall global inflation in Q4 2023 is estimated to have been about 0.3 percentage points lower than the WEO's October 2023 forecast on a seasonally adjusted quarterly basis. The decline in inflation reflects the fading of relative price shocks, especially energy shocks, and their subsequent transition to core inflation. The decline also reflects the easing of labour market tensions, with a decrease in job vacancies, a modest increase in unemployment and an increased labour supply, in some cases associated with a strong inflow of immigrants. Wage growth remained generally moderate and there were no wage-price spirals, where prices and wages accelerate together. Short-term inflation expectations declined in the major economies, while long-term inflation expectations remained anchored.



High financing costs cool demand
In order to reduce inflation, the major central banks raised interest rates to restrictive levels in 2023, resulting in high mortgage costs, difficulties for companies to refinance their debt, a more limited availability of credit and a weakening of business and residential investment. Commercial real estate was particularly under pressure, with rising financing costs exacerbating post-pandemic structural changes. However, as inflation eased, market expectations of future interest rate cuts contributed to lower long-term interest rates and higher stock markets. However, long-term financing costs remain high in both advanced and emerging and developing economies, partly because public debt is rising. Moreover, central bank decisions on interest rates are becoming increasingly asynchronous. In some countries with falling inflation - including Brazil and Chile, where the central banks tightened policies earlier than in other countries - interest rates have been falling since the second half of 2023. In China, where inflation has been close to zero, the central bank has eased monetary policy. The Bank of Japan kept short-term interest rates close to zero.

Fiscal policy amplifies economic divergences
Governments of advanced economies loosened fiscal policy in 2023. The US, where GDP was already past its pre-pandemic path, loosened fiscal policy more than the Eurozone and other economies where the recovery was incomplete. In emerging and developing economies, where output fell even further below the pre-pandemic trend on average, the fiscal stance is estimated to have been neutral. Brazil and Russia, where fiscal policy was eased in 2023, are the exceptions. In low-income countries, the liquidity crunch and the high cost of interest payments, averaging 13% of general government revenues, about twice as much as 15 years ago, have prevented the necessary investments, hindering the recovery of the large production losses compared to the pre-pandemic trend. In 2024, fiscal policy is expected to be tightened in several advanced, emerging and developing economies in order to rebuild fiscal room for manoeuvre and curb the growth path of debt, and this change is expected to slow growth in the short term.

The forecast. Growth prospects: resilient but slow
Global growth, estimated at 3.1% in 2023, is expected to remain at 3.1% in 2024 before increasing slightly to 3.2% in 2025. Compared to the World Economic Outlook (WEO) in October 2023, the forecast for 2024 is about 0.2 percentage points higher, due to improvements in China, the United States and the large emerging and developing economies. However, the projection for global growth in 2024 and 2025 is below the historical annual average (2000-19) of 3.8%, due to restrictive monetary policies and the withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth decline slightly in 2024 before picking up in 2025, with a recovery in the Eurozone from low growth in 2023 and moderate growth in the US. Emerging and developing economies are expected to show stable growth in 2024 and 2025, with regional differences.
World trade is expected to grow at 3.3% in 2024 and 3.6% in 2025, below the historical average growth rate of 4.9%. Increased trade distortions and geo-economic fragmentation are expected to continue to weigh on the level of global trade. According to Global Trade Alert data, countries imposed about 3,200 new trade restrictions in 2022 and about 3,000 in 2023, up from about 1,100 in 2019.

These forecasts are based on the assumption that fuel and non-fuel commodity prices will decline in 2024 and 2025 and that interest rates will fall in major economies. Average annual oil prices are expected to fall by about 2.3% in 2024, while non-fuel commodity prices are expected to fall by 0.9%. According to International Monetary Fund (IMF) staff projections, the policy rates of the Federal Reserve, of the European Central Bank, and of the Bank of England are expected to remain at current levels until the second half of 2024, and then gradually decline as inflation approaches targets. The Bank of Japan is expected to maintain an overall accommodative stance.

For advanced economies, growth is expected to decline slightly from 1.6% in 2023 to 1.5% in 2024, before recovering to 1.8% in 2025. An upward revision of 0.1 percentage points for 2024 reflects stronger-than-expected US growth, partly offset by weaker-than-expected growth in the euro area.

In emerging markets and developing economies, growth is expected to remain at 4.1% in 2024 and rise to 4.2% in 2025. An upward revision of 0.1 percentage points for 2024 compared to October 2023 reflects updates for several regions.

THE REFERENCE MARKET

Historically, the business sectors in which the Company operates are: that of submarine electrical cable connections (known as "Interconnectors"), offshore renewable energies (where wind power production predominates, with the so-called "Offshore Wind Farms") and the traditional offshore Oil & Gas market.

The increased focus on a global scale on greater infrastructural security and efficiency regarding the supply and movement of electricity between countries has long been making the interconnector sector a strong focus of international governmental policies, attracting numerous investments. In fact, many governments are implementing strategies to increase their energy supply capacity and to ensure greater resilience and quality of their electricity system, while also trying to overcome congestion in the latter by further strengthening interconnections with foreign countries. The massive development envisaged for this type of submarine cable will also serve to supplement electricity production from renewable sources at sea, making it possible to manage and transport this green energy, which, given the massive growth rate at which it is moving, will increasingly require high-performance infrastructures capable of transporting ever greater quantities of electricity, ensuring its proper input and circulation on the most important national and international electricity grids.

In fact, at the same time as the development of the strategic interconnector sector mentioned above, driven by international interest, the offshore renewable energy sector has also been the subject of numerous global development plans, which have contributed to increased attention, interest and investment over the years.
The offshore renewable energy sector is a relatively recent segment (although the world's first installed offshore wind farm, in Europe, saw the light of day back in 1991), which has achieved a significant position within the offshore energy production macro-market in recent years.
The focus on the reduction of CO_2 emissions, the increased protection of the environment and the search for ever greener sources of energy generation are elements that have long been on the agendas of the major international lawmakers, who have set massive incentives and development plans based precisely on increasing energy generation from renewable sources.

Within this sector, which covers a broad spectrum of different technologies, the one that holds almost all of the market is electricity generation using wind turbines installed at sea, known as Offshore Wind Farms, which sees Europe not only as the historic "first mover" in their development, but also as one of the world's leading strategic hubs for the generation of electricity from this type of installation.
The main characteristic of offshore wind farms lies in the fact that, since they can be installed offshore, they are exposed to much stronger and more constant wind currents than those found on land, they allow the installation of significantly larger wind turbines than those that can potentially be installed on land (known as onshore wind farms) and are therefore able to ensure greater energy generation than the latter.

Offshore wind farms can be installed either through the well-established fixed technology, i.e. by driving the foundations into the seabed, generally reaching depths of between 30 and 50 metres, or through the more recent floating technology, currently under development, which involves an installation based not on driving the turbine foundations into the seabed, but on the installation of anchors on the seabed, to which cables are then attached, connected to the floating platform on which the wind turbine structure is placed. This innovative technology, which is involving all the most important stakeholders in the sector, can represent a real boost for electricity generation from renewable sources, opening up new market scenarios in which offshore wind farms can be installed in much more remote and deep sea areas, offering the possibility of exploiting new, and huge, marine areas unreachable with fixed technology.

In addition to those already mentioned, the offshore oil & gas market represents a “milestone” in the industry, as it is the segment in which offshore activities have historically been developed. The high environmental impact that gravitates around this sector has made it a particular focus of attention for the most important global Entities in recent years. In spite of this, the Oil & Gas industry, which is divided into numerous and articulated sectors (ranging from exploration for oil fields to the installation of submarine pipelines), is still present in the offshore segment, maintaining its relevance and share. Therefore, after several years of stagnation, also due to significant macroeconomic situations, this sector continues to see investment and widespread interest. The presence of Oil & Gas in the offshore sector, therefore, does not appear to be diminishing, but rather is being joined by existing forms of energy generation from renewable sources.

Below is an overview, also in figures, of the above-mentioned sectors.

The European interconnector market is expected to reach almost EUR 43 billion by 2033 (estimating the Engineering, Procurement, Construction & Installation value), with 45,000 km of cables being laid (source: 4COffshore) and with an expected CAGR between 2023 and 2028 of 30%. Areas particularly affected by the installation of these cables are the whole of Northern Europe and the Mediterranean, a strategic hub for cable installations.


In this segment, Next Geosolutions Europe is an important international contractor, thanks to the established relationships it has developed with industry leaders Prysmian and Nexans and major European national grid operators, such as Terna and Tennet. During 2023, with its services Next Geosolutions Europe contributed to the installation of many of the most important submarine electrical interconnection infrastructures in Europe, such as: Tyrrhenian Link (Campania-Sicily-Sardinia), Eastern Link (Scotland-England), Celtic Interconnector (France-Ireland), along with numerous other relevant projects.
In this sector, the Company carries out different survey activities (geophysical, geotechnical, unexploded ordnance - UXO, environmental, etc.), preliminary to the installation of the cable, which can be performed nearshore (in

shallow waters, near the coast), offshore (in the open sea, far from the coast) and sometimes, for some activities, also onshore (on land), in order to provide the data necessary for the development of the entire submarine cable project (and/or route).

Concerning the offshore renewable energy market, the value of the European Capex foreseen for the development of "Offshore Wind Farms" is estimated at around EUR 165 billion, with the UK, Germany and the Netherlands as the main European markets.

Also of interest within this macro-market is the segment of submarine cables for renewable energies, which serve to connect offshore wind farms with the mainland, allowing the energy generated to be fed into the grid. The European submarine power cable market for renewable energy is estimated to reach EUR 24 billion (installation) by 2033, with an expected CAGR of 32% for the period 2023-2028.
In particular, in 2023 the Company worked on several projects (mainly in the North Sea, the Baltic Sea and the East Atlantic Ocean and, more recently, also in the Mediterranean), such as "Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma" with the Dutch state company Tennet, as well as contributing to the development of offshore wind farms in the North Sea on behalf of "Vattenfall" (projects in German, Swedish and British waters). Conversely, in the Mediterranean Sea, the company carried out various activities for market players Copenhagen Offshore Partners (COP), 7 Seas Med and Ichnusa Wind Power.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Characterising events that occurred during the year were:

- The start-up, through the UK-registered subsidiary Next Geosolutions Ukcs Ltd, of a major project in the offshore wind farm sector in the North Seas with the entry of a new and important market player, namely Vattenfall, into the customer portfolio, which consolidated and strengthened its position in the offshore wind farm sector.

- The GreatSea Interconnector order, for the construction of the high-voltage direct current (HDVC) electrical interconnector linking Greece-Cyprus via one of the longest and deepest submarine cables in the world, was awarded in one of the most important EMEA interconnections.

Other significant events are the major investments made during the year, such as:

- The completion of work on the reconversion of a vessel purchased in 2022, with the implementation of a drilling system, which made it possible to reclassify it as an offshore drilling vessel, used from December 2023 in the Italian floating offshore wind farm project, named Hannibal and Scipio, involving Copenhagen Offshore Partners (COP), Eni Plenitude and CDP. In conjunction with the above-mentioned naval investment, new geotechnical personnel were added to the Company's staff for the (technical, operational, etc.) management of the geotechnical sampling system.

- The completion of a sophisticated Fast Remotely Operated Vehicles (Fast ROV) geophysical survey system, which can carry out survey activities more than twice as fast as the systems already in the Company's possession, thus enabling both time and cost reductions in the activities carried out in projects in which the Group is involved.

- Completion of work on an autonomous navigation system on the NG Coastal nearshore vessel.

The year's positive performance stems both from the consolidation of activities initiated in previous years and from the significant events, mentioned above, that specifically characterised the financial year 2023.

SUMMARY DATA AS OF 31 DECEMBER 2023

The following tables show: (i) the reclassified income statement as of 31 December 2023, compared to the previous year, (ii) the reclassified balance sheet by sources and uses as of 31 December 2023, compared to the previous year, (iii) cash flows from operating, investing and financing activities as of 31 December 2023, and (iv) capital expenditures as of 31 December 2023, compared to the same data for the previous year.

Reclassified income statement

Values in Euro units	2023	%	2022	%	Change	Ch.%
Revenues from sales and services	70,107,747	64%	48,737,509	77%	21,370,238	44%
In-house production	34,184,608	31%	12,739,901	20%	21,444,707	168%
Other revenues and income	4,969,149	5%	1,467,506	2%	3,501,643	239%
Value of production	**109,261,504**	**100%**	**62,944,916**	**100%**	**46,316,588**	**74%**
External operating costs	67,797,743	62%	49,417,896	79%	18,379,847	37%
Costs for personnel	7,232,676	7%	5,019,515	8%	2,213,161	44%
Sundry operating charges	131,965	0%	224,522	0%	(92,557)	-41%
Production costs	**75,162,384**	**69%**	**54,661,933**	**87%**	**20,500,451**	**38%**
EBITDA	**34,099,120**	**31%**	**8,282,983**	**13%**	**25,816,137**	**312%**
Depreciation, Amortisation and Provisions	3,322,260	3%	999,592	2%	2,322,668	232%
EBIT	**30,776,860**	**28%**	**7,283,391**	**12%**	**23,493,469**	**323%**
Net financial expenses	1,389,512	1%	472,185	1%	917,327	194%
Exchange gains (losses)	(219,112)	0%	(137,553)	0%	(81,559)	59%
Value adjustments to financial assets and liabilities	2,925,925	3%	555,936	1%	2,369,989	426%
Net financial result	**1,317,301**	**1%**	**(53,802)**	**0%**	**1,371,103**	**-2,548%**
Result before taxes	**32,094,161**	**29%**	**7,229,589**	**11%**	**24,864,572**	**344%**
Taxes	3,050,714	3%	3,921	0%	3,046,793	77,704%
Net result	**29,043,447**	**27%**	**7,225,668**	**11%**	**21,817,779**	**302%**

In the financial year 2023, the Company achieved a significant increase in the value of production (+74%) compared to the previous year. This significant increase is the direct result of the effective commercial and business strategies implemented by the Company, which not only enabled the value of production to grow, but also made it possible to obtain larger orders. In 2023, the Company worked on several projects such as “Hollandse Kust West Alpha and Beta, Ijmuiden Ver Alpha, Beta and Gamma” with the Dutch state company Tennet in the North Seas; in the Mediterranean Sea, it took part in several projects with market players Copenhagen Offshore Partners (COP), 7 Seas Med and Ichnusa Wind Power. In the Interconnector market, Next Geosolutions Europe contributed with its services to the installation of many of the most important submarine electrical interconnection infrastructures in Europe during the year, such as: the Tyrrhenian Link (Campania-Sicily-Sardinia), which, with a total length of about 970 kilometres and a capacity of 1000 MV, is an infrastructure of international significance, and the Celtic Interconnector (France-Ireland), along with numerous other projects.

The income statement figures show, in addition to growth in the value of production, also a less than proportional growth in the cost of production, whose incidence on the value of production drops from 87% in 2022 to 69% in 2023.
The significant investments completed during the year both in terms of vessels and related equipment and in terms of human capital (through the internalisation of certain professional roles) led to a considerable improvement in operating efficiency (particularly with reference to the time taken to complete certain activities) and in the quality

of services offered. The management of larger unit size orders has also allowed the realisation of important economies of scale.

The combined effect of the above phenomena (+74% in terms of the increase in value of production and -18% in terms of the incidence of production costs) led to a significant improvement in EBITDA, which amounted to EUR 34,099,120 (more than four times higher compared to the previous year), and in the EBITDA margin, which rose from 13% in the previous year to 31%.

The figures in the table above also show a significant increase in depreciation, amortisation and provisions, which more than doubled compared to the previous year, in light of the investments in vessels and equipment made during the year.

Despite the increase in depreciation and amortisation, EBIT was extremely positive at EUR 30,776,860 (more than four times higher compared to the previous year), and the EBIT margin increased from 12% in the previous year to 28%.

Financial operations show an increase in net financial expenses, which, even considering the significant improvement in net financial debt, is mainly the result of the increases in interest rates due to central banks' manoeuvres aimed at containing inflationary pressures.

The item value adjustments to financial assets and liabilities shows a positive result of EUR 2,925,925, resulting from the equity valuation of the investment in Next Geosolutions Ukcs Ltd.

After the result of financial operations and adjustments to the value of financial assets and liabilities, the pre-tax profit amounted to EUR 32,094,161, rising from 11% of the previous year to 29%, while the net profit of EUR 29,043,447 amounted to 27% of the value of production.

Reclassified Balance Sheet

Values in Euro units	2023	%	2022	%	Change	Ch.%
Inventories	93,812,346	86%	60,325,187	96%	33,487,159	56%
Advances	88,381,804	81%	51,413,963	82%	36,967,841	72%
Trade receivables	28,542,056	26%	19,254,349	31%	9,287,707	48%
Trade payables	15,372,938	14%	18,099,118	29%	(2,726,180)	-15%
Trade working capital	**18,599,660**	**17%**	**10,066,455**	**16%**	**8,533,205**	**85%**
Other current assets	8,365,704	8%	5,719,275	9%	2,646,429	46%
Other current liabilities	5,036,206	5%	1,556,341	2%	3,479,865	224%
Net working capital (NWC)	**21,929,158**	**20%**	**14,229,389**	**23%**	**7,699,769**	**54%**
Fixed assets	38,952,910	36%	18,640,741	30%	20,312,169	109%
Other non-current assets (liabilities)	(2,618,112)	-2%	(1,815,479)	-3%	(802,633)	44%
Net invested capital (NIC)	**58,263,956**	**53%**	**31,054,651**	**49%**	**27,209,305**	**88%**
Net financial debt	9,585,317	9%	11,425,309	18%	(1,839,992)	-16%
Shareholders' equity	48,678,639	45%	19,629,342	31%	29,049,297	148%
Sources of financing	**58,263,956**	**53%**	**31,054,651**	**49%**	**27,209,305**	**88%**

The reclassified balance sheet shows the balance of the equity/financial structure, also in the context of the significant growth realised during the year. The rate of inventories on the value of production decreased from 96% in 2022 to 86% in 2023. Average *Days Outstanding Inventories* - DOI decreased from 345 days as of 31 December 2022 to 309 days as of 31 December 2023.

Trade receivables increased less than proportionally with respect to the value of production (+48 % vs. + 74 %) and the average days to collection of trade receivables (Days Outstanding Sales - DOS) rose from 110 days as of 31 December 2022 to 94 days as of 31 December 2023.

Payments on account increased substantially due to the increase in the value of production and contract work in progress, while trade payables decreased from 29% as of 31 December 2022 to 14% as of 31 December 2023. The average Days Outstanding Payables (DOP) decreased from 119 days as of 31 December 2022 to 74 days as of 31 December 2023.

The difference between other current assets and other current liabilities decreased, mainly due to the higher proportion of other current liabilities in the value of production compared to the previous year (5% in 2023 vs. 3% in 2022).

The ratio of net working capital to the value of production is reduced from 23% as of 31 December 2022 to 20% as of 31 December 2023, producing positive effects on the cash flows of operating activities and generating significant resources available for investment activities and financial management.

Fixed assets, due to the completion of major investments in vessels and related equipment, increased significantly, although their share of the value of production decreased compared to the previous year. In any case, the level of investments made is considered more than adequate to ensure competitiveness and future growth.

Net financial debt, as a result of the strong economic performance achieved and the careful management of working capital, benefits from cash flows from operations and is reduced despite the considerable level of investments made.

Financial flows

Values in Euro units	2023	%	2022	%	Change	Ch.%
Financial flows arising from operating activity	21,898,013	20%	12,188,164	19%	9,709,849	80%
Financial flows arising from investing activity	(20,032,925)	-18%	(13,882,770)	-22%	(6,150,155)	44%
Financial flows arising from financing activity	(1,234,223)	-1%	4,714,344	7%	(5,948,567)	-126%

As mentioned above, cash flow from operations benefited from the brilliant economic performance achieved and the careful management of working capital and amounted to EUR 21,898,011. The cash flow from operations as a percentage of the value of production was substantially in line with the previous year (20% as of 31 December 2023 vs. 19% as of 31 December 2022).

The cash flow from investing activities, as a result of the completion of major investments in vessels and related equipment, absorbed financial resources of EUR 20,032,925 in the financial year 2023. However, the impact of the cash flow absorbed by investment activities on the value of production decreased due to the considerable level of the value of production. The level of investments made is, in any case, absolutely adequate to ensure the competitiveness and realisation of the Company's future development plans.

Financial operations absorbed cash and cash equivalents in the amount of EUR 1,234,223 despite the receipt of new loans in the nominal amount of EUR 5,750,000 and the major investments completed in the financial year 2023, contributing to the reduction of net financial debt.

Investments

Values in Euro units	2023	%	2022	%	Change	Ch.%
Intangible fixed assets	1,698,803	2%	1,348,746	2%	350,057	26%
Tangible fixed assets	18,358,218	17%	12,507,114	20%	5,851,104	47%
Financial fixed assets	21,000	0%	29,198	0%	(8,198)	-28%
Total investments	**20,078,021**	**18%**	**13,885,058**	**22%**	**6,192,963**	**45%**

Investments realised in 2023 totalled EUR 20,078,020, an increase of EUR 6,192,963 compared to the previous year, in which it represented a significant share of the value of production (20%). The significant investments made in the financial years 2022 and 2023 testify to the Company's commitment to the realisation of future development plans. In 2023, capital expenditure on property, plant and equipment mainly related to the completion of work on the conversion of the NG Driller vessel purchased in 2022 into an offshore support drilling vessel, the purchase of the sophisticated Fast ROV geophysical survey system, and the completion of work on the construction of an autonomous navigation system on the NG Coastal nearshore vessel. Investments in intangible assets mainly consist of improvements to chartered vessels.

NET FINANCIAL DEBT

Details of the Net Financial Debt as of 31 December 2023, compared to the previous year, are shown below.

Values in Euro units	2023	%	2022	%	Change	Ch.%
Cash and cash equivalents	(10,122,815)	-9%	(9,491,950)	-15%	(630,865)	7%
Financial assets not constituting fixed assets	-	0%	-	0%	-	N/A
Current financial receivables	(14,527)	0%	-	0%	(14,527)	N/A
Current financial payables	8,563,384	8%	10,591,957	17%	(2,028,573)	-19%
Net current financial debt	**(1,573,958)**	**-1%**	**1,100,007**	**2%**	**(2,673,965)**	**-243%**
Non-current financial receivables	(2,129,693)	-2%	(2,169,316)	-3%	39,623	-2%
Non-current financial payables	13,288,968	12%	12,494,618	20%	794,350	6%
Net non-current financial debt	**11,159,275**	**10%**	**10,325,302**	**16%**	**833,973**	**8%**
Net financial debt	**9,585,317**	**9%**	**11,425,309**	**18%**	**(1,839,992)**	**-16%**

Net financial debt in the year 2023 decreased by EUR 1,839,992, from EUR 11,425,309 as of 31 December 2022 to EUR 9,585,317 as of 31 December 2023. This result was possible thanks to the significant cash flow generated by operating activities, and the level of financial debt appears absolutely sustainable considering the volumes and performance achieved during the year and expected in the future.
Current financial payables decreased by EUR 2,028,573, while non-current financial payables increased by EUR 794,350, mainly as a result of the new loans entered into during the year 2023.

ECONOMIC, ASSET AND FINANCIAL INDICATORS

The following tables present the economic, equity and financial performance indicators deemed useful for a better understanding of the Company's situation and of the performance and results of its operations.

Economic indicators

Values in Euro units	2023	2022	Change	Ch.%
EBITDA	34,099,120	8,282,983	25,816,137	312%

EBIT	30,776,860	7,283,391	23,493,469	323%
Net result	29,043,447	7,225,668	21,817,779	302%
EBITDA margin	31%	13%	18%	137%
Return on sales (ROS)	28%	12%	17%	143%
Return on investment (ROI)	53%	23%	29%	125%
Return on assets (ROA)	17%	6%	11%	169%
Return on equity (ROE)	60%	37%	23%	62%

Asset and financial indicators

Values in Euro units	2023	2022	Change	Ch.%
Net financial debt (NFD)	9,585,317	11,425,309	(1,839,992)	-16%
Shareholders' equity	48,678,639	19,629,342	29,049,297	148%
Current assets - current liabilities	23,503,116	13,129,382	10,373,734	79%
Cash ratio	1.20	1.16	0.04	3%
Fixed asset to equity capital margin	6,419,514	(2,066,151)	8,485,665	-411%
Long-term solvency ratio	1.15	0.90	0.25	27%
Fixed asset to equity capital and medium/long-term debt margin	23,503,116	13,129,382	10,373,734	79%
(Equity + long term liabilities) - fixed assets	1.56	1.61	(0.05)	-3%
Financial dependence ratio	0.73	0.83	(0.10)	-12%
Financial independence ratio	0.27	0.17	0.10	58%
Days Outstanding Sales (DOS)	94	110	(16)	-15%
Days Outstanding Payables (DOP)	74	119	(46)	-38%
Days Outstanding Inventories (DOI)	309	345	(36)	-10%
NFD/Shareholders' equity	0.20	0.58	(0.39)	-66%
Net financial expenses / NFD	0.03	0.02	0.00	19%
NFD / EBITDA	0.28	1.38	(1.10)	-80%

DETAILS OF ALTERNATIVE PERFORMANCE INDICATORS

In order to provide a better analysis of the results of operations, the Company has used some alternative performance indicators that are not identified as accounting measures under the national accounting standards dictated by the Italian Accounting Body - Organismo Italiano di Contabilità (OIC).

Below is a definition of the alternative performance indicators used in this report:

- In-house production: represents the sum of items "A2. Changes in inventories of work in progress, semi-finished and finished products", "A3. Changes in contract work in progress" and "A4. Increases in fixed assets for in-house work" in the income statement.

- External operating costs: represents the sum of items "B6. Costs for raw, ancillary, consumable materials and goods", "B7. Costs for services", "B8. Costs for leased goods" and "B11. Changes in inventories of raw, ancillary, consumable materials and goods" of the income statement.

- Gross operating margin (EBITDA): represents the operating result (EBIT) after depreciation, amortisation and provisions.

- Depreciation, amortisation and provisions: represents the sum of items “B10. Amortisation, depreciation and write-downs”, “B12. Provisions for risks” and “B13. Other provisions” of the income statement.

- Net financial expenses: represents the difference between items “C17. Interest and other financial charges” and “C16. Other financial income” of the income statement.

- Trade receivables: represents the sum of trade receivables recorded under items “CII1. Receivables from customers”, “CII2. Receivables from subsidiaries”, “CII3. Receivables from associates”, “CII4. Receivables from parent companies” and “CII5. Receivables from undertakings controlled by the parent companies”.

- Trade payables: represents the sum of trade payables entered under items “D7. Payables to suppliers”, “D9. Payables to subsidiaries”, “D10. Payables to associates”, “D11. Payables to parent companies” and “D11-bis. Payables to undertakings controlled by the parent companies”.

- Trade working capital: represents the sum of inventories and trade receivables, less advances and trade payables.

- Other current assets: represents the sum of receivables due within the next financial year other than those falling under “Trade receivables” and short-term accruals and deferrals

- Other current liabilities: represents the sum of payables due within one year other than those falling under “Trade payables” and short-term accruals and deferrals.

- Net working capital (NWC): represents the sum of trade working capital and other current assets less other current liabilities.

- Fixed assets: represents the sum of intangible, tangible and financial fixed assets (excluding financial receivables recorded as fixed assets).

- Other non-current assets/(liabilities): represents the sum of trade receivables due beyond one year, deferred tax assets and medium/long-term accrued income and prepaid expenses, net of the sum of provisions for risks and charges (including deferred tax liabilities), employee severance indemnities, medium/long-term trade payables, and medium/long-term accrued expenses and deferred income.

- Net capital invested (NCI): represents the sum of net working capital (NWC), fixed assets and other medium/long-term non-current assets/(liabilities).

- Net financial debt (NFD): represents the sum of amounts due to banks and other lenders, less the sum of financial receivables, financial assets not constituting fixed assets and cash and cash equivalents.

- Sources of financing: represents the sum of net financial debt (NFD) and shareholders’ equity.

- Current financial receivables: represents the sum of financial receivables due within one year classified under item “BIII2. Financial Fixed Assets - Receivables” of the Balance Sheet.

- Current financial payables: represents the sum of amounts due to banks and other lenders due within one year.

- Non-current financial receivables: represents the sum of financial receivables due beyond one year classified under item “BIII2. Financial Fixed Assets - Receivables” of the Balance Sheet.

- Non-current financial payables: represents the sum of amounts due to banks and other lenders due after one year.

- Return on sales (ROS): represents the ratio of the operating result (EBIT) to the value of production. Given the specificities of the business, it was deemed appropriate to use value of production instead of revenues from sales and services as the denominator.

- Return on investment (ROI): represents the ratio of operating profit (EBIT) to net capital invested (NCI).

- Return on assets (ROA): represents the ratio of operating profit (EBIT) to total assets.

- Return on equity (ROE): represents the ratio of net profit to equity.

- Current assets - current liabilities: represents the difference between net working capital and current financial debt.

- Cash ratio: represents the ratio of the sum of inventories, trade receivables, other current assets, current financial receivables and cash and cash equivalents to the sum of advances, trade payables, other current liabilities and current financial payables.

- Fixed asset to equity capital margin: represents the difference between equity and non-current assets (fixed assets, receivables due after one year, deferred tax assets and medium/long-term accrued income and prepaid expenses).

- Long-term solvency ratio: represents the ratio of shareholders' equity to non-current assets (fixed assets, receivables due beyond one year, deferred tax assets and medium/long-term accrued income and prepaid expenses).

- Fixed asset to equity capital and medium/long-term debt margin: represents the difference between the sum of equity and non-current liabilities (provisions for risks and charges, deferred taxes, employee severance indemnities, payables due beyond one year and medium/long-term accrued expenses and deferred income) and non-current assets (fixed assets, receivables due beyond one year, deferred tax assets and medium/long-term accrued expenses and deferred income).

- (Equity + long term liabilities) - fixed assets: represents the ratio of the sum of shareholders' equity and non-current liabilities (provisions for risks and charges, deferred taxes, employee severance indemnities, payables due beyond one year and medium/long-term accrued liabilities and deferred income) to non-current assets (fixed assets, receivables due beyond one year, deferred tax assets and medium/long-term accrued income and deferred expenses).

- Financial dependence ratio: represents the ratio of liabilities to third parties (advances, trade payables, other current liabilities, non-current liabilities, current financial liabilities and non-current financial liabilities) to total liabilities.

- Financial independence ratio: represents the ratio of shareholders' equity to total liabilities.

- Days Outstanding Sales (DOS): represents the ratio of trade receivables to production value multiplied by 360.

- Days Outstanding Payables (DOP): represents the ratio of trade payables to production costs multiplied by 360.

- Days Outstanding Inventories (DOI): represents the ratio of inventories to value of production multiplied by 360.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

FINANCIAL RISKS

Price risk
Price risk is the risk that downwards changes in sales prices and/or upwards changes in purchase prices of major supplies may adversely affect the Company's expected results.

The target business is characterised by the demand for specialised skills and high professionalism, while there is no strong price competition (also due to the limited number of players in the sector). It should be noted, however, that, given the relevance of certain commodities (i.e. bunkers) for the reference sector, it is possible that significant unexpected changes in the prices of these commodities could negatively affect the company's performance, particularly in the presence of long-term projects.

In order to monitor this risk, the sales structure and controlling, already at the stage of preparing offers, carefully assess the cost level in order to set prices that guarantee the achievement of the expected result targets. During the execution of orders, the development of costs, revenues and cash flows is analysed frequently in order to intercept any imbalances or deviations from management expectations in a timely manner.

Interest rate fluctuation risk
The risk of interest rate fluctuations is the risk that changes in market interest rates will affect the market value of the Company's financial assets and liabilities, as well as its net financial expenses.

The Company analyses its exposure to the risk of interest rate fluctuation on a dynamic basis, simulating its financing requirements and estimated cash flows in different scenarios, on the basis of economic expectations, existing positions and potential refinancing.

The interest rate risk to which the Company is exposed arises mainly from long-term financial debts. These debts are mainly at variable rates and the Company does not have any particular hedging policies in place, considering this risk to be insignificant.

Exchange rate fluctuation risk
Exchange rate fluctuation risk is the risk that changes in foreign currency exchange rates with respect to the functional currency, represented by the Euro, may negatively affect the Company's economic performance and cash flows.

NextGeo operates internationally and is therefore exposed to risks arising from fluctuations in the exchange rates of the foreign currencies in which certain transactions are settled. This risk arises in the event that the counter-value in euros of foreign currency sales transactions decreases or increases the counter-value in euros of foreign currency purchase transactions, preventing the desired margin from being achieved.

Exchange rate trends are monitored both locally and centrally by the finance department with the aim of intercepting potential risk situations and activating immediate action to mitigate the effects. The management, in order to limit this risk, tries to maintain the foreign currency balance wherever possible.

At present, also taking into account the limited historical economic and financial impact of exchange rate differences, the Company does not implement any particular hedging policies.

Credit risk
Credit risk is the Company's exposure to potential losses arising from the non-performance of the obligations assumed by the counterparties.

The historical data do not show any significant credit losses and the customer counterparties are companies of high standing and proven reliability. The sector is not characterised by high volatility or other cyclical imbalances. Therefore, the risk is assessed as low.

The Company favours relations with operators with whom important relationships of trust have been established over time or who in any case have a high reputation, carefully analysed by the commercial and credit department.

Collections and any level of overdue receivables are carefully and periodically monitored by the credit department with the support, where necessary, of the legal department and external corporate counsel.

Liquidity risk
Liquidity risk is the risk associated with the unavailability of financial resources necessary to meet short-term payment commitments to commercial or financial counterparties within the established terms and deadlines. The main factors determining the Company's degree of liquidity are, on the one hand, the resources generated or absorbed by operating and investing activities, and, on the other, the maturity and renewal terms of debt or the liquidity of financial investments and market conditions.
The Company manages liquidity risk through tight control of the components of cash and cash equivalents, credit lines, operating working capital (in particular, trade receivables and trade payables) and loans.

The Company is committed to maintaining a financial structure that ensures an adequate level of liquidity, a balance between sources of financing and uses of capital, and allows for the cost of money to be minimised, without compromising the short-term balance of the treasury and avoiding critical issues and tensions in current liquidity.

Risk of changes in cash flows
The risk of changes in cash flows is the risk that unforeseen/unpredictable events may lead to a negative change in actual cash flows compared to management's expectations.

Contract projects and activities carried out at sea (particularly in the sector in which the Company operates) are characterised by considerable operational and management complexities and are influenced by numerous exogenous variables (technical/technological difficulties, weather conditions, etc.) that could compromise expected margins and lead to unexpected changes in cash flows.

The supervisory department closely and constantly monitors the progress of orders in order to intercept any risk situations and develop, in consultation with the relevant corporate departments, the appropriate corrective actions.

STRATEGIC RISKS

Market risk
Market risk is the risk that changes in market conditions (competition, technology, prices, etc.) may adversely affect the value of assets, liabilities, economic performance and expected cash flows.

The company's business, which started in the Oil & Gas sector, has since evolved and concentrated on the renewable energy and telecommunications sectors, which are currently the main areas of operation and the basis for future development plans.

Over the years, the Company has developed specialised skills that have enabled it to acquire a leading position in its sector. The need for high specialised skills is a strong barrier to the entry of new players into the business. Significant investments in the best available technologies make for the highest levels of efficiency and performance, while the significant commitment to research and development contributes to the continuous improvement of the level of services offered to customers.

The commercial structure, the technical departments and the supervisory department closely monitor market developments and trends in the reference sector in order to avoid unforeseen events with negative effects on the Company's performance.

It is not excluded that new players or players operating in other market segments will position themselves in the business segment in which Next Geosolutions operates, thus becoming direct competitors of the Company.

Risks related to climate change
The energy transition is the process of evolving the global economy towards a "low-carbon" development model, i.e. low/zero net greenhouse gas (GHG) emissions.

The Company has always been attentive to the environmental and social impact of its activities and aims, through the consolidation of its operations in the green economy sectors, to make a decisive contribution to the achievement of the objectives of sustainability and reduction of the environmental and social impact of economic activities set by the international community.

In line with this objective, the Company pays particular attention to research and development activities aimed at expanding its expertise in the green economy sectors, to the realisation of significant investments aimed at achieving low-carbon development objectives, and to the creation of process/service innovations that guarantee the consolidation of its position and entry into new market segments.

Risks related to climate change can impact the Company both in terms of "physical risk" (the risk that extreme weather events will affect the Company's operations and performance and compromise the proper functioning of relevant assets) and in terms of "transition risk" (the risk that the transition to a business model with a lower environmental and social impact may render the assets and technologies currently in use obsolete/non-compliant and require significant - unforeseen - investments in renewal/adaptation). At present, this risk is assessed as low.

At the same time, climate change offers the Company important opportunities, due to its exposure in the field of climate change mitigation and adaptation solutions, as well as opportunities to differentiate itself with solutions that reduce the carbon footprint of the Company and its customers.

The Company's mission is, in fact, to contribute to the creation of a world in which a safe, efficient, affordable and sustainable energy supply is accessible in an equitable and peaceful manner throughout the world.

Risks associated with the availability of qualified personnel
The inability to attract and retain qualified employees may affect the effective provision of services by the Company and leadership within the organisation. Labour markets are very competitive; the Covid-19 pandemic and ongoing conflicts have influenced the choices people make regarding their career path.

Therefore, keeping employees involved and taking care of their well-being is crucial for the future success of the organisation. The Company monitors this risk through careful selection and retention policies for qualified personnel. In addition, the expertise developed over time in the selection and management of specialised non-employee personnel makes the cost structure elastic and leads us to deem this risk to be limited.

OPERATIONAL RISKS

Risks associated with project implementation
Contract projects involve operational and management complexities that can impact delivery times and, in general, the quality of services offered to customers. External exogenous events can affect the results of activities and impact expected performance.

Failure to meet the required delivery times and quality standards may result in the non-acceptance of work performed, the application of penalties and/or the termination of contracts, with negative effects on performance.

Delays due to adverse weather conditions, breakdowns of vessels or equipment, unavailability of people or resources can have a negative impact on project results.

The Company mitigates these risks within the scope of its contracts; it has developed a project risk assessment system and adequate budgeting and reporting systems to ensure the timely identification of any inefficiencies, non-conformities and deviations and the implementation of any corrective actions.

Risks associated with international operations
International operations expose the Company to risks related to, among other things, the geopolitical and macroeconomic conditions of the countries in which it operates and any changes thereto.

The activities carried out by the Company in Italy and abroad are subject to compliance with the rules and regulations valid within the territory in which it operates, including sanctions and laws implementing international protocols or conventions.
The issuance of new regulations or changes to existing regulations could require the Company to adopt stricter standards, and this circumstance could entail costs to adapt the corporate assets or the characteristics of the services offered or even limit the Company’s operations with a consequent negative effect on its current performance and growth prospects.

In order to mitigate this risk, the company management carefully monitors the geopolitical and macroeconomic situation of the countries in which it operates.

Risks related to the environment, health and safety
The Company’s activities are subject to compliance with current regulations imposed at national and international level to protect the environment, health and safety.

Failure to comply with the regulations in force entails penal and/or civil sanctions against those responsible and, in some cases of violation of safety regulations, against the companies, in accordance with a European model of objective corporate liability that has also been transposed in Italy (Legislative Decree no. 231/01).

Environmental, health and safety regulations have a significant impact on the Company’s operations, and the charges and costs associated with the necessary actions to be taken to comply with these obligations will continue to be a significant cost item in future years.

Next Geosolutions is impacted by a number of health and safety risks, given the operational diversity, technical complexity and geographical spread of its operations. Management monitors, also through the Company’s legal department and supervisory bodies, compliance with the regulations in force in the countries in which it operates.

Legal risks
Given the size of the business and the operational and management complexity associated with contract projects, the Company may be a party in civil and administrative proceedings and legal actions connected with the normal

course of its business. Such proceedings, if unsuccessful, could impact the economic and financial performance of the Company.

In order to minimise these risks, the company organisation envisages the presence of an in-house legal department and external legal advisors of proven experience and professionalism, while the procedures in place require careful assessment of contractual documentation prior to signing.

At present, also based on historical trends, this risk is considered low.

Cybersecurity risks
Cybersecurity risks could impact corporate performance in terms of (permanent or temporary) loss of confidential data or other sensitive business information.

Companies are being called upon to face the cybersecurity risks arising from the continuous evolution of the cyber threat and the increase in its scope, also in the face of increasing digitalisation and the greater spread of remote working in companies.

Computer incidents, including in the supply chain, business interruption, data leakage and loss of information, including of strategic importance. The Company manages cybersecurity through specialised processes, procedures and technologies for predicting, preventing, detecting and managing potential threats and for responding to them.

This risk is low.

SUSTAINABILITY

Next Geosolutions Europe has always been aware of its social and environmental responsibility and, for this reason, has always worked to minimise its impact, respecting human rights and contributing to a fairer and more inclusive society. Convinced that now, more than ever before, it is necessary to more firmly embrace an integrated corporate approach that encompasses social welfare, environmental protection and economic growth, the Company will present its Sustainability Report 2023, drawn up on a voluntary basis.

The Company is committed to providing accurate geophysical and geotechnical seabed information, environmental data, and real-time support during offshore installation or construction operations, enabling its customers to accurately plan and safely execute the projects in which it is involved, mainly in the renewable energy and interconnector sector, while ensuring that the environment is disturbed as little as possible.

The Company is a prestigious entity within the industrial sector in Campania, Italy and internationally, and has established over time, at different levels, relationships with local and international institutions, confirming itself as a reference player in the sector and a reliable partner.

Over the past year, the Company has intensified its efforts to consolidate the concept of sustainability within the corporate culture. To this end, it has implemented all necessary actions to have a sustainable supply chain in the near future and to invest in renewable energy sources for all its offices. Through these initiatives, Next Geosolutions aims not only to minimise its environmental impact, but also to work towards a future in which its operations contribute to ecological regeneration.
The substantial investments in Research & Development, aimed at increasing the efficiency of operations and optimising internal processes, testify to our commitment to finetuning and strengthening our value chain with an increasingly sustainable approach.

Next Geosolutions Europe is committed to sustainability and sustainable development in all its forms - economic, environmental and social - and has laid down sustainability goals in these areas that are consistent with its mission.

Economic sustainability: The Company's business continuity is analysed, established, reported on, monitored and guaranteed. In terms of service provision, ISO 9001-certified quality standards are fundamental to the organisation in terms of efficiency, innovation and customer satisfaction.

Environmental sustainability: Next Geosolutions Europe takes responsibility for protecting the environment, conserving biodiversity, preventing all potential sources of pollution and misuse of natural resources. The applicable environmental standards are certified in accordance with ISO 14001.

Social sustainability: Mutual respect is a core value of the Company. Employees receive clear guidelines on rights and responsibilities. Discrimination or harassment of any kind are prohibited. Best practices are used to improve occupational health and safety, including mental health. These directives are described in company policies and are in line with ISO 45001 certification.

We firmly believe that our success is linked to the well-being of the planet and of the community we serve.

For further details on sustainability reporting, please refer to the Sustainability Report 2023.

INFORMATION ON THE ENVIRONMENT

During the year just closed, the Company did not cause damage to the environment nor was it sanctioned for environmental crimes.
The company's management manages its activities in the pursuit of excellence in the field of Quality, Environment and Safety, with the aim of continuously improving its performances in terms of customer satisfaction, environmental protection, worker health and safety.
Next Geosolutions Europe Spa is committed:

- to operating in compliance with the laws in force that are applicable to its activity, with the company specifications and standards and to take any legislative developments into consideration;
- to managing its own processes by using the best available techniques;
- to minimising the impact of its activities on the environment;

- to recognising that the customer's needs and the evaluation of his/her satisfaction are priority reference criteria to be adopted in the implementation of services.

This commitment is fulfilled through:
- the design, implementation and maintenance of an integrated management system;
- the planning and implementation of periodic checks and reviews of said management system;
- systematic monitoring of customer satisfaction;
- the possibility for "potential" customers to access "customer satisfaction" data;
- the delineation of objectives and targets for quality, health and safety of people and environmental protection, which are to be achieved through specific, periodically revised, programs.

Next Geosolutions Europe S.p.A has always been hugely committed to issues related to the safety of workers, of its production assets and of the environment, in general, basing its strategy on:
- the dissemination of a culture of safety within the organisation;
- policies, specific dedicated operating procedures and proper management systems, aligned with the best international standards;
- control, prevention and protection from exposure to risks, including risks related to the safety of the environment;
- minimisation of exposure to risks in every productive activity.

The Next Geosolutions Europe industrial structure has maintained its certifications by the international ISO 9001:2015, 14001:2015, 45001:2018 andNEN Safety Culture Ladder standards.

Initiatives aimed at reducing the impact of the Company's activities on the environment include the following:
- reducing the use of plastic and installing water dispensers in all offices. The water dispensers are equipped with paper cups for guests, while the company provides its employees with aluminium flasks. Water in glass bottles is provided in the meeting rooms;
- In order to reduce the harmful emissions of its fleet, the Company uses Marine Gas Oil with low sulphur content, applying the International Maritime Organisation (IMO) regulations in their most restrictive application; in fact, the Company uses, exclusively, fuels with low or very low sulphur content (LS, ULSFO), max 0.10%;
- In order to make the movement of vessels more efficient and reduce non-operational transits, the Company has implemented an operations planning process based on the weekly issuance of a forecast document for vessel allocation on projects;
- the Company's marine division started the process of assessing the feasibility of converting its vessels to the use of bio-fuels.

These initiatives are fully in line with the Company's mission to contribute, through its activities, to the creation of a more sustainable world.

INFORMATION ON PERSONNEL

The year 2023 saw the near-total disappearance of the health emergency related to the spread of the Covid-19 virus. In order to manage the final stage of the health emergency and the adoption, albeit minimal, of WFH (or Agile Working) for part of the workforce, Next Geosolutions Europe continued to put in place a minimum set of safeguards, measures and activities to ensure the health of its employees on the ground and on board.

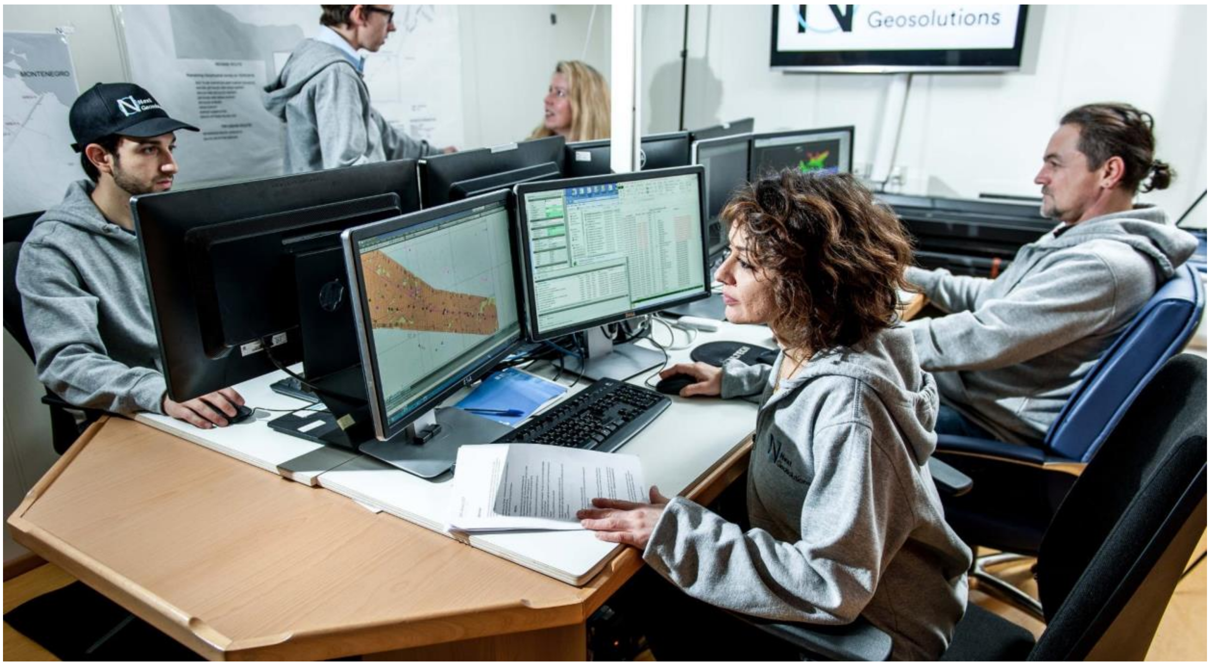
Measures have also been implemented that are fully in line with the objective of creating a healthy working environment, in which each employee can feel valued and can find the ideal conditions to express his or her potential to the full.

In order to ensure adequate knowledge of the rules governing the employment relationship, of company procedures and in order to guarantee the professional updating of personnel, training courses involving all employees or specific courses for a part of them are carried out.

With reference to the personnel safety disclosure, we report that during the financial year 2023, there were no accidents or miscellaneous occupational incidents directly or indirectly involving Next Geosolutions Europe.

RESEARCH AND DEVELOPMENT ACTIVITIES

In a highly specialised business, where the ability to innovate is one of the key factors for success and for maintaining competitiveness over time, research and development activities play a fundamental role. Therefore, the Company has committed and continues to commit significant resources to research and development activities, believing that they represent one of the key factors in the growth achieved over the years and the basis for future developments.
Next Geosolutions Europe is a member of the MIT (Massachusetts Institute of Technology) "Regional Entrepreneurship Acceleration Program", which supports companies in their path to economic growth and promotes social progress through innovation-driven entrepreneurship.



Next Geosolutions Europe has completed, and still has ongoing, several research and development projects with prestigious scientific research institutions.

The following projects in particular are worth mentioning:

- NSS2023 - Next Smart System in the Marine Environment, which concerns the realisation of a system for the remote control of production activities at sea that would improve the quality of work of personnel who, using such a system, could operate in a land-based location, with a significant increase in comfort and a reduction in the environmental impact of the activities carried out. The NSS2023 integrated system consists of two prototype production subsystems: the remotely controlled underwater "High Speed Survey ROV" (HSS ROV) and the surface "Autonomous Survey Vehicle" (ASV). The completion of the final prototype envisages the construction of: (a) the Experimental Control Centre (so-called Control Room), located on board the vessel that will have to carry out the "optimised" transfer of survey data acquired at sea; and (b) of the corresponding receiving subsystem ashore (so-called Communication). In the financial year 2023, this project, for the realisation of the second SAL, generated grant revenue of EUR 609,161.
- NGR2025 - Next Green Revolution, concerning the prototype development of an integrated system for deep sediment sampling, measurement of the thermal conductivity and temperature of marine sediments and

removal of metal residues from the seabed, which is part of the second pillar "Global Challenges and Industrial Competitiveness" of the "Horizon Europe" Programme (a programme aimed at the development of key enabling technologies and, in particular, of "Advanced Production Systems" for the mitigation of climate change, the prevention and reduction of pollution and the protection and restoration of biodiversity and ecosystems). In the year 2023, this project generated revenue for operating grants in the amount of EUR 1,612,844 for the realisation of the first SAL and additional revenue for operating grants related to research and development activities in the amount of EUR 64,332.

In addition, during the 2023 financial year, the Company made both 4.0 investments, functional to the technological and digital transformation of business processes, and investments without 4.0 requirements, aimed at increasing production capacity. These investments led to the accrual of tax credits for 4.0 investments, pursuant to Article 1 paragraphs 1054 to 1058 of (It.) Law 178/2020, for a total value of EUR 399,046 and credits for investments in South Italy, pursuant to Article 1 paragraphs 98 to 108 of (It.) Law 2018/2015 as amended, for EUR 214,616. These contributions, as required by accounting standard OIC 16, are recorded in the income statement under item "A5. Other revenues and income" pro rata on the basis of the depreciation of the assets to which they relate.

Lastly, the Company collaborates and trains research and training entities and institutions both locally and nationally, is present in numerous scientific and research institutions, and continues to carry out research and development activities, believing, as repeatedly stated in this Report on Operations, that its commitment to research and development activities has significantly contributed to the growth achieved over the years and constitutes a key factor for the Company's future development.

RELATIONS WITH SUBSIDIARIES, RELATED COMPANIES, PARENT COMPANIES AND UNDERTAKINGS CONTROLLED BY THE PARENT COMPANIES

During the financial year 2023, the Company had both commercial and financial relations with associated companies, parent companies and companies controlled by the parent companies.

The following table shows details of economic and equity relations with associated, parent companies and companies controlled by the latter during the financial year 2023:

Values in Euro units

Company	Revenues	Costs	Tangible fixed assets	Financial fixed assets[4]	Receivables	Payables
Next Geosolutions Ukcs Ltd	709,329	1,566,559	-	4,789,462	1,492,846	681,263
Seashiptanker Srl	-	693,504	-	2,008,000	345,800	162,950
Phoenix Offshore Srl	23,920	180,000	-	25,000	29,182	420,000
Next Geosolutions BV	-	404,414	-	372,733	-	374,842
NextPoli Srl	6,000	1,055,586	-	5,000	6,000	600,864
Marnavi SpA	722,795	12,393,820	-	-	316,027	2,105,903
Navalcantieri Srl	-	12,144	89,845	-	-	98,129
Next Geosolutions Ltd	-	644,560	-	-	-	-

[4] For Seashiptanker, financial fixed assets refer to both the value of the shareholding and the value of the receivables recorded under financial fixed assets.

Specifically:

Next Geosolutions Ukcs Ltd
A company with its registered office in London (UK) and operational headquarters in Norwich (UK), wholly owned by Next Geosolutions Europe SpA, it carries out the same activity as the parent company (geophysical and geotechnical analysis at sea), mainly in the North Seas.
Transactions with Next Geosolutions Europe mainly concern the recharging of costs for the recruitment of specialised non-employee personnel.

Seashiptanker Srl
A company with registered office in Naples, Italy, 80% owned by Next Geosolutions Europe SpA and 20% owned by Marnavi SpA (parent company of Next Geosolutions Europe SpA), it performs proprietary management of the offshore support vessel NG Worker.
The relationship with Next Geosolutions Europe mainly concerns the bareboat charter of the NG Worker offshore support vessel owned by Seashiptanker Srl.

Phoenix Offshore Srl
A company with registered office in Naples (Italy), 100% owned by Next Geosolutions Europe SpA, it carries out activities pertaining to the technical management of the naval fleet.
Relations with Next Geosolutions Europe mainly concern the technical management of vessels owned by Next Geosolutions Europe SpA, also through its subsidiaries.

Marnavi SpA
The company, headquartered in Naples (Italy), controls Next Geosolutions Europe SpA with a 50.50% shareholding (63.13% if indirect shareholding through treasury shares is taken into account) and carries out shipping activities in the petrochemical, offshore, food and anti-pollution sectors.
Relations with Next Geosolutions Europe SpA mainly concern contracts (time-charter in) for the chartering of ships.

Navalcantieri Srl
The company, headquartered in Naples, Italy, is 100% owned by Marnavi SpA and is active in shipbuilding.
The relationship with Next Geosolutions Europe SpA concerns the mechanical machining of owned vessels.

Next Geosolutions Ltd
The company, with its registered office in London (UK), is 80% owned by Marnavi SpA.
Costs to Next Geosolutions Ltd. refer to the full write-down of receivables owed to the company by the parent company.

TREASURY SHARES

The Company owns 100,000 treasury shares with a nominal value of EUR 100,000 (nominal value per share of EUR 1.00) recorded in the financial statements under “AX. Negative reserve for treasury shares in portfolio” at cost, amounting to EUR 738,000.
No treasury shares were purchased or disposed of during the year ended 31 December 2023.
The table below provides information on treasury shares:

Description	31 December 2022	Increases	Decreases	31 December 2023
Number of own shares	100,000	-	-	100,000
Nominal value	100,000	-	-	100,000
Book value	738,000	-	-	738,000

SHARES OF THE PARENT COMPANY

As of 31 December 2023, the Company did not own any shares of the parent company Marnavi SpA either directly or through a trust company or intermediary. During the financial year 2023, no shares of the parent company were purchased or sold either directly or through trust companies or intermediaries.

BUSINESS OUTLOOK

The positive trend of historical results and the excellent performance achieved in 2023, combined with the significant growth expected for the target market, also in light of the energy transition pushes and the increasing focus on climate change issues, make us look to the future with optimism. Europe is undoubtedly one of the main areas for the development of offshore projects, both in the field of renewable energy (with offshore wind farms) and in the field of interconnectors. In this context, the Company's geographical positioning, operational capabilities, and relationships developed in that area over the years reinforce our confidence in our ability to realise our future growth strategies.

In the offshore wind farm sector, projects with a total installed capacity of about 67 GW are operational to date (about 47% of which are in Europe, mainly in the North Seas). By 2030, numerous projects are expected to be realised worldwide, with an estimated increase in installed capacity of around 163 GW (bringing global offshore activity to 267 GW) and estimated capex of around EUR 558 billion. Europe leads the investment with a share of around 46%, with the UK, Germany, the Netherlands and France being the top performers in the offshore wind farm market. In Italy, it is estimated that offshore projects in this field will mainly involve floating technology, which is attracting particular interest from numerous international players.

The interconnector market, as well as the offshore wind farm market, is a fast-growing segment on which there is a particular geopolitical focus. In the interconnector sector, submarine cables (both AC and DC) with a total length of about 28,300 km (of which about 78% involve Europe) have been installed to date. Around 40,000 km of new submarine cables (mainly HVDC) are planned to be installed by 2030. Europe will continue to be the main target area for such projects. In fact, it is estimated that about 88% of new projects will affect this area where, in addition to the well-established North Sea area, the Mediterranean area, which is strategic for intercontinental energy infrastructure connections, is becoming increasingly important. Italy, due to both governmental interest and geographical location, is a country that is the subject of significant investments aimed at improving the current energy infrastructure, with a focus on interconnectors.

In order to support the important development of the above-mentioned markets, the Company's strategy envisages the consolidation of the services currently offered and the integration of new services within the value chain (known as value chain integration). This strategy will be implemented through the acquisition of specialised equipment, in particular for activities in the fields of geotechnics, seismic activity and environmental studies of marine habitats. With regard to the integration of new services, the Group's attention is also focused on the Inspection, Maintenance and Repairment (IMR)/Asset in Services market, which is expected to become increasingly important over time. Therefore, specific investments are also planned in this area.

Through these investments, the Company aims to establish itself in the offshore wind farm market as a Global Contractor, capable of offering a range of high-quality services covering all stages of the life cycle of such infrastructures.

The process of value chain integration and strengthening of the business model also affects the interconnector market.

Implementing the strategy of integrating new services and enhancing the current production capacity requires, in addition to the investments in specialised equipment just described, the expansion of the current fleet through investments in vessels.

In the scenario represented, which is characterised by an ever-increasing focus on sustainability issues, strong drives and major investments for the energy transition, taking into account the know-how developed, the assets and innovative technology at its disposal, the commitment devoted to research and development activities, the results achieved, and the relations established with the main players in the sector, we believe that Next Geosolutions Europe can strengthen its position and realise its future development plans, so as to maintain the performance trends that have characterised its growth over the years.

INFORMATION ON FINANCIAL INSTRUMENTS

The Company does not hold financial instruments of importance to the valuation of the assets/liabilities, financial situation and economic result for the year.

LIST OF BRANCH OFFICES

In addition to its registered and operative office in Via Santa Brigida n.39, 80133 - Naples (NA), the Company has a secondary office (logistics depot) in Via Domenico de Roberto no.44, 80143 - Naples (NA) and a secondary office (office) in Via Medina no.13, 80133 - Naples (NA).

Naples, 28 February 2024

Giorgio Filippi	**Giovanni Ranieri**	**Giuseppe Maffia**
Chairman of the Board of Directors	Chief Executive Officer	Chief Executive Officer

FINANCIAL STATEMENTS

BALANCE SHEET

Values in Euro units	2023	2022
Assets		
B) Fixed assets		
I - Intangible fixed assets		
2) development costs	201,356	234,891
3) Industrial patent rights and rights to use intellectual property	160,000	-
4) concessions, licences, trademarks and similar rights	60,354	42,574
6) fixed assets under construction and advances	-	165,000
7) other	2,187,336	1,402,399
Total intangible fixed assets	**2,609,046**	**1,844,864**
II - Tangible fixed assets		
1) land and buildings	2,067,790	2,117,762
2) plants and machinery	1,799	4,955
3) industrial and commercial equipment	7,185,772	1,865,608
4) other assets	21,833,808	4,887,247
5) fixed assets under construction and advances	-	5,598,457
Total tangible fixed assets	**31,089,169**	**14,474,029**
III - Financial fixed assets		
1) equity investments		
a) subsidiaries	5,243,195	2,311,348
b) associates	5,000	5,000
d-bis) other undertakings	6,500	5,500
Total equity investments	5,254,695	2,321,848
2) receivables		
a) from subsidiaries		
due beyond one year	1,952,000	1,952,000
Total receivables from subsidiaries	1,952,000	1,952,000
d-bis) from others		
due within one year	14,527	-
due beyond one year	177,693	217,316
Total receivables from others	192,220	217,316
Total receivables	2,144,220	2,169,316
Total financial fixed assets	**7,398,915**	**4,491,164**
Total fixed assets (B)	**41,097,130**	**20,810,057**
C) Current assets		
I - Inventories		
1) raw, ancillary, consumable materials and goods	631,823	1,351,672
3) contract work in progress	93,158,123	58,973,515
5) advances	22,400	-
Total inventories	**93,812,346**	**60,325,187**
II - Receivables		
1) from customers		

due within one year	26,352,201.	18,059,463
Total receivables from customers	26,352,201.	18,059,463
2) from subsidiaries		
due within one year	1,867,828	847,825
Total receivables from subsidiaries	1,867,828	847,825
3) from associates		
due within one year	6,000	-
Total receivables from associates	6,000	-
4) from parent companies		
due within one year	316,027	347,061
Total receivables from parent companies	316,027	347,061
5) from companies subject to the control of the parent companies		
due beyond one year	-	616,800
Total receivables from companies subject to the control of parent companies	-	616,800
5-bis) tax receivables		
due within one year	1,557,573	3,303,052
due beyond one year	498,707	-
Total tax receivables	2,056,280	3,303,052
5-ter) prepaid taxes	520,349	10,455
5-quater) from others		
due within one year	4,271,991	326,000
Total receivables from others	4,271,991	326,000
Total receivables	**35,390,676**	**23,510,656**
IV - Cash and cash equivalents		
1) bank and postal deposits	10,114,146	9,485,085
3) cash on hand and liquid assets	8,669	6,865
Total cash and cash equivalents	**10,122,815**	**9,491,950**
Total current assets (C)	**139,325,837**	**93,327,793**
D) Accruals and deferrals	**2,693,606**	**2,348,404**
Total assets	**183,116,573**	**116,486,254**
Liabilities		
A) Shareholders' equity		
I - Capital	500,000	500,000
IV - Legal reserve	163,055	163,055
VI - Other reserves, separately indicated		
Extraordinary reserve	5,991	5,991
Equity investment revaluation reserve	986,659	-
Various other reserves	-	431,544
Euro rounding reserve	(1)	-
Total other reserves	**992,649**	**437,535**
VIII - Profits (losses) brought forward	18,717,488	12,041,084
IX - Profit (loss) for the year	29,043,447	7,225,668
X - Negative reserve for treasury shares in portfolio	(738,000)	(738,000)

Total shareholders' equity	**48,678,639**	**19,629,342**
B) Provisions for risks and charges		
1) for pensions and similar obligations	181,801	-
2) for taxes, even deferred	1,445,338	808,341
Total provisions for risks and charges (B)	**1,627,139**	**808,341**
C) Employee Severance Indemnities	**955,088**	**927,924**
D) Payables		
4) payables to banks		
due within one year	8,563,384	10,591,957
due beyond one year	13,288,968	12,494,618
Total payables to banks	21,852,352	23,086,575
6) advances		
due within one year	88,381,804	51,413,963
Total advances	88,381,804	51,413,963
7) payables to suppliers		
due within one year	10,928,987	12,620,641
Total payables to suppliers	10,928,987	12,620,641
9) payables to subsidiaries		
due within one year	1,639,055	1,478,364
Total payables to subsidiaries	1,639,055	1,478,364
10) payables to associates		
due within one year	600,864	657,682
Total payables to associates	600,864	657,682
11) payables to parent companies		
due within one year	2,105,903	3,342,431
Total payables to parent companies	2,105,903	3,342,431
11-bis) payables to undertakings controlled by the parent companies		
due within one year	98,129	-
Total payables to undertakings controlled by the parent companies	98,129	-
12) tax payables		
due within one year	2,782,641	702,655
Total tax payables	2,782,641	702,655
13) payables to pension funds and social security institutions		
due within one year	160,849	124,036
Total payables to pension funds and social security institutions	160,849	124,036
14) other payables		
due within one year	1,423,891	374,931
Total other payables	1,423,891	374,931
Total payables (D)	**129,974,475**	**93,801,278**
E) Accruals and deferrals	**1,881,232**	**1,319,369**
Total liabilities	**183,116,573**	**116,486,254**

INCOME STATEMENT

Values in Euro units	2023	2022
A) Value of production		
1) revenues from sales and services	70,107,747	48,737,509
3) changes in contract work in progress	34,184,608	12,739,901
5) other revenues and income		
operating grants	2,995,366	1,086,489
other	1,973,783	381,017
Total other revenues and income	**4,969,149**	**1,467,506**
Total value of production	**109,261,504**	**62,944,916**
B) Production costs		
6) for raw, ancillary materials and consumables	7,113,649	6,779,254
7) for services	38,378,091	30,843,586
8) for leased assets	21,586,154	12,717,253
9) for personnel		
a) wages and salaries	6,314,135	4,216,364
b) social security charges	620,737	526,636
c) severance indemnity	270,604	276,515
d) pensions and similar benefits	27,200	-
Total costs for personnel	**7,232,676**	**5,019,515**
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	934,621	614,436
b) depreciation of tangible fixed assets	1,743,079	385,156
d) write-downs of receivables included in current assets and cash and cash equivalents	644,560	-
Total amortisation, depreciation and write-downs	**3,322,260**	**999,592**
11) changes in raw, ancillary materials, consumables and goods	719,849	(922,197)
14) various operating charges	131,965	224,522
Total production costs	**78,484,644**	**55,661,525**
Difference between value of production and production costs (A - B)	**30,776,860**	**7,283,391**
C) Financial income and charges		
16) other financial income		
d) income other than above		
other	6,570	13,768
Total income other than above	6,570	13,768
Total other financial income	**6,570**	**13,768**
17) interest and other financial charges		
other	1,396,082	485,953
Total interest and other financial charges	1,396,082	485,953
17-bis) exchange gains and losses	(219,112)	(137,553)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	**(1,608,624)**	**(609,738)**
D) Adjustments to the value of financial assets and liabilities		
18) revaluations		
a) of equity investments	2,925,925	555,936

Total revaluations	2,925,925	555,936
Total adjustments to the value of financial assets and liabilities (18 - 19)	**2,925,925**	**555,936**
Result before taxes (A - B + - C + - D)	**32,094,161**	**7,229,589**
20) Current, deferred and prepaid income taxes		
current taxes	2,923,683	92,977
deferred and prepaid taxes	127,031	(89,056)
Total current, deferred and prepaid income taxes	**3,050,714**	**3,921**
21) Profit (loss) for the year	**29,043,447**	**7,225,668**

CASH FLOW STATEMENT

Values in Euro units	2023	2022
A) Financial flows arising from operating activities (indirect method)		
Profit (loss) for the year	29,043,447	7,225,668
Income taxes	3,050,714	3,921
Interest payable/(receivable)	1,389,512	472,185
1) Profit (loss) for the year before income taxes, interests, dividends and capital gains /losses deriving from disposals	**33,483,673**	**7,701,774**
Adjustments to non-monetary items that were not offset by the net working capital		
Allocations to provisions	297,804	276,515
Amortisation/depreciation of fixed assets	2,677,699	999,592
Other adjustments up/(down) for non-monetary items	(2,925,930)	(555,936)
Total adjustments to non-monetary items that were not offset by the net working capital	**49,573**	**720,171**
2) Financial flow before changes in net working capital	**33,533,246**	**8,421,945**
Changes in net working capital		
Decrease/(Increase) in inventories	(33,487,159)	(13,618,471)
Decrease/(Increase) in receivables from customers	(8,292,738)	(1,976,306)
Increase/(Decrease) in payables to suppliers	(1,691,654)	(619,868)
Decrease/(Increase) in accrued income and prepaid expenses	(322,985)	(1,333,358)
Increase/(Decrease) in accrued expenses and deferred income	530,686	225,000
Other decreases/(Other increases) in net working capital	33,098,007	21,858,001
Total changes in net working capital	**(10,165,843)**	**4,534,998**
3) Financial flow after changes in net working capital	**23,367,403**	**12,956,943**
Other adjustments		
Interest collected/(paid)	(1,380,553)	(472,185)
(Paid income taxes)	-	(241,839)
(Use of provisions)	(88,839)	(54,755)
Total other adjustments	**(1,469,392)**	**(768,779)**
Financial flow arising from operating activity (A)	**21,898,011**	**12,188,164**
B) Financial flows arising from investing activities		
Tangible fixed assets		
(Investments)	(18,358,217)	(12,507,114)
Intangible fixed assets		
(Investments)	(1,698,803)	(1,348,746)
Financial fixed assets		
(Investments)	(21,000)	(29,198)
Divestitures	45,097	2,288
Financial flow arising from investing activity (B)	**(20,032,923)**	**(13,882,770)**
C) Financial flows arising from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	(3,059,656)	(4,756,815)
Loans taken out	5,750,000	10,600,000
(Repayment of loans)	(3,924,567)	(1,128,841)

Financial flow arising from financing activity (C)	**(1,234,223)**	**4,714,344**
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	**630,865**	**3,019,738**
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	9,485,085	6,466,874
Cash on hand and liquid assets	6,865	5,338
Total cash and cash equivalents at the beginning of the year	**9,491,950**	**6,472,212**
Of which not freely usable		
Cash and cash equivalents at the end of the year		
Bank and postal deposits	10,114,146	9,485,085
Cash on hand and liquid assets	8,669	6,865
Total cash and cash equivalents at the end of the year	**10,122,815**	**9,491,950**
Of which not freely usable		

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS, INITIAL PART

Introduction
The annual financial statements of Next Geosolutions Europe SpA (hereinafter also referred to as "Next Geosolutions" or the "Company") as of 31 December 2023, prepared in accordance with the Italian Civil Code rules on financial statements, interpreted and supplemented by the accounting standards issued by the Italian Accounting Body - Organismo Italiano di Contabilità (OIC), consist of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the financial statements and are accompanied by the Directors' Report on Operations.

Activity carried out
For details on the activities performed by Next Geosolutions, please refer to the Report on Operations, prepared by the Directors to accompany these financial statements.

Significant events during the year
For details of the significant events that occurred during the 2023 financial year, please refer to the Directors' Report on Operations, prepared by the Directors to accompany these financial statements.

Drafting criteria
The values in the annual financial statements as of 31 December 2023 are shown in Euro units, without decimal places. Any rounding differences were indicated under "AVI. Euro rounding reserve".

The Balance Sheet has been prepared in accordance with the layout provided for in Art. 2424 paragraph 2424 of the Italian Civil Code. The form of the balance sheet is that of opposing sections, named Assets and Liabilities respectively. Assets are classified primarily on the basis of the purpose criterion, while liabilities are classified primarily on the basis of the nature of the sources of financing.

The Income Statement has been prepared in accordance with the format set out in Art. 2425 paragraph 2425 of the Italian Civil C. Art. 2425 of the Italian Civil Code envisages a multi-step form of presentation and a classification of costs by nature.

The Cash Flow Statement was prepared on the basis of the provisions of Article 2425-ter of the Italian Civil Code, using the indirect method according to the format prescribed by OIC 10. The indirect method involves determining the cash flow from operating activities by adjusting the profit (or loss) for the year.

These Notes to the Financial Statements have been prepared on the basis of the provisions of Article 2427 of the Italian Civil Code, the other regulations governing their content, and the provisions of the accounting standards issued by the OIC. The notes to the financial statements also provide additional information, even if not required by law, that is useful for the purposes of clear, true and fair representation of the financial statements. Information on items in the balance sheet and income statement is presented in the order in which the relevant items are shown in the balance sheet and income statement.

The Directors' Report on Operations has been prepared on the basis of Article 2428 of the Italian Civil Code and contains the information required by this regulation as well as additional information useful for understanding the trend of operations.

As permitted by OIC 12, items with a zero balance in both the current and previous year have not been disclosed in the financial statements.

DRAFTING PRINCIPLES

General principles for drafting the financial statements
The financial statements have been drawn up clearly and give a true and fair view of the company's financial position and results of operations for the year.

The valuation of the items was carried out prudently and with a view to business continuity. The recognition and presentation of items is made taking into account the substance of the transaction or contract.

Only profits realised at the end of the financial year are shown. Income and expenses for the year were taken into consideration, notwithstanding the date of collection or payment. Risks and losses pertaining to the year were taken into consideration even if they became known after the end of the year.

The heterogeneous elements included in the individual items have been valued separately.

The valuation criteria were not changed from one year to the next.

EXCEPTIONAL CASES PURSUANT TO ART. 2423, FIFTH PARAGRAPH, OF THE ITALIAN CIVIL CODE

During the financial year, there were no exceptional cases that made it necessary to resort to the derogation from the valuation criteria, as per Art. 2423, paragraph 5, of the Italian Civil Code, insofar as they are incompatible with the true and fair representation of the Company's financial position and results of operations.

CHANGES IN ACCOUNTING PRINCIPLES

There were no changes in accounting principles or changes in valuation criteria during the year.

CORRECTION OF MAJOR ERRORS

No corrections of errors from previous years were made during the year.

COMPARABILITY AND ADAPTATION ISSUES

There were no problems with comparability and adjustment of items of the financial statements during the year.

VALUATION CRITERIA APPLIED

The valuation criteria adopted by the Company are shown below, in the order in which the items are presented in the financial statements.

Intangible fixed assets
Intangible assets are recorded, subject to the approval of the Board of Statutory Auditors where required, at purchase or production cost and are stated net of amortisation and impairment, if any. Ancillary costs are also included in the purchase cost.
The purchase cost is the actual price paid to the supplier of the intangible fixed asset, usually recorded in the contract or invoice. Ancillary purchase costs include all purchase-related costs incurred so that the fixed asset can be used.
Production cost includes all directly attributable costs and other costs, to the extent reasonably attributable, relating to the period of production and up to the time from which the fixed asset can be utilised.
The cost of intangible fixed assets, the use of which is limited in time, is systematically amortised in each financial year in relation to their residual possibility of use. The portion of amortisation charged in each financial year refers to the allocation of the cost incurred over the entire period of utilisation. Amortisation begins when the fixed asset is available and ready for use.
The table below shows the amortisation rates applied:

Category	Amortisation rate
Development costs	20%
Industrial patent rights and copyright	20%
Concessions, licences, trademarks, and similar rights	20% - 33%
Leasehold improvements	The rate applied is determined on the basis of the period of future usefulness of the expenses incurred and the remaining period of the lease, whichever is shorter

The Company assesses the presence of impairment indicators of intangible assets at each date of the financial statements. Should such indicators exist, the Company estimates the recoverable value of the fixed asset and makes an impairment loss, pursuant to Article 2426, paragraph 1, number 3, if the fixed asset is found to be of a lasting value lower than its net book value. The recoverable amount of an asset is equal to its value in use and its fair value less costs to sell, whichever is higher. Value in use is defined as the present value of the cash flows expected from an asset or a cash-generating unit (CGU). Fair value less costs to sell is the price that would be received for the sale of an asset in a regular transaction between market participants at the valuation date, less costs to sell (transaction-related legal fees, taxes and direct costs necessary to make the asset ready for sale).

Tangible fixed assets

Tangible fixed assets are initially recognised at the date on which the risks and rewards associated with the acquired asset are transferred and are recorded at purchase or production cost, adjusted by the respective accumulated depreciation and any write-downs. Ancillary costs are also included in the purchase cost.

The purchase cost is the actual purchase price paid to the supplier of the good, usually taken from the contract or invoice. Ancillary purchase costs include all costs associated with the purchase that the company incurs so that the asset can be used and the costs incurred in bringing the asset to the location and condition necessary for it to be a lasting asset for the company.

Production cost includes all directly attributable costs and other costs, to the extent reasonably attributable, relating to the period of production and up to the time from which the fixed asset can be utilised.

Ordinary maintenance costs, i.e. costs for maintenance and repairs of a recurring nature, are recognised in the income statement in the year in which they are incurred.

Extraordinary maintenance costs, consisting of expansions, modernisations, replacements and other improvements to the asset, are capitalised within the limits of the asset's recoverable value.

The cost of tangible fixed assets, the use of which is limited in time, is systematically depreciated in each financial year in relation to their residual possibility of use. The portion of depreciation charged in each financial year refers to the allocation of the cost incurred over the entire period of utilisation. Depreciation begins when the fixed asset is available and ready for use.

The table below shows the depreciation rates applied:

Category	Depreciation rate
Buildings	3%
Plants and machinery	20%
Industrial and commercial equipment	15% - 20%
Other tangible assets	12% - 15% - 20%
Fleet	The rate applied is determined on the basis of the useful life estimated by specialised technicians

If the tangible fixed asset includes components, appurtenances or accessories having a useful life other than that of the main asset, the depreciation of these components is calculated separately from the main asset, unless this is not practicable or meaningful.

The Company assesses at each financial statements date the presence of impairment indicators of tangible assets. Should such indicators exist, the Company estimates the recoverable value of the fixed asset and makes an impairment loss, pursuant to Article 2426, paragraph 1, number 3, if the fixed asset is found to be of a lasting value lower than its net book value. The recoverable amount of an asset is equal to its value in use and its fair value less costs to sell, whichever is higher. Value in use is defined as the present value of the cash flows expected from an asset or a cash-generating unit (CGU). Fair value less costs to sell is the price that would be received for the sale of an asset in a regular transaction between market participants at the valuation date, less costs to sell (transaction-related legal fees, taxes and direct costs necessary to make the asset ready for sale).

Equity investments

Equity investments are recorded at cost at initial recognition (purchase or incorporation cost), including incidental costs. This cost cannot be maintained, in accordance with Article 2426, paragraph 1, number 3) of the Italian Civil Code, if the investment at the end of the financial year is permanently lower than its cost value.

Impairment is determined by comparing the carrying value of the equity investment with its recoverable value, determined on the basis of the future benefits that are expected to flow to the treasury of the investor. Having ascertained the impairment of the equity investment at the time the financial statements were drawn up and determined its recoverable value, the carrying value is reduced to this lower value.

In the event that the reasons that had induced the administrative body to abandon the cost criterion in order to assume a lower value in the valuation of fixed assets are no longer valid, the value of the equity investment is increased up to a maximum of the original cost.

The investment in the subsidiary Next Geosolutions Ukcs Ltd, considering the significance of the values expressed in the financial statements of this Company, is valued using the equity method in accordance with Article 2426, No. 4, of the Italian Civil Code.

Investments accounted for using the equity method are initially recorded at purchase cost, including ancillary expenses. Upon initial recognition, if the acquisition cost of the equity investment is higher than the value of the corresponding portion of equity at the date of acquisition or, alternatively, resulting from the most recent financial statements of the investee, the difference is recognised as an asset of the investor, included in the value of the equity investment. This difference is amortised to the extent of the portion attributable to depreciable assets, including goodwill. If there is an initial negative difference, i.e. if the cost of the equity investment is higher than the corresponding fraction of the investee’s book equity), two situations may arise: (a) if the initial negative difference is attributable to the completion of a good business transaction, the investment is recognised at the higher value of shareholders’ equity with a balancing entry in a non-distributable reserve; (b) if the initial negative difference is due to the presence of assets recognised at values higher than their recoverable value or liabilities recognised at a value lower than their extinguishment value or, again, to the expectation of unfavourable economic results, the investment is initially recognised at a value equal to the cost incurred and the difference represents a “provision for future risks and charges” of which a non-accounting record is maintained. Subsequently, at each financial statements date, the investee’s profit or loss for the year, after consolidation adjustments, is charged to the Company’s income statement, for its share, in accordance with the accrual principle. The gain is recorded under item “D18a. revaluations of equity investments” and is offset by an increase in the balance sheet under item “BIII1a. equity investments in subsidiary companies” or item “BIII1b. equity investments in associated companies”, while the loss is recorded under item “D19a. write-downs of equity investments” and results in a reduction in the items of equity investments recorded under fixed assets above. In the event that the value of the equity investment becomes negative due to losses, the equity investment is reduced to zero. If the Company is legally or otherwise committed to supporting the investee, losses beyond those that resulted in the write-off of the equity investment are recognised in a provision for risks and charges.

The Company assesses at each date of the financial statements the presence of indicators of impairment of equity investments. Should these indicators exist, the Company will estimate the recoverable amount of the equity investment and make an impairment loss, if the equity investment is found to be permanently less than its net book value. The recoverable amount of an equity investment, determined on the basis of the future benefits expected to flow to the investor’s economy, is equal to its value in use and its fair value less costs to sell, whichever is higher. Value in use is defined as the present value of the cash flows expected from an asset or a cash-generating unit (CGU). Fair value less costs to sell is the price that would be received for the sale of an asset in a regular transaction between market participants at the valuation date, less costs to sell (transaction-related legal fees, taxes and direct costs necessary to make the asset ready for sale).

Inventories
Assets included in inventories are initially recognised at the date on which the risks and rewards associated with the acquired asset are transferred. The transfer of risks and rewards usually occurs when ownership is transferred in accordance with the contractually agreed terms. If, by virtue of specific contractual provisions, there is no coincidence between the date on which the transfer of risks and benefits takes place and the date on which ownership is transferred, the date on which the transfer of risks and benefits took place prevails.
Advances paid to suppliers for the purchase of goods included in inventories are initially recognised at the date on which the obligation to pay such amounts arises or, in the absence of such an obligation, at the time it is paid.
Inventories are valued in the financial statements at the purchase or production cost and market realisable value, whichever is lower (Article 2426, no. 9, of the Italian Civil Code).
Pursuant to art. 2426(1)(1) of the Italian Civil Code, the purchase cost also includes ancillary costs (such as, for example, transport, customs, other taxes directly attributable to that material). Returns, discounts, rebates and premiums are deducted from costs.
The production cost includes direct costs and indirect costs (so-called general costs of production) incurred in the course of production and necessary to bring inventories to their present condition and location, for the portion reasonably attributable to the product relative to the period of manufacture and up to the time from which the asset can be used.
Inventories of fungible goods, as permitted by Article 2426, number 10, of the Italian Civil Code, are valued using the "first-in, first-out" method, also known as FIFO.
The realisable value of raw and ancillary materials, goods, finished, semi-finished products and work-in-progress is equal to the estimated selling price of the goods and finished goods in the normal course of business, having regard to market information, net of presumed completion costs and direct selling costs (such as, for example, commissions, transport,
packaging).
Inventories are written down in the financial statements when their realisable value based on market trends is lower than their carrying amount.
Raw and ancillary materials that are involved in the manufacture of finished products (or the provision of services) are not impaired if it is expected that the finished products (or the provision of services) in which they will be incorporated (or used) will be realised at or above the cost of producing the finished product (or incurred in providing the service).
If the reasons for the write-down no longer apply, either in whole or in part, as a result of an increase in the realisable value inferable from the market, the value adjustment made is reversed within the limits of the cost originally incurred.

Contract work in progress
Contract work in progress refers to contracts for the provision of non-series services (job orders).
Contract work in progress, once the conditions of paragraph 43 of accounting standard OIC 23 have been met, is valued using the percentage of completion method.
The application of the percentage of completion criterion envisages:
- the valuation of inventories for contract work in progress to the extent of the revenue accrued at the end of each financial year, determined with reference to the progress of the work;
- the recognition of revenue in the financial year in which the consideration is definitively collected;
- the recognition of contract costs in the period in which the work is performed, except in the case of probable losses to be incurred for the completion of the contract which are recognised in the period in which they are foreseeable.

Incentives are included in order revenue only if the target is achieved and evidenced by acceptance by the customer by the date of the financial statements, or, even in the absence of formal acceptance, if it is reasonably certain at the date of the financial statements that the incentive is achieved and accepted based on the latest information and historical experience.

The percentage of completion is determined by the method of physical measurements. With this method, for each contract, the percentage of completion is determined by comparing the size of the area analysed (measured in linear km or square kilometres) at the date of the financial statements to the total size of the area to be analysed as stipulated in the contract. Once the percentage of completion has been determined, the valuation of contract work in progress is made on the basis of the contract prices, including price revision fees and any other additional fees.
If it is probable that the estimated costs of an individual contract will exceed the total estimated revenue, the contract is measured at cost and the probable loss on completion of the contract is recognised as a decrease in contract work in progress. If this loss is greater than the value of the work in progress, the company recognises a specific provision for risks and charges equal to said excess.
Subsequent to the closure of the orders, any contingent assets and liabilities, respectively, for revenues that could not be recognised due to their uncertain realisation and for cost adjustments with respect to the estimates made on the basis of the elements available at that time, are recognised in the financial year in which they occur as "value of production" or "production costs" of that year.

Receivables

Receivables represent rights to collect, at an identified or identifiable maturity date, fixed or determinable amounts of cash, or goods/services of equivalent value, from customers or other parties.
Receivables arising from the sale of goods are recognised on an accrual basis when both of the following conditions occur: (i) the production process of the goods has been completed; and (ii) the substantive and non-formal transfer of ownership has taken place, taking the transfer of risks and rewards as the benchmark for the substantive transfer. Receivables from the provision of services are recognised on an accrual basis when the service is rendered, i.e. when the service is performed. Receivables that originate for reasons other than the exchange of goods and services (e.g. for financing transactions) are entered in the financial statements if there is "title" to the receivable, i.e. if they actually represent an obligation of a third party towards the Company.
Receivables are recognised in the financial statements according to the amortised cost criterion, taking into account the time factor and estimated realisable value. The initial recognition value is the nominal value of the receivable, net of all premiums, discounts and allowances, and including any costs directly attributable to the transaction that generated the receivable. Transaction costs, any commission income and expenses, and any difference between initial value and nominal value at maturity are included in the calculation of amortised cost using the effective interest method.
The amortised cost criterion is not applied when the effects are insignificant, i.e. when transaction costs, fees paid between the parties and any other differences between initial value and maturity value are insignificant or if the receivables are short-term. In this case, receivables are stated at their estimated realisable value.
Receivables are shown in the financial statements net of the provision for bad debts. A receivable is written down in the year in which it is considered likely to have lost value. In order to estimate the bad debt provision, the Company assesses whether there are any indicators (significant financial difficulties of the debtor, breach of contract, concessions to the debtor related to the debtor's difficulties, likelihood that the debtor will file for bankruptcy or initiate other restructuring procedures, observable data indicating the existence of a significant decrease in the estimated future cash flows for a receivable, etc.) that make it likely that a receivable has lost value. The provision for bad debts set aside at the end of the year is used in subsequent years to cover realised losses on receivables.
If, in a subsequent year, the reasons for previously recognised impairment losses cease to exist in whole or in part (e.g. due to an improvement in the debtor's solvency), the previously recognised impairment loss is reversed.
Loans are derecognised when the contractual rights to the cash flows arising from the loan are extinguished or when the ownership of the contractual rights to the cash flows arising from the loan is transferred and with it substantially all the risks inherent in the loan. All contractual clauses are taken into account in the assessment of risk transfer. When the receivable is derecognised in the presence of the above conditions, the difference between the consideration and the carrying amount of the receivable at the time of derecognition is recognised in the

income statement as a credit loss, unless the contract of sale permits the identification of other economic components of a different nature, including financial components.

Cash and cash equivalents
They represent the positive balances of bank and postal deposits, cheques, and cash and valuables on hand at the end of the financial year.
Cash and cash equivalents are valued in accordance with the following criteria:

- Bank deposits, postal deposits and cheques (current account, bank drafts and similar) are valued at the presumed realisable value. This value normally coincides with the nominal value, while in situations of doubtful collectability the estimated net realisable value is shown;
- Cash and tax stamps on hand are valued at nominal value;
- Liquid assets denominated in foreign currencies are valued at the spot exchange rate on the closing date of the financial year.

Accruals and deferrals
Accruals and deferrals refer to revenues and costs whose accrual is anticipated or deferred with respect to the financial event.
Accrued income and accrued expenses represent portions of income and expenses respectively pertaining to the financial year that will manifest themselves financially in subsequent years.
Prepayments and deferrals represent portions of costs and income, respectively, that have had a financial manifestation during the financial year or in previous financial years but which are accrued in one or more subsequent financial years.
The amount of accruals and deferrals is determined by dividing the income or expense so that only the accrued portion is allocated to the current year. If the contractual services rendered or received have a constant economic content over time, the allocation of the income or expense (and thus the allocation of the accrued portion to the current year) is made on a time proportion basis (so-called physical time criterion). If, on the other hand, the contractual services rendered or received do not have a constant economic content over time, the allocation of the income or expense (and thus the allocation of the accrued portion to the current financial year) is made in relation to the conditions of the performance of the operation (so-called economic time criterion).
At the end of each financial year, the Company verifies whether the conditions that led to the initial recognition of the accrual or deferral are still met; if necessary, adjustments are made. A new valuation is then carried out to update the balance at year-end. This valuation takes into account not only the passage of time but also the possible recoverability of the amount recorded in the financial statements.

Provisions for risks and charges
Provisions for risks and charges represent liabilities of a definite nature, certain or probable, with an indefinite date of occurrence or amount.
Provisions for risks represent liabilities of a definite nature and probable existence, the values of which are estimated.
Provisions for charges represent liabilities of a definite nature and certain existence, estimated in amount or date of occurrence.
Provisions for pensions and similar obligations represent accruals for supplementary pension benefits, other than severance pay, as well as one-off payments due to employees, self-employed persons and collaborators, by law or by contract, upon termination of the relevant relationship.
Provisions for risks and charges are recorded in priority in the cost items of the income statement of the relevant classes (B, C or D), with the criterion of classification "by nature" of costs prevailing. Whenever this correlation between the nature of the provision and one of the items in the aforementioned classes is not feasible, provisions for risks and charges are entered under items "B12. Provisions for risks" and "B13. Other provisions" of the income statement.
Provisions for risks and charges recorded in a previous period are reviewed to ensure that they are correctly measured at the date of the financial statements. The acquisition of more information or experience regarding assumptions or facts on which the original estimate of the provision was based requires an update of the estimate itself, with possible adjustments to previous values and/or the estimation process.

The funds are used directly and only for those expenses and liabilities for which the funds were originally established. Any negative differences or surpluses with respect to the charges actually incurred are recognised in the income statement in line with the original provision.

Employee severance indemnities (TFR)
The severance indemnity (TFR) represents the benefit to which the employee is entitled in any case of termination of employment, pursuant to Article 2120 of the Italian Civil Code and taking into account the regulations set out in (It.) Law of 27 December 2006, no. 296.
The TFR due to employees by virtue of law or contract at the time of termination of employment constitutes a certain remuneration expense recognised in each financial year on an accrual basis. It is determined in accordance with the provisions of Article 2120 of the Italian Civil Code and the national and supplementary agreements in force at the date of the financial statements for the categories of subordinate employment and taking into account all forms of remuneration of an ongoing nature. The liability relating to the severance indemnity corresponds to the total individual indemnities accrued in favour of employees at the date of the financial statements, net of the advances disbursed, and is thus equal to the amount that should have been paid to employees, in the event of termination of the employment relationship on that date.

Payables
Payables are liabilities of a definite nature and certain existence, representing obligations to pay fixed or determinable amounts of cash, or goods/services of equivalent value, at a specified date. These obligations are towards lenders, suppliers and other parties.
Payables arising from the purchase of goods are recognised on an accrual basis when both of the following conditions are met:

- the production process of the goods has been completed; and
- the substantive and non-formal transfer of ownership has taken place, taking the transfer of risks and benefits as the benchmark for the substantive transfer.

Payables arising from the purchase of services are recognised on an accrual basis when the service has been received, i.e. the service has been rendered.
Loan payables and payables arising for reasons other than the exchange of goods and services are recognised in the financial statements when the company's obligation to pay the counterparty, to be identified on the basis of legal and contractual rules, arises.
Payables are recognised in the financial statements in accordance with the amortised cost criterion, taking into account the time factor. Specifically, the initial recognition value is the nominal value of the payable, net of transaction costs and all premiums, discounts and allowances directly resulting from the transaction that generated the payable. Transaction costs, any commission income and expenses, and any difference between initial value and nominal value at maturity are included in the calculation of amortised cost using the effective interest method.
The amortised cost criterion has not been applied if the effects are insignificant, i.e. when transaction costs, commissions paid between the parties and any other differences between initial value and maturity value are insignificant or if the payables are short-term. In this case, the payables are stated at nominal value.
The Company eliminates all or part of a payable from the financial statements when the contractual and/or legal obligation is discharged by performance or other cause, or transferred. The extinguishment of a payable and the issuance of a new payable to the same counterparty results in derecognition if the contractual terms of the original payable differ materially from those of the issued payable.

Transactions, assets and liabilities in foreign currency
Assets and liabilities arising from a foreign currency transaction are initially recognised in euros by applying to the foreign currency amount the spot exchange rate between the euro and the foreign currency at the date of the transaction.

Monetary items in foreign currencies, including provisions for risks and charges related to liabilities in foreign currencies, are converted in the financial statements at the spot exchange rate at year-end. The related foreign exchange gains and losses are charged to the income statement for the year under item "C17-bis. Exchange gains and losses".

Assets and liabilities in foreign currencies of a non-monetary nature remain on the balance sheet at the exchange rate at the time of their acquisition, and therefore positive or negative exchange differences do not give rise to separate, independent recognition.

Revenues and costs

Revenues from the sale of products and goods or the provision of services related to normal operations are recognised net of returns, trade discounts, rebates and premiums, as well as taxes directly related to the sale of products and the provision of services, in accordance with the accrual and prudence principles.

Revenues from the sale of goods are recognised when the production process of the goods has been completed and the exchange has taken place, i.e. the substantive and non-formal transfer of ownership has taken place, taking the transfer of risks and rewards as the benchmark.

Revenue from services is recognised when the service is rendered.

Revenues for contract work in progress are recognised on the basis of the requirements indicated in the commentary section above, when the consideration is definitively collected. The change in contract work in progress equal to the change in inventories for work performed and not yet definitively settled at the beginning and end of the year, respectively, is recognised under item "A3. Changes in contract work in progress".

Production costs are recognised net of returns, trade discounts, rebates and premiums. Costs arising from the purchase of goods are recognised when the production process of the goods is completed and the substantive transfer of ownership has taken place, assuming the transfer of risks and rewards as the benchmark.

Costs arising from purchases of services are recognised when the services are received, i.e. when the service has been rendered.

Revenues and income, costs and expenses related to foreign currency transactions are determined at the spot exchange rate on the date the relevant transaction is completed.

Income and expenses related to sale and purchase transactions with obligation of reconveyance, including the difference between the forward price and the spot price, are recognised for the portion attributable to the year.

Operating grants due either by law or under contractual provisions are recognised on an accrual basis in the financial year in which the right to receive them arises with certainty.

In cases where the amortised cost method is applied, interest is recognised using the effective interest method. Other financial expenses are recognised at nominal value, in an amount equal to the amount accrued during the year.

Any items of income or expense of exceptional magnitude or incidence are commented on in a separate section of these Notes to the Financial Statements.

Income taxes

Current taxes reflect an estimate of the tax burden, determined by applying the legislation in force in the countries in which the Company carries out its activities. The cost arising from current taxes is calculated on the basis of taxable income and tax rates in force in the countries where the Company operates at the date of the financial statements. The related tax liability is recognised in the balance sheet net of payments on account, withholdings and tax credits that can be offset and for which reimbursement has not been requested; if payments on account, withholdings and credits exceed taxes due, the related tax credit is recognised.

Deferred tax assets and liabilities are recognised in the income statement (and balance sheet) in the year in which the temporary differences arise. The calculation of deferred assets and liabilities takes into account the specificities of the different tax regulations regarding taxability and deductibility.

Deferred tax assets are recognised, in accordance with the principle of prudence, only when there is reasonable certainty of their future recovery, i.e., when there are sufficient taxable temporary differences in future years in which the deductible temporary difference is expected to be reversed.

Deferred tax assets and deferred tax liabilities are recognised in the financial statements in the year in which the temporary differences arise, except in the following cases:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that does not directly affect either profit or taxable income and is not an extraordinary transaction.

Deferred tax assets and deferred tax liabilities relating to transactions directly affecting equity are not recognised in the income statement, but directly against the corresponding shareholders' equity item.

It should be noted that the Company, in order to determine its taxable income, benefits from both the optional flat-rate taxation regime called "tonnage tax" provided by Articles 155 to 161 of the Italian Consolidated Income Tax

Act (TUIR) and the facilitation provided by Article 4, paragraph 1, of Italian Law Decree no. 457/1997 (as amended by Article 13, paragraph 1, of Italian Law No. 488/199) called “international register”.

Finance lease transactions
Finance leases are recognised in the annual financial statements using the equity method. Under this method, the user of the assets records lease payments in the income statement under item “B8. Costs for leased goods” and indicates in the notes to the financial statements, pursuant to Article 2427, no. 22, of the Italian Civil Code, the current value of the lease instalments not yet due as determined using interest rates equal to the actual financial burden inherent in the individual contracts, the actual financial burden attributable to them and referable to the financial year, the total amount at which the leased assets would have been recorded at the end of the financial year if they had been considered fixed assets, with separate indication of depreciation, adjustments and write-backs that would have been inherent in the financial year.

ASSETS

FIXED ASSETS

INTANGIBLE FIXED ASSETS

The table below shows the breakdown of intangible assets as of 31 December 2023, compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
2) development costs	201,356	234,891	(33,535)
3) Industrial patent rights and rights to use intellectual property	160,000	-	160,000
4) concessions, licences, trademarks and similar rights	60,354	42,574	17,780
6) fixed assets under construction and advances	-	165,000	(165,000)
7) other	2,187,336	1,402,399	784,937
Total intangible fixed assets	**2,609,046**	**1,844,864**	**764,182**

The item Intangible Fixed Assets as of 31 December 2023 amounted to EUR 2,609,046 and mainly referred to development costs in the amount of EUR 201,356, related to the "Design and Implementation of a System for Measuring the Thermal Resistivity of Marine Sediments in Situ", and to improvements made to third-party chartered vessels in the amount of EUR 2,187,336.

Changes in intangible fixed assets

The table below shows the changes in intangible assets during the year 2023:

Values in Euro units	Start-up and expansion costs	Development costs	Industrial patent rights and rights to use intellectual property	Concessions, licences, trademarks, and similar rights	Intangible fixed assets under construction and advances	Other intangible fixed assets	Total intangible fixed assets
Value at the beginning of the year							
Cost	7,328	775,359	-	468,002	165,000	2,351,596	3,767,286
Revaluations							
Amortisations (Amortisation fund)	(7,328)	(540,469)	-	(425,429)		(949,198)	(1,922,423)
Write-downs							
Book value	**-**	**234,891**	**-**	**42,574**	**165,000**	**1,402,399**	**1,844,863**
Changes in the year							
Increases for acquisitions		110,000	35,000	62,726		1,491,078	1,698,804
Reclassifications (of the book value)			165,000		(165,000)		
Decreases for sales and disposals (of the book value)							
Revaluations carried out during the year							
Amortisation for the year		(143,535)	(40,000)	(44,946)		(706,140)	(934,621)
Write-downs carried out during the year							-
Other changes							-
Total changes	**-**	**(33,535)**	**160,000**	**17,780**	**(165,000)**	**784,938**	**764,183**
Value at the end of the year							
Cost	7,328	885,359	200,000	530,728	-	3,842,674	5,466,090

Revaluations	-	-	-	-	-	-	-
Amortisations (Amortisation fund)	(7,328)	(684,003)	(40,000)	(470,374)	-	(1,655,338)	(2,857,044)
Write-downs	-	-	-	-	-	-	-
Book value	**-**	**201,356**	**160,000**	**60,354**	**-**	**2,187,336**	**2,609,046**

Capital expenditure in 2023 amounted to EUR 1,698,804, of which EUR 1,491,078 related to improvements on third-party vessels chartered by the Company.

TANGIBLE FIXED ASSETS

The table below shows the breakdown of tangible fixed assets as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) land and buildings	2,067,790	2,117,762	(49,972)
2) plants and machinery	1,799	4,955	(3,156)
3) industrial and commercial equipment	7,185,772	1,865,608	5,320,164
4) other assets	21,833,808	4,887,247	16,946,561
5) fixed assets under construction and advances	-	5,598,457	(5,598,457)
Total tangible fixed assets	**31,089,169**	**14,474,029**	**16,615,140**

Tangible Fixed Assets as of 31 December 2023 amounted to EUR 31,089,169 and mainly referred to vessels owned by the Company, including the value of improvements made over time, equipment used to perform geophysical and geotechnical analysis activities, and the value of the Norwich property where the subsidiary Next Geosolutions Ukcs Ltd. is located.

Changes in tangible fixed assets

The table below shows the changes in tangible assets during the financial year 2023:

Values in Euro units	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and advances	Total tangible Fixed Assets
Value at the beginning of the year						
Cost	2,190,553	189,429	4,091,087	4,987,735	5,598,457	17,057,261
Revaluations						-
Depreciation (Depreciation fund)	(72,791)	(184,474)	(2,225,479)	(100,489)		(2,583,233)
Write-downs						-
Book value	**2,117,762**	**4,955**	**1,865,608**	**4,887,247**	**5,598,457**	**14,474,029**
Changes in the year						
Increases for acquisitions			3,426,337	14,931,881		18,358,218
Reclassifications (of the book value)			2,986,407	2,612,050	(5,598,457)	-
Decreases for sales and disposals (of the book value)						-
Revaluations carried out during the year						-
Amortisation for the year	(49,972)	(3,156)	(1,092,582)	(597,369)		(1,743,079)
Write-downs carried out during the year						-
Other changes			2			2
Total changes	**(49,972)**	**(3,156)**	**5,320,164**	**16,946,561**	**(5,598,458)**	**16,615,140**
Value at the end of the year						
Cost	2,190,553	189,429	10,503,833	22,531,666	-	**35,415,480**

Revaluations	-	-	-	-	-	-
Depreciation (Depreciation fund)	(122,763)	(187,630)	(3,318,061)	(697,858)	-	**(4,326,311)**
Write-downs	-	-	-	-	-	-
Book value	**2,067,790**	**1,799**	**7,185,772**	**21,833,808**	**-**	**31,089,169**

Capital expenditure in 2023 amounted to EUR 18,358,218, of which EUR 1,427,283 was for the completion of the Remotely Operated Vehicle (ROV), the investment in which was started in the previous year, EUR 1,251,609 for other electronic equipment, including the Remotely Operated Towed Vehicles (ROTV) and EUR 15.215,865 for the completion of improvements on the drilling vessel NG Driller, the offshore support vessel NG Worker and the nearshore analysis vessel NG Coastal, purchased during the previous year.

Finance lease transactions

Pursuant to Article 2427, no. 22, of the Italian Civil Code, the table below shows the present value of the unexpired lease instalments as determined using interest rates equal to the actual financial burden inherent in the individual contracts, the actual financial burden attributable to them and referable to the financial year, the total amount at which the leased assets would have been recorded at the end of the financial year if they had been considered fixed assets, with separate indication of depreciation, adjustments and write-backs that would have been inherent in the financial year.

Values in Euro units	**Amount**
Total amount of leased assets at the end of the financial year	844,453
Depreciation that would have been chargeable to the year	413,119
Value adjustments and write-backs that would have been accrued during the year	-
Present value of instalments not due at year-end	676,649
Financial expenses for the year based on the effective interest rate	19,449

The total amount of assets held under finance leases shown in the table above represents the net book value of assets held under finance leases as of 31 December 2023 if the finance leases had been accounted for using the financial method. The net book value shown above represents the difference between the historical cost of EUR 2,065,593 as of 31 December 2023 and the accumulated depreciation of EUR 1,221,140 as of 31 December 2023.

FINANCIAL FIXED ASSETS

The table below shows the breakdown of Financial Fixed Assets as of 31 December 2023, compared to the situation as of 31 December 2022:

Values in Euro units	**2023**	**2022**	**Change**
1) equity investments in			
a) subsidiaries	5,243,195	2,311,348	2,931,847
b) associates	5,000	5,000	-
d-bis) other undertakings	6,500	5,500	1,000
Total equity investments	**5,254,695**	**2,321,848**	**2,932,847**
2) receivables			
a) from subsidiaries			
due beyond one year	1,952,000	1,952,000	-
Total receivables from subsidiaries	1,952,000	1,952,000	-
d-bis) from others			
due within one year	14,527	-	14,527
due beyond one year	177,693	217,316	(39,623)
Total receivables from others	192,220	217,316	(25,096)
Total receivables	**2,144,220**	**2,169,316**	**(25,096)**

Total financial fixed assets	**7,398,915**	**4,491,164**	**2,907,751**

The item Financial Fixed Assets as of 31 December 2023 amounted to EUR 7,398,915 and referred to equity investments in the amount of EUR 5,254,695 and receivables in the amount of EUR 2,144,220.
Equity investments include EUR 5,243,195 for controlling interests in Next Geosolutions Ukcs Ltd, Next Geosolutions Bv, Phoenix Offshore Srl, and Seashiptanker Srl, EUR 5,000 for the equity investment in NextPoli Srl (Joint Venture with Poliservizi Srl), and EUR 6,500 for minority interests in Mar.Te. Scarl, Consorzio Cluster Blue Italian Growth, Consorzio Area Tech and Banca di Credito Cooperativo S.c.
Receivables mainly refer for EUR 1,952,000 to the loan granted to the subsidiary Seashiptanker Srl and for the remainder to security deposits and insurance policies.

Changes in equity investments

The table below shows the changes in equity investments during the financial year 2023:

Values in Euro units	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other undertakings	Total equity investments
Value at the beginning of the year				
Cost	1,318,626	5,000	5,500	1,329,126
Revaluations	992,722			992,722
Write-downs				
Book value	**2,311,348**	**5,000**	**5,500**	**2,321,848**
Changes in the year				
Increases for acquisitions			1,000	1,000
Reclassifications (of the book value)				
Decreases for sales and disposals (of the book value)				
Revaluations carried out during the year	2,931,847			2,931,847
Write-downs carried out during the year				
Other changes				
Total changes	**2,931,847**	**-**	**1,000**	**2,932,847**
Value at the end of the year				
Cost	1,318,626	5,000	6,500	1,330,126
Revaluations	3,924,569			3,924,569
Write-downs				
Book value	**5,243,195**	**5,000**	**6,500**	**5,254,695**

Investments in 2023, amounting to EUR 1,000, refer to the purchase of an additional minority shareholding in Banca di Credito Cooperativo S.c.
The revaluations made during the year, amounting to EUR 2,931,847, refer to the valuation of the subsidiary Next Geosolutions Ukcs Ltd. using the equity method. The difference with respect to the subsidiary's result for the year ended 31 December 2023, amounting to EUR 3,361,984 (shown in the table below), is attributable to the amortisation of the goodwill implicit in the value of the investment and the effects of the conversion of the subsidiary's financial statements into euros.

Details on equity investments in subsidiaries

The table below provides the information required by Article 2427, no. 5, of the Italian Civil Code with regard to investments in subsidiaries:

Values in Euro units

Company Name	City (if in Italy) or foreign country	Tax code (for Italian companies)	Capital in Euros	Profit (Loss) last year in Euros	Net worth in Euros	Share held in Euros	Share held in %	Book value or corresponding receivable
Next Geosolutions Ukcs Ltd	United Kingdom	-	1,174	3,361,984	3,517,127	3,517,127	100%	4,789,462

Next Geosolutions Bv	The Netherlands	-	20,000	34,882	402,097	402,097	100%	372,733
Phoenix Offshore Srl	Naples	00558170643	10,329	11,476	83,811	83,811	100%	56,000
Seashiptanker Srl	Naples	08300230961	10,000	53,678	400,533	329,226	80%	25,000
Total								**5,243,195**

It should be noted that the investment in the English-registered company Next Geosolutions Ukcs Ltd, which prepares its financial statements in pounds sterling, is valued using the equity method. The share capital in pounds sterling was converted into euros at the historical exchange rate at the time of formation; the result for the year in pounds sterling was converted into euros at the average exchange rate for the year; and the shareholders' equity was converted into euros at the exchange rate on 31 December 2023. The excess of the book value of the investment over the value of shareholders' equity resulting from the financial statements as of 31 December 2023 derives from the goodwill, implicit in the value of the investment, to which the initial difference between the purchase cost of the investment and the shareholders' equity attributable to the subsidiary at the date of purchase was allocated.
With reference to the equity investment in the subsidiary Seashiptanker Srl, it should be noted that the share held in EUR also takes into account the non-proportional payment made by Next Geosolutions Europe SpA to the subsidiary in 2020.

Details on equity investments in associates
The table below provides the information required by Article 2427, no. 5, of the Italian Civil Code with regard to equity investments in associated companies:

Values in Euro units

Company Name	City (if in Italy) or foreign country	Tax code (for Italian companies)	Capital in Euros	Profit (Loss) last year in Euros	Net worth in Euros	Share held in Euros	Share held in %	Book value or corresponding receivable
NextPoli Srl	Naples	10102971214	10,000	175,043	266,334	133,167	50%	5,000
Total								**5,000**

Changes and maturity of receivables in financial fixed assets

The table below shows the change in receivables recognised as financial fixed assets during the financial year 2023 and the maturity of receivables recognised in the financial statements as of 31 December 2023:

Values in Euro units	Long-term receivables from subsidiaries	Long-term receivables from others	Total long-term receivables
Value at the beginning of the year	1,952,000	217,316	2,169,316
Changes in the year	-	(25,096)	(25,096)
Value at the end of the year	1,952,000	192,220	2,144,220
Portion falling due within the financial year	-	14,527	14,257
Portion falling due beyond the financial year	1,952,000	177,693	2,129,693
Of which with a residual maturity of more than 5 years	-	-	-

The change in long-term receivables during the year 2023 represents the net effect of collections for the surrender of certain insurance policies and payments made for premiums on other insurance policies.

Breakdown of long-term receivables by geographical area

The table below shows the breakdown of long-term receivables by geographical area:

Values in Euro units

Geographical area	Total	Italy
Payables to subsidiaries	1,952,000	1,952,000
Receivables from others	192,220	192,220
Total long-term receivables	2,144,220	2,144,220

CURRENT ASSETS

INVENTORIES

The table below shows the breakdown of the item Inventories as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) raw, ancillary materials and consumables	631,823	1,351,672	(719,849)
3) contract work in progress	93,158,123	58,973,515	34,184,608
5) advances	22,400	-	22,400
Total inventories	**93,812,346**	**60,325,187**	**33,487,159**

The item inventories as of 31 December 2023 amounted to EUR 93,812,346 and mainly refers to EUR 631,823 in inventories of bunkers and lubricants on board ships and EUR 93,158,123 in the value of contract work in progress (job orders) valued using the percentage of completion method.
The increase in the item substantially derives from the increase in inventories of contract work in progress, connected to the increase in the Company's business, driven by the extraordinary growth trends in the sector (fully commented on in the Directors' Report on Operations to which reference should be made for further details) and determined above all by the brilliant commercial activity carried out by management.
The Days Outstanding Inventories (DOI) decreased from 345 days as of 31 December 2022 to 309 days as of 31 December 2023. This figure highlights the excellent operating performance achieved by the Company, which resulted in significant beneficial effects on working capital and cash flows from operating activities, and is particularly significant in view of the increase in the average size of the projects managed.
The table below details the change during the year:

Values in Euro units	Total	Raw materials	Contract work in progress	Advances
Value at the beginning of the year	60,325,187	1,351,672	58,973,515	-
Changes in the year	33,487,159	(719,849)	34,184,608	22,400
Value at the end of the year	93,812,346	631,823	93,158,123	22,400

RECEIVABLES

The table below shows the breakdown of Receivables as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) from customers	26,352,201.	18,059,463	8,292,738
2) from subsidiaries	1,867,828	847,825	1,020,003
3) from associates	6,000	-	6,000
4) from parent companies	316,027	347,061	(31,034)
5) from companies subject to the control of the parent companies	-	616,800	(616,800)
5-bis) tax receivables	2,056,280	3,303,052	(1,246,772)
5-ter) prepaid taxes	520,349	10,455	509,894
5-quater) from others	4,271,991	326,000	3,945,991
Total receivables	**35,390,676**	**23,510,656**	**11,880,020**

Receivables from customers
Receivables from customers as of 31 December 2023 amounted to EUR 26,352,201 against EUR 18,059,463 as of 31 December 2022.
The increase in trade receivables as of 31 December 2023, amounting to EUR 8,292,738, was mainly due to the growth of the Company's business. The Days Outstanding Sales (DOS) decreased from 110 days as of 31 December 2022 to 94 days as of 31 December 2023. This reduction, also taking into account the increase in the value of production in 2023 compared to the previous year, highlights the excellent management of the credit department, the quality of the Company's credit portfolio and the positive impact on cash flows from operations.

Receivables from subsidiaries
Receivables from subsidiaries as of 31 December 2023 amounted to EUR 1,867,828 against EUR 847,825 as of 31 December 2022 and refer for EUR 1,492,846 to trade receivables from Next Geosolutions Ukcs Ltd, for EUR 345,800 to trade receivables for advances to Seashiptanker Srl, and for EUR 29,182 to trade receivables from Phoenix Offshore Srl for cost recharges.

Receivables from associates
Receivables from associated companies as of 31 December 2023 amounted to EUR 6,000 and referred entirely to trade receivables from NextPoli Srl for cost recharges.

Receivables from parent companies
Receivables from parent companies as of 31 December 2023 amounted to EUR 316,027 against EUR 347,061 as of 31 December 2022 and refer to trade receivables from the parent company Marnavi SpA.

Receivables from undertakings controlled by the parent companies
Receivables from companies controlled by the parent companies as of 31 December 2023 were zero, compared to EUR 616,800 as of 31 December 2022.
The decrease resulted from the full write-down of receivables from Next Geosolutions Ltd, an English-registered company 80% owned by Marnavi SpA.
The table below shows the changes in the nominal value of the receivable, the related allowance for doubtful accounts and the book value:

Values in Euro units	Nominal value	Provision for bad debts	Book value
Value at the beginning of the year	616,800	-	616,800
Changes in the year	27,760	(644,560)	(616,800)
Value at the end of the year	644,560	(644,560)	-

Tax receivables
Tax receivables as of 31 December 2023 amounted to EUR 2,056,280 (of which EUR 498,707 due beyond the next financial year) compared to EUR 3,303,052 as of 31 December 2022.
The item, amounting to EUR 2,056,280 as of 31 December 2023, refers to tax credits in the amount of EUR 1,586,043 (for further details in reference to research and development activities, please refer to the specific paragraph in the Report on Operations and further on in the Notes to the Financial Statements), credits for withholding taxes incurred in the amount of EUR 382,835 and VAT in the amount of EUR 87,402.
The portion of tax credits due beyond the following year refers to tax credits for which the possibility of offsetting in annual instalments is envisaged.

Prepaid taxes
Prepaid taxes as of 31 December 2023 amounted to EUR 520,349 compared to EUR 10,455 as of 31 December 2022.
The table below details the changes in prepaid taxes during the year 2023:

Values in Euro units	2022	Changes in the year	2023
Foreign exchange valuation losses	10,455	271,644	282,099
Unpaid cash deductible costs	-	120,000	120,000

Write-down of receivables	-	118,250	118,250
Total prepaid taxes	**10,455**	**509,894**	**520,349**

Deferred tax assets have been recognised, in accordance with the principle of prudence, only in cases where there is reasonable certainty of their future recovery, i.e. when there are sufficient taxable temporary differences in future years in which the deductible temporary difference is expected to be reversed.

Receivables from others

Receivables from others as of 31 December 2023 amounted to EUR 4,271,991 against EUR 326,000 as of 31 December 2022.

The item mainly refers to receivables for non-repayable grants (ARES, NSS2023 and NGR2025) in the amount of EUR 2,982,337, receivables for advances paid to suppliers as confirmatory deposit in the amount of EUR 700,000, and, for the remainder, substantially receivables for other advances to suppliers and insurance indemnities to be received.

It should be noted that in the year 2023, for the purpose of a better representation of the values of the financial statements, receivables for ARES and NSS2023 contributions, amounting to EUR 1,531,158 as of 31 December 2022, were reclassified from the item "Tax receivables" to the item "Receivables from others".

Breakdown of receivables included in current assets by geographical area

The table below shows the breakdown of receivables recognised as current assets by geographical area:

Values in Euro units	Total	Italy	Europe	Other
1) from customers	26,352,201.	12,188,113	14,167,088	-
2) from subsidiaries	1,867,828	374,982	1,492,846	-
3) from associates	6,000	6,000	-	-
4) from parent companies	316,027	316,027	-	-
5) from companies subject to the control of the parent companies	-	-	-	-
5-bis) tax receivables	2,056,280	1,991,209	65,071	-
5-ter) prepaid taxes	520,349	520,349	-	-
5-quater) from others	4,271,991	4,271,991	-	-
Total receivables included in current assets	**35,390,676**	**19,668,671**	**15,725,005**	**-**

Breakdown of receivables included in current assets by maturity

The table below shows the breakdown of receivables recognised as current assets by maturity:

Values in Euro units	Book value	Due within one year	Due beyond one year	Due beyond 5 years
1) from customers	26,352,201.	26,352,201.	-	-
2) from subsidiaries	1,867,828	1,867,828		
3) from associates	6,000	6,000		
4) from parent companies	316,027	316,027	-	-
5) from companies subject to the control of the parent companies	-	-	-	-
5-bis) tax receivables	2,056,280	1,557,573	498,707	-
5-ter) prepaid taxes	520,349	-	-	-
5-quater) from others	4,271,991	4,271,991	-	-
Total receivables included in current assets	**35,390,676**	**34,371,620**	**498,707**	**-**

It should be noted that, in line with the provisions of the Italian Civil Code and the national accounting standards dictated by the Italian Accounting Body (OIC), deferred tax assets are not broken down between the portion due within the next year and the portion due after the next year.

CASH AND CASH EQUIVALENTS

The table below shows the breakdown of Cash and cash equivalents as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) bank and postal deposits	10,114,146	9,485,085	629,061
3) cash on hand and liquid assets	8,669	6,865	1,804
Total cash and cash equivalents	**10,122,815**	**9,491,950**	**630,865**

Cash and cash equivalents as of 31 December 2023 amounted to EUR 10,122,815 and refer to EUR 10,114,146 in cash on bank accounts and EUR 8,669 in cash on the vessels NG Driller and NG Worker and the vessel NG Coastal.
The increase in this item, more fully illustrated in the cash flow statement, is summarised in the following table:

Values in Euro units	Cash and cash equivalents
Value at the beginning of the year	9,491,950
Financial flow arising from operating activity	21,898,013
Financial flow arising from investing activity	(20,032,925)
Financial flow arising from financing activity	(1,234,223)
Value at the end of the year	10,122,815

ACCRUED INCOME AND DEFERRED EXPENSES

The table below shows the balance of accrued income and prepaid expenses as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
Accrued income and deferred expenses	2,693,606	2,348,404	345,202

Accrued income and prepaid expenses as of 31 December 2023 amounted to EUR 2,693,606 and mainly refer to the deferral of insurance costs, vessel charters, and other costs pertaining to subsequent years.
The table below shows the breakdown of accrued income and prepaid expenses by maturity:

Values in Euro units	Book value	Due within one year	Due beyond one year	Due beyond 5 years
Accrued income and deferred expenses	2,693,606	2,536,140	157,466	-

LIABILITIES

SHAREHOLDERS’ EQUITY

The table below shows the breakdown of shareholders’ equity as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
I - Capital	500,000	500,000	-
IV - Legal reserve	163,055	163,055	-
VI - Other reserves, separately indicated			

Extraordinary reserve	5,991	5,991	-
Equity investment revaluation reserve	986,659	-	986,659
Other reserves	-	431,544	(431,544)
Euro rounding reserve	(1)	-	(1)
Total other reserves	**992,649**	**437,535**	**555,114**
VIII - Profits (losses) brought forward	18,717,488	12,041,084	6,676,404
IX - Profit (loss) for the year	29,043,447	7,225,668	21,817,779
X - Negative reserve for treasury shares in portfolio	(738,000)	(738,000)	-
Total shareholders' equity	**48,678,639**	**19,629,342**	**29,049,297**

Shareholders' equity as of 31 December amounted to EUR 48,678,638, an increase of EUR 29,049,294 compared to the previous year.

Changes to shareholders' equity

The table below shows the changes in shareholders' equity during the financial year 2023 and in the previous year:

Values in Euro units	Capital	Legal reserve	Extraordinary reserve	Equity investment revaluation reserve	Reserve for unrealised exchange gains	Various other reserves	Euro rounding reserve	Total other reserves	Profits (losses) brought forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total shareholders' equity
At the beginning of the previous year	**1,000,000**	**163,055**	**5,991**	**-**	**-**	**(500,000)**	**-**	**(494,009)**	**6,389,286**	**6,044,363**	**-**	**13,102,695**
Allocation of the result of the previous year												
Other destinations								**-**	**6,044,363**	**(6,044,363)**		**-**
Other changes												
Purchase of treasury shares											(738,000)	(738,000)
Cancellation of treasury shares	(500,000)					500,000		500,000				-
Other changes						431,544		431,544	(392,565)			38,979
Rounding up/down							-	-				
Result of the previous financial year								-		7,225,668		7,225,668
At the close of the previous year	**500,000**	**163,055**	**5,991**	**--**	**-**	**431,544**	**-**	**437,535**	**12,041,084**	**7,225,668**	**(738,000)**	**19,629,342**
Allocation of the result for the year												
Other destinations				549,264	109,993			659,257	6,566,411	(7,225,668)		-
Other changes												
Reclassifications				431,543	(109,993)	(431,544)	1	(109,993)	109,993			-
Valuation of the equity investment using the equity method				5,852				5,852				5,852
Rounding up/down							(2)	(2)				(2)
Result of the current financial year										29,043,447		29,043,447
At the close of the current financial year	**500,000**	**163,055**	**5,991**	**986,659**	**-**	**-**	**(1)**	**992,649**	**18,717,488**	**29,043,447**	**(738,000)**	**48,678,639**

As shown in the table above, the increase in shareholders' equity compared to the previous year is mainly due to the positive result for the year, amounting to EUR 29,043,447.

Origin, possibility of utilisation and distributability of equity Items

The table below provides information on the origin, possibility of utilisation and distributability of equity items:

Values in Euro units	Amount	Origin / nature	Possibility of use	Available portion	Summary of utilisations in the three previous financial years: For loss coverage	Summary of utilisations in the three previous financial years: For other reasons
I - Capital	500,000	Capital	-	-	-	-
IV - Legal reserve	163,055	Profits	B	163,055	-	-
VI - Other reserves, separately indicated					-	-
Extraordinary reserve	5,991	Profits	A, B	5,991	-	-
Equity investment revaluation reserve	986,659	Profits	A, B	986,659	-	-
Euro rounding reserve	(1)	Capital	AND	(1)	-	-
Total other reserves	992,649			992,649	-	-
Profits (losses) brought forward	18,717,488	Profits	A, B, C	18,717,488	-	-

Negative reserve for treasury shares in portfolio	(738,000)	Capital	AND	(738,000)	-	-
Total	**19,635,192**			**19,135,192**	-	-
Non-distributable portion				1,357,060		
Residual distributable portion				17,778,132		
Key: A: for capital increase B: for loss coverage C: for distribution to shareholders D: for other statutory restrictions E: other						

PROVISIONS FOR RISKS AND CHARGES

The table below shows the breakdown of the item Provisions for risks and charges as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) for pensions and similar obligations	181,801	-	181,801
2) for taxes, even deferred	1,445,338	808,341	636,997
Total provisions for risks and charges	**1,627,139**	**808,341**	**818,798**

The item Provisions for risks and charges as of 31 December 2023 amounted to EUR 1,627,139 and referred to the provision for deferred taxes in the amount of EUR 1,445,338 and the provision for termination indemnities in favour of directors in the amount of EUR 181,801.

Changes to the Provision for risks and charges

The table below shows the changes in the provision for risks and charges during the year 2023:

Values in Euro units	Provision for pensions and similar obligations	Provision for taxes, even deferred	Total Provision for risks and charges
Value at the beginning of the year	**-**	**808,341**	**808,341**
Changes in the year			
Allocation for the year	27,200	636,925	664,125
Use in the year		-	-
Other changes	154,601	72	154,673
Total changes	**181,801**	**636,997**	**818,798**
Value at the end of the year	**181,801**	**1,445,338**	**1,627,139**

As shown in the table above, the increase in the item is mainly due to the provision for directors' end-of-mandate indemnity in the amount of EUR 27,200 and the provision for deferred taxes for the year in the amount of EUR 636,925.

Other changes refer for EUR 154,601 to the reclassification of the provision for end-of-mandate indemnity in favour of directors from the item severance indemnity to the item provision for pensions and similar obligations, and for EUR 72 from deferred taxes on the change in the conversion reserve of the UK-registered subsidiary Next Geosolutions Ukcs Ltd, valued using the equity method.

The table below details the changes in the provision for deferred taxes during the year 2023:

Values in Euro units	2022	Changes in the year	2023
Interim orders	751,195	371,068	1,122,263
Revaluation of equity investments accounted for using the equity method	11,913	35,182	47,095
Foreign exchange gains	45,233	230,747	275,980
Total provision for deferred taxes	**808,341**	**636,997**	**1,445,338**

EMPLOYEE SEVERANCE INDEMNITIES

The table below shows the provision for employee severance indemnities, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
Employee Severance Indemnities	955,088	927,924	27,164

The employee severance indemnity recorded in the financial statements as of 31 December 2023 represents the Company's actual payable to employees in force at that date, determined in accordance with the provisions of Article 2120 of the Italian Civil Code and national and supplementary labour contracts in force at the date of the financial statements.

Changes to employee severance indemnities

The table below details the changes in employee severance indemnities during the year 2023:

Values in Euro units	Employee Severance Indemnities
Value at the beginning of the year	**927,924**
Changes in the year	
Allocation for the year	270,604
Use in the year	(88,839)
Other changes	(154,601)
Total changes	**27,164**
Value at the end of the year	**955,088**

The other changes, amounting to EUR 154,601, refer to the reclassification of the provision for termination indemnity in favour of directors from the item severance indemnity to the item provision for pensions and similar obligations.

PAYABLES

The table below shows the breakdown of Payables as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
4) payables to banks	21,852,352	23,086,575	(1,234,223)
6) advances	88,381,804	51,413,963	36,967,841
7) payables to suppliers	10,928,987	12,620,641	(1,691,654)
9) payables to subsidiaries	1,639,055	1,478,364	160,691
10) payables to associates	600,864	657,682	(56,818)
11) payables to parent companies	2,105,903	3,342,431	(1,236,528)
11-bis) payables to undertakings controlled by the parent companies	98,129	-	98,129
12) tax payables	2,782,641	702,655	2,079,986
13) payables to pension funds and social security institutions	160,849	124,036	36,813
14) other payables	1,423,891	374,931	1,048,960
Total payables	**129,974,475**	**93,801,278**	**36,173,197**

Payables to banks
Amounts due to banks as of 31 December 2023 amounted to EUR 21,852,352 (of which EUR 13,288,968 due beyond the next financial year) as opposed to EUR 23,086,575 as of 31 December 2022 (of which EUR 12,494,618 due beyond the next financial year).
The decrease in this item, amounting to EUR 1,234,223, was possible mainly due to the significant cash flows generated by operations during the year 2023, which allowed the Company, as shown in the cash flow statement to which we refer for further details, to reduce short-term debt.
During the year ended 31 December 2023, the Company entered into two new medium- and long-term loan agreements for a total nominal amount of EUR 5,750,000.
The table below shows the changes in bank borrowings as of 31 December 2023 and the related reconciliation with the cash flows shown in the cash flow statement:

Values in Euro units	2022	Cash flows from the cash flow statement	Other changes	2023
Payables to banks for current account overdrafts and short-term advances	7,415,416	(3,059,656)	-	4,355,760
Bank loans payable (including the portion due within one year)	15,671,159	1,825,433	-	17,496,592
Total payables to banks	**23,086,575**	**(1,234,223)**	**-**	**21,852,352**

It should be noted that there are financial covenants on one loan, to be calculated annually on the values of the consolidated financial statements of the parent company Marnavi SpA. The financial covenants refer to the Gross Operating Margin/Financial Charges ratio and the Net Financial Position/Shareholders' Equity ratio. These parameters, based on the data from the latest consolidated financial statements of the parent company Marnavi SpA, are met.
It should also be noted, with reference to non-financial covenants, that Next Geosolutions Europe has confirmed its sustainability policy, which in environmental matters calls for the adoption - with respect to an economically sustainable process - of a so-called "Green Procurement" strategy, favouring a) local and sustainable purchasing, b) the choice of less impactful travel solutions, c) GO (or GoO, Guarantee of Origin) labelled energy procurement. With reference to sustainable procurement, it should be noted that the entire supply chain for coastal activities in the various countries where the Company operates is local and sustainable. In accordance with the company policy for the road safety of its personnel and the DVR (Risk Assessment Document), the use of the train was favoured, while only journeys to foreign countries deemed strictly necessary for work purposes were covered by air carrier. The supplier chosen by Next Geosolutions Europe SpA for the electricity, A2A SpA, as a result of the contract signed, supplies 100% renewable energy certified with a guarantee of origin in accordance with the current regulation of the Regulatory Authority for Energy Networks and Environment (ARERA).
It should also be noted that Next Geosolutions Europa SpA dedicated a quota of 2.25 hours of training for each employee in the company on environmental/social sustainability issues.
In this context, sustainability campaigns aimed at saving natural resources, under the "Make the Right Choice" programme, were also promoted.
As of 31 December 2023, the non-financial covenants, as a result of the above, were fulfilled.

Advances
Advances as of 31 December 2023 amounted to EUR 88,381,804 against EUR 51,413,963 as of 31 December 2022. This item represents the value of advance payments received from customers for job orders in progress at the date of the financial statements. The increase for the year was mainly due to the general increase in the volume of business for the year as a result of the factors described in more detail in the Directors' Report on Operations.

Payables to suppliers
Payables to suppliers as of 31 December 2023 amounted to EUR 10,928,987 compared to EUR 12,620,641 as of 31 December 2022.
Despite the increase in costs, this item decreased by EUR 1,691,654 compared to 31 December 2022. The Days Outstanding Payables (DOP) decreased from 119 days as of 31 December 2023 to 74 days as of 31 December 2022. This reduction, also taking into account the increase in the cost of production in 2023 compared to the previous year, proves the commitment to meeting payment deadlines with suppliers and the reliability of the Company.

Payables to subsidiaries
Payables to subsidiaries as of 31 December 2023 amounted to EUR 1,639,055 compared to EUR 1,478,364 as of 31 December 2022. This item refers for EUR 681,263 to trade payables to Next Geosolutions Ukcs Ltd, for EUR 374,842 to trade payables to Next Geosolutions Bv, for EUR 420,000 to trade payables to Phoenix Offshore Srl, and, lastly, for EUR 162,950 to trade payables to Seashiptanker Srl.

Payables to associates
Accounts payable to associated companies as of 31 December 2023 amounted to EUR 600,864, compared to EUR 657,682 as of 31 December 2022, and referred entirely to trade payables to the associated company NextPoli Srl for support activities in nearshore geophysical and geotechnical analyses performed by the Company.

Payables to parent companies
Payables to parent companies as of 31 December 2023 amounted to EUR 2,105,903 as opposed to EUR 3,342,431 as of 31 December 2022 and referred entirely to trade payables to the parent company Marnavi SpA, mainly related to vessel charters.
Despite the increase in the value and cost of production, this item decreased by EUR 1,236,528, also due to the significant investments made by the Company in 2023, which allowed it to dispose of its own assets and reduce its operational dependence on the parent company Marnavi SpA.

Payables to undertakings controlled by the parent companies
The item Payables to undertakings controlled by the parent companies as of 31 December 2023 amounted to EUR 98,129 as of 31 December 2023 and related entirely to payables to Navalcantieri Srl for ordinary and extraordinary ship maintenance.

Tax payables
Taxes payable as of 31 December 2023 amounted to EUR 2,782,641 as opposed to EUR 702,655 as of 31 December 2022. The increase in this item is substantially related to the increase in taxable income compared to the previous year.
The balance of the item as of 31 December 2023 mainly refers to direct tax payables in the amount of EUR 2,534,752 and withholding tax payables in the amount of EUR 240,463.
It should be pointed out here that in Italy, Article 4 of Law 30/98 envisages that companies carrying out the activities indicated in the second paragraph of that Article are granted a tax credit corresponding to the personal income tax due on wages paid to crew members on board vessels entered in the International Register, to be used for the purposes of paying withholding tax on such income.

Payables to pension funds and social security institutions
Payables to social security institutions as of 31 December 2023 amounted to EUR 160,849 compared to EUR 124,036 as of 31 December 2022. The increase in this item over the previous year is substantially related to the increase in personnel.
The balance of the item as of 31 December 2023 refers mainly to payables to INPS (Italian Social Security Institute) in the amount of EUR 149,326.
It should be pointed out here that in Italy, Article 6 of Law 30/98 states that companies carrying out the activities indicated in paragraph 1 of that Article, for personnel meeting the requirements of Article 119 of the navigation code and embarked on vessels entered in the International Register referred to in Article 1 of Law 30/98, as well as the aforementioned personnel, are exempt from paying the social security and welfare contributions due by law.

Other payables
Other payables as of 31 December 2023 amounted to EUR 1,423,891 compared to EUR 374,931 as of 31 December 2022. The increase in this item over the previous year is substantially related to the increase in personnel.
The balance of the item as of 31 December 2023 mainly refers to payables to directors and personnel in the amount of EUR 1,411,152, including deferred charges.

Breakdown of payables by geographical area

The table below shows the breakdown of payables by geographical area:

Values in Euro units	Total	Italy	Europe	Other
4) payables to banks	21,852,352	21,852,352	-	-
6) advances	88,381,804	47,681,526	40,700,278	-
7) payables to suppliers	10,928,987	7,200,261	3,420,578	305,948
9) payables to subsidiaries	1,639,055	582,950	1,056,105	-
10) payables to associates	600,864	600,864	-	-
11) payables to parent companies	2,105,903	2,105,903	-	-
11-bis) payables to undertakings controlled by the parent companies	98,129	98,129	-	-
12) tax payables	2,782,641	2,782,641	-	-
13) payables to pension funds and social security institutions	160,849	160,849	-	-
14) other payables	1,423,891	1,423,891		
Total payables	**129,974,475**	**84,489,366**	**45,176,961**	**305,948**

Breakdown of receivables included in current assets by maturity

The table below shows the breakdown of payables by maturity:

Values in Euro units	Book value	Due within one year	Due beyond one year	Due beyond 5 years
4) payables to banks	21,852,352	8,563,384	13,288,968	-
6) advances	88,381,804	88,381,804	-	-
7) payables to suppliers	10,928,987	10,928,987	-	-
9) payables to subsidiaries	1,639,055	1,639,055	-	-
10) payables to associates	600,864	600,864	-	-
11) payables to parent companies	2,105,903	2,105,903	-	-
11-bis) payables to undertakings controlled by the parent companies	98,129	98,129	-	-
12) tax payables	2,782,641	2,782,641	-	-
13) payables to pension funds and social security institutions	160,849	160,849	-	-
14) other payables	1,423,891	1,423,891	-	-
Total payables	**129,974,475**	**116,685,507**	**13,288,968**	**-**

Debts secured by collateral on assets of the Company

The table below shows the breakdown between secured and unsecured debts:

Values in Euro units	Book value	Secured by collateral	Not secured by collateral
4) payables to banks	21,852,352	-	21,852,352
6) advances	88,381,804	-	88,381,804
7) payables to suppliers	10,928,987	-	10,928,987
9) payables to subsidiaries	1,639,055	-	1,639,055
10) payables to associates	600,864	-	600,864
11) payables to parent companies	2,105,903	-	2,105,903
11-bis) payables to undertakings controlled by the parent companies	98,129	-	98,129
12) tax payables	2,782,641	-	2,782,641
13) payables to pension funds and social security institutions	160,849	-	160,849
14) other payables	1,423,891	-	1,423,891
Total payables	**129,974,475**	**-**	**129,974,475**

ACCRUED EXPENSES AND DEFERRED INCOME

The table below shows the balance of accrued expenses and deferred income as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
Accrued expenses and deferred income	1,881,232	1,319,369	561,863

Accrued liabilities and deferred income as of 31 December 2023 amounted to EUR 1,881,232 and refer mainly to the deferral of grants for plant in the amount of EUR 1,788,779 and to accrued interest expenses in the amount of EUR 92,453.
The table below shows the breakdown of accrued expenses and deferred income by maturity:

Values in Euro units	Book value	Due within one year	Due beyond one year	Due beyond 5 years
Accrued expenses and deferred income	1,881,232	668,825	1,212,407	-

INCOME STATEMENT

VALUE OF PRODUCTION

The table below shows the breakdown of Value of Production as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
1) revenues from sales and services	70,107,747	48,737,509	21,370,238
3) changes in contract work in progress	34,184,608	12,739,901	21,444,707
5) other revenues and income			
operating grants	2,995,366	1,086,489	1,908,877
other	1,973,783	381,017	1,592,766
Total other revenues and income	**4,969,149**	**1,467,506**	**3,501,643**
Total value of production	**109,261,504**	**62,944,916**	**46,316,588**

The value of production in the financial year 2023 amounted to EUR 109,261,504, an increase of EUR 46,316,588 (+74%) compared to the previous year. The dynamics behind the significant increase in the value of production are fully explained in the Report on Operations, to which we refer for further details.

Revenues from sales and services
Revenues from sales and services as of 31 December 2023 amounted to EUR 70,107,747 against EUR 48,737,509 (+44%) as of 31 December 2022. The increase in this item is substantially related to the increase in both the number of job orders managed and completed during the year and the increase in the value of individual contracts, determined by the management of more significant job orders.

Breakdown of revenues from sales and services by business category
The table below shows the breakdown of revenues from sales and services by category of activity:

Values in Euro units	Total	Wind farms	Interconnectors	Other
Revenues from sales and services	70,107,747	37,605,126	25,233,422	7,269,199
% of total	100%	54%	36%	10%

Breakdown of revenues from sales and services by geographical area

The table below shows the breakdown of revenues from sales and services by geographical area:

Values in Euro units	Total	Italy	Europe	Other
Revenues from sales and services	70,107,747	34,665,664	35,442,083	-
% of total	100%	49%	51%	-

Changes in contract work in progress
The change in contract work in progress as of 31 December 2023 amounted to EUR 34,184,608 compared to EUR 12,739,901 (+168%) as of 31 December 2022. The increase, as in the case of revenues from sales and services, is attributable both to the increase in the number of orders handled and, above all, to the greater significance of individual orders, which require more time for completion, given the scope of the activities to be performed.

Other revenues and income

Operating grants
Operating subsidies as of 31 December 2023 amounted to EUR 2,995,366 compared to EUR 1,086,489 (+176%) as of 31 December 2022. The increase in operating grants is mainly due to the increased commitment in the financial year 2023 in research and development activities and in the implementation of activities that allow access to these grants. This increase, of course, is also favoured by the regulatory context in which the Company operates, which is characterised by a strong propensity to encourage research and development activities, particularly in the areas of green economy, sustainability and technological innovation.
The operating grants recorded in the financial year 2023 refer in particular:
- To grants for the project NSS2023 - Next Sistema Smart in the marine environment, pursuant to Ministerial Decree of 2 August 2019 and Directorial Decree of 2 October 2019. Against this project, revenues for operating grants in the amount of EUR 609,161 (pursuant to the aforementioned provisions) and additional revenues for operating grants (in the form of a tax credit pursuant to Article 1 of Italian Law no. 160 of 27 December 2019, as amended and supplemented) relating to research and development activities in the amount of EUR 148,118 were recorded in the income statement.
- To grants for the NGR2025 - Next Green Revolution project, pursuant to Ministerial Decree of 31 December 2021 and Directorial Decree of 18 March 2022. In connection with this project, revenues for operating grants in the amount of EUR 1,612,844 (pursuant to the aforementioned provisions) were recognised in the income statement for the realisation of the first SAL and additional revenues for operating grants (in the form of a tax credit pursuant to Article 1 of Italian Law no. 160 of 27 December 2019, as amended and supplemented) related to research and development activities in the amount of EUR 64,332.
- To operating grants pursuant to Article 4 of Law 30/98 in the amount of EUR 275,951.

Other
Other revenues within the item “Other revenues and income” as of 31 December 2023 amounted to EUR 1,973,783 compared to EUR 381,017 as of 31 December 2022 (+418%). As of 31 December 2023, this item mainly refers to:
- grants (in the form of tax credits) for 4.0 investments, pursuant to Article 1, paragraphs 1054 to 1058 of Italian Law 178/2020, for a total value of EUR 399,046;
- to grants for investments in South Italy, pursuant to Article 1, paragraphs 98 to 108 of Italian Law 2018/2015, as amended, in the amount of EUR 214,616;
- recharges of costs to third parties in the amount of EUR 637,765;
- insurance indemnities for the year in the amount of EUR 250,000.

Breakdown of production value by category of activity

The table below shows the breakdown of production value by category of activity:

Values in Euro units	Total	Wind farms	Interconnectors	Other
Value of production	109,261,504	29,818,130	73,025,512	6,417,862
% of total	100%	27%	67%	6%

Breakdown of value of production by geographical area

The table below shows the breakdown of value of production by geographical area:

Values in Euro units	Total	Italy	Europe	Other
Value of production	109,261,504	64,586,238	44,675,266	-
% of total	100%	59%	41%	-

PRODUCTION COSTS

The table below shows the breakdown of Production costs as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
6) for raw, ancillary materials and consumables	7,113,649	6,779,254	334,395
7) for services	38,378,091	30,843,586	7,534,505
8) for leased assets	21,586,154	12,717,253	8,868,902
9) for personnel			
a) wages and salaries	6,314,135	4,216,364	2,097,771
b) social security charges	620,737	526,636	94,101
c) severance indemnity	270,604	276,515	(5,911)
d) pensions and similar benefits	27,200	-	27,200
Total costs for personnel	**7,232,676**	**5,019,516**	**2,213,161**
10) amortisation, depreciation and write-downs			
a) amortisation of intangible fixed assets	934,621	614,436	320,185
b) depreciation of tangible fixed assets	1,743,079	385,156	1,357,923
d) write-downs of receivables included in current assets and cash and cash equivalents	644,560	-	644,560
Total amortisation, depreciation and write-downs	**3,322,260**	**999,592**	**2,322,668**
11) changes in raw, ancillary materials, consumables and goods	719,849	(922,197)	1,642,046
14) various operating charges	131,965	224,522	(92,556)
Total production costs	**78,484,644**	**55,661,525**	**22,823,119**

Cost of production in the financial year 2023 amounted to EUR 78,484,644, an increase of EUR 22,823,119 (+41%) compared to the previous year. The dynamics that led to an increase in the cost of production that was less than proportional to the increase in the value of production are fully explained in the Report on Operations, to which we refer you for further details.

Costs for raw, ancillary, consumable materials and goods

The cost of raw, ancillary, consumable materials and goods as of 31 December 2023 amounted to EUR 7,113,649 compared to EUR 6,779,254 (+5%) as of 31 December 2022.

The table below shows the breakdown of the item as of 31 December 2023 compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
Bunkers and lubricants	5,974,247	6,104,582
Consumable material	1,080,228	603,057
Other	59,174	71,615

Total costs for materials	**7,113,649**	**6,779,254**

The increase in this item is substantially related to the increase in the volume of business, which led, in particular, to an increase in costs related to bunkers and lubricants used by ships.

Costs for services
Costs for services as of 31 December 2023 amounted to EUR 38,378,091 against EUR 30,843,586 (+24%) as of 31 December 2022.
The table below shows the breakdown of the item as of 31 December 2023 compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
Costs for specialised non-employee personnel	13,351,761	9,480,207
Subcontractor costs	10,302,002	10,418,985
Consulting	4,357,896	3,553,910
Ship management costs	3,655,568	2,667,158
Costs for personnel-related services	1,959,034	1,173,260
Directors', Statutory Auditors' and Auditors' fees	1,112,597	388,007
Transport and logistics	893,992	643,806
Insurance	608,747	691,532
Maintenance	534,309	455,618
Commissions	288,445	274,681
Expenses for utilities (electricity, gas, telephone, etc.)	87,896	85,263
Other	1,225,844	1,011,159
Total costs for services	**38,378,091**	**30,843,586**

The above table shows a significant increase in costs for variable services (non-employee personnel, ship management costs, etc.), related to the increase in production volume, while other costs for services are substantially in line, showing no significant fluctuations from the previous year.

Costs for leased goods
Lease and rental costs as of 31 December 2023 amounted to EUR 21,586,154 against EUR 12,717,253 (+70%) as of 31 December 2022.
The table below shows the breakdown of the item as of 31 December 2023 compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
Sea freight	13,152,796	7,830,703
Equipment hire	7,756,417	4,554,604
Software licences	367,647	80,066
Office and warehouse rents	205,199	180,409
Rental of office machines and other goods	104,095	71,471
Total costs for leased goods	**21,586,154**	**12,717,253**

The increase in this item compared to the previous year, as shown in the table above, is mainly related to the increase in costs for the chartering of third-party vessels and for the rental of equipment (also under finance leases) as a result of the increase in the volume of business for the year.

Costs for personnel
Personnel costs as of 31 December 2023 amounted to EUR 7,232,676 against EUR 5,019,515 (+44%) as of 31 December 2022.
The table below shows the breakdown of the item as of 31 December 2023 compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
a) wages and salaries	6,314,135	4,216,364
b) social security charges	620,737	526,636
c) severance indemnity	270,604	276,515
d) pensions and similar benefits	27,200	-
Total costs for personnel	**7,232,676**	**5,019,515**

The increase in this item compared to the previous year derives from the increase in the number of employees during the year, from about 68 in 2022 to about 86 in 2023. The increase in personnel costs, as indicated in the Report on Operations, also responds to the need to internalise certain skills and reduce dependence on the external market.

Amortisation, depreciation and write-downs
Depreciation, amortisation and write-downs as of 31 December 2023 amounted to EUR 3,322,260 against EUR 999,592 (+232%) as of 31 December 2022.
The table below shows the breakdown of the item as of 31 December 2023 compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
a) amortisation of intangible fixed assets	934,621	614,436
b) depreciation of tangible fixed assets	1,743,079	385,156
d) write-downs of receivables included in current assets and cash and cash equivalents	644,560	-
Total amortisation, depreciation and write-downs	**3,322,260**	**999,592**

The increase in the item compared to the previous year was mainly due to the significant investments made during the year, the start of depreciation for certain assets acquired during the previous year, and the full write-down of receivables due from the company controlled by the parent company Next Geosolutions Ltd.
For further details on depreciation and amortisation, see the Intangible Assets and Tangible Assets sections of these Notes to the Financial Statements.

Changes in inventories of raw, ancillary materials, consumables and goods
The item Change in inventories of raw, ancillary materials, , consumables and goods as of 31 December 2023 amounted to EUR 719,849 as opposed to negative EUR 922,197 as of 31 December 2022 and refers to inventories of bunkers and lubricants on board ships. For further details on the changes in this item compared to the previous year, please refer to the section on Inventories.

Sundry operating charges
Sundry operating expenses as of 31 December 2023 amounted to EUR 131,965 compared to EUR 224,522 as of 31 December 2022. This item includes minor costs relating to operating activities, which are not classified in the previous items of production costs.

FINANCIAL INCOME AND CHARGES

The table below provides a breakdown of financial income and charges as of 31 December 2023, compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
16) other financial income			
d) income other than above			
other	6,570	13,768	(7,198)
Total income other than above	6,570	13,768	(7,198)

Total other financial income	**6,570**	**13,768**	**(7,198)**
17) interest and other financial charges			
other	1,396,082	485,953	910,129
Total interest and other financial charges	**1,396,082**	**485,953**	**910,129**
17-bis) exchange gains and losses	(219,112)	(137,553)	(81,559)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	**(1,608,624)**	**(609,738)**	**(998,886)**

Financial management showed a net negative balance of EUR 1,608,624 as of 31 December 2023, as opposed to a net negative balance of EUR 609,738 as of 31 December 2022. The balance of financial operations was significantly affected by the increase in financial expenses, which, taking into account the reduction in financial debt, is mainly attributable to the increase in interest rates related to the inflation containment measures adopted by the central banks.

Other financial income
The item Other Financial Income as of 31 December 2023 amounted to EUR 6,570 as opposed to EUR 13,768 as of 31 December 2022 and mainly refers to interest income accrued on bank accounts during the year.

Interest and other financial charges
The item interest and other financial expenses as of 31 December 2023 amounted to EUR 1,396,082, more than double the previous year's figure. As mentioned above, taking into account the reduction in financial debt, the increase in interest and financial expenses is mainly attributable to interest rate increases to contain inflationary pressures.

Breakdown of interest and other financial charges by type of payables
The table below shoes the breakdown of interest and other financial charges by type of payables:

Values in Euro units	Total	Payables to banks	Other
Interest and other financial charges	1,396,082	1,273,391	122.690.

Exchange gains and losses
Foreign exchange gains and losses as of 31 December 2023 showed a net balance (foreign exchange losses) of EUR 219,112 compared to a net balance (foreign exchange losses) of EUR 137,553 as of 31 December 2022. As indicated in the Financial Risks section of the Report on Operations, to which reference should be made for further details, it should be noted that the Company does not hedge against the risk of exchange rate fluctuations, as it considers this risk, also based on historical data, to be insignificant.
The table below shows the breakdown of foreign exchange gains and losses as of 31 December 2023 between realised foreign exchange gains and losses and valuation gains and losses, compared to the situation as of 31 December 2022:

Values in Euro units	2023	2022
Realised foreign exchange gains and losses	(193,615)	(296,158)
Foreign exchange valuation gains and losses	(25,497)	158,604
Total foreign exchange gains and losses	**(219,112)**	**(137,554)**

There were no significant changes in currency exchange rates after the end of the financial year.

VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

The table below shows the breakdown of the item Value adjustments to financial assets and liabilities as of 31 December 2023:

Values in Euro units	2023	2022	Change
18) revaluations			
a) of equity investments	2,925,925	555,936	2,369,989
Total revaluations	**2,925,925**	**555,936**	**2,369,989**
Total adjustments to the value of financial assets and liabilities (18 - 19)	**2,925,925**	**555,936**	**2,369,989**

The item Revaluations of financial assets and liabilities shows a positive balance of EUR 2,925,925 as of 31 December 2023, entirely referring to the effects of the equity method valuation of the investment in the English subsidiary Next Geosolutions Ukcs Ltd. The increase in this item resulted from the growth of the business, which affected not only Next Geosolutions Europe SpA but also the subsidiary.

TAXES

The table below shows the composition of the item Income Taxes for the year, current, deferred and prepaid as of 31 December 2023, compared with the situation as of 31 December 2022:

Values in Euro units	2023	2022	Change
20) Current, deferred and prepaid income taxes			
current taxes	2,923,683	92,977	2,830,706
deferred and prepaid taxes	127,031	(89,056)	216,087
Total current, deferred and prepaid income taxes	**3,050,714**	**3,921**	**3,046,793**

This item includes current, deferred and prepaid income taxes for the year, determined on the basis of applicable regulations. The increase in this item compared to the previous year is attributable to the higher pre-tax profit realised during the financial year 2023 compared to the previous year. The tax rate (calculated as the ratio of total tax to profit before tax) as of 31 December 2023 stands at 10%.
As indicated above, Next Geosolutions Europe SpA, for the determination of taxable income, benefits from both the optional flat-rate taxation scheme called "tonnage tax" envisaged by Articles 155 to 161 of the Italian Consolidated Income Tax Act (TUIR) and the relief provided for in Article 4(1) of Italian Decree-Law no. 457/1997 (as amended by Article 13(1) of Italian Law 488/1999) called the "international register".

Reconciliation between theoretical tax charge and actual tax charge (Corporate income tax - IRES)

Pursuant to Article 2427, no. 14, of the Italian Civil Code, the reconciliation between the current tax burden and the theoretical tax burden (IRES) is presented below:

Values in Euro units	Taxable	IRES
Result before taxes	**32,094,162**	
Theoretical tax charge (rate 24%)		**7,702,599**
Temporary differences that are taxable in subsequent financial years	(5,826,012)	(1,398,243)
Temporary differences that are deductible in subsequent financial years	2,168,123	520,350
Reversal of the temporary differences of the previous years	(3,324,525)	(797,886)
Differences that will not be reversed in subsequent years (tax adjustments)	(15,184,021)	(3,644,165)
Taxable	**9,927,727**	
IRES		**2,382,655**

Determination of IRAP taxable income

Pursuant to Article 2427, No. 14, of the Italian Civil Code, the following table shows the determination of Regional Tax on Production - IRAP:

Values in Euro units	Taxable	IRAP
Difference between value of production and production costs	**30,776,860**	
Costs not relevant for IRAP purposes	7,877,236	
Total	**38,654,096**	
Theoretical tax charge (rate 4.97%)		1.921.109.
Temporary differences that are deductible in subsequent financial years	-	
Temporary differences that are taxable in subsequent financial years	-	
Differences that will not be reversed in subsequent years	(27,768,220)	(1,380,081)
IRAP taxable	**10,885,876**	
Current IRAP for the year		**541,028**

ADDITIONAL INFORMATION

Employment data

The table below shows the average number of employees of the Company during the financial year 2023 broken down by category, compared with the same figure for the previous year:

	2023	2022
Executives and middle managers	9	8
Office employees	46	41
Maritime	31	19
Total	**86**	**68**

The increase in the number of employees compared to the previous year is attributable both to the increase in the volume of business and, above all, to the decision to internalise certain skills deemed essential for the realisation of future development plans, while reducing dependence on the external market.

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

The table below shows the remuneration of the Company's directors and statutory auditors as of 31 December 2023:

Values in Euro units	Directors	Statutory Auditors
Remuneration	1,041,777	24,440
End-of-mandate indemnity	27,200	-
Total	**1,068,977**	**24,440**

It should be noted that, as of 31 December 2023, there were no advances or loans granted to directors and statutory auditors or commitments undertaken on their behalf.

Auditing firm fees

The table below details the remuneration for the statutory audit activities as of 31 December 2023:

Values in Euro units

Type of services	Service provider	Service recipient	2023
Statutory audit of annual accounts	PricewaterhouseCoopers SpA	Next Geosolutions Europe SpA	25,000
Total			**25,000**

These financial statements and the consolidated financial statements of the NextGeo group have been audited by PricewaterhouseCoopers SpA. Appointed by the Ordinary Shareholders' Meeting on 28 April 2023, it will hold remain in office until the approval of the financial statements for the year ending 31 December 2025.

Categories of shares issued by the Company
The Company's share capital consists of 500,000 shares with a nominal value of EUR 1.00 each. No shares belonging to other categories were issued during the year, nor were any outstanding as of 31 December 2023.
No shares or quotas of subsidiaries other than ordinary shares or quotas were issued during the financial year nor were any outstanding as of 31 December 2023.

Securities issued by the Company
The Company did not issue any debt securities during the year, nor were any debt securities of the Company outstanding as of 31 December 2023.

Financial instruments issued by the Company
The Company did not issue any financial instruments during the year, nor were any financial instruments of the Company outstanding as of 31 December 2023.

Commitments, guarantees, and potential liabilities not resulting from the balance sheet
Below are the guarantees given by the Company that are not shown in the balance sheet:

Values in Euro units

Type	Description	Amount
Personal guarantees	Sureties related to transactions of a commercial nature	14,258,064
Total		**14,258,064**

Assets or financing earmarked for a specific business deal
As of 31 December 2023, the Company had no assets or financing earmarked for a specific business deal.

Transactions with related parties
Transactions with related parties are concluded at arm's length. For details on transactions with subsidiaries, associates, parent companies and companies controlled by the parent companies, please refer to the Report on Operations.

Information on agreements not shown in the Balance Sheet
As of 31 December 2023, the Company had no agreements not reflected in the balance sheet.

Significant events after the end of the year
The following significant events that characterised the Company's operations after the end of the financial year are noted:

- In February 2024, a contract was finalised for the purchase of a Heavy Duty (HD) work-class ROV and related ancillary equipment (including TMS, LARS and umbilical). This system is in addition to the Company's current equipment and will enable the development of the higher volumes of business planned for the coming years.
- In February 2024, as part of the business development activities, the proposal for an Industrial Development Contract was submitted pursuant to Art. 9 of the Decree of the Italian Minister of Economic Development of 9 December 2014, as amended and supplemented. The project, called "Next Global Evolution", is in addition to the ongoing projects already fully mentioned in the Directors' Report on Operations and in the previous sections of the Notes to the Financial Statements.
- In March 2024, the Great Sea Interconnector project promoted by Independent Power Transmission Operator (IPTO) is scheduled to be presented at a conference. This project will see the Company's participation as a key partner in the survey activities for the installation of the HVDC cable by Nexans.
- The company is planning to support the massive offshore wind development currently underway in the Baltic Sea by setting up a subsidiary company based in Gdansk, Poland, and establishing important relationships with local partners.

For further details, please refer to the section "Business Outlook" in the Directors' Report on Operations.

Undertakings that prepare the financial statements of the largest/smallest group of undertakings of which it is part as a subsidiary
The table below shows the data of the company that prepares the consolidated financial statements of the largest group of companies to which the Company belongs as a subsidiary:

Data	Larger ensemble
Company name	Marnavi SpA
City (if in Italy) or foreign country	Naples (Italy)
Tax code (for Italian companies)	01619820630
Place of filing of consolidated financial statements	with the Naples Business Register

Derivative financial instruments
The Company did not enter into any derivative transactions during the year ended 31 December 2023, nor were any contracts for derivative financial instruments outstanding as of 31 December 2023.

Summary statement of the financial statements of the company exercising management and coordination activities
The key figures of the parent company Marnavi SpA shown in the summary table required by Article 2497-bis of the Italian Civil Code were extracted from its financial statements for the year ended 31 December 2022. For an adequate and complete understanding of Marnavi SpA's balance sheet and financial position as of 31 December 2022, as well as the economic result achieved by the company in the financial year ended on that date, please refer to the financial statements, which, accompanied by the independent auditors' report, are available in the form and manner required by law.
The table below shows the summary statement of the financial statements of the company exercising management and coordination activities:

Values in Euro units	2022	2021
B) Fixed assets	233,934,563	238,586,182
C) Current assets	61,053,707	46,242,293
D) Accrued income and deferred expenses	3,083,269	1,537,425
Total assets	**298,071,539**	**286,365,900**
Share Capital	30,000,000	30,000,000
Reserves	123,469,203	117,131,182
Profit (loss) for the year	17,491,142	6,463,421
Total shareholders' equity	**170,960,345**	**153,594,603**
B) Provisions for risks and charges	3,175,068	3,429,037
C) Employee Severance Indemnities	1,193,313	942,519
D) Payables	118,641,727	124,070,148
E) Accrued expenses and deferred income	4,101,086	4,329,593
Total liabilities	**298,071,539**	**286,365,900**

The table below shows the summary statement of the income statement of the company exercising management and coordination activities:

Values in Euro units	2022	2021
A) Value of production	184,062,057	124,587,144
B) Production costs	163,352,006	120,679,708
Difference between value of production and production costs (A - B)	**20,710,051**	**3,907,436**
C) Financial income and charges	(4,457,867)	(1,469,814)
D) Adjustments to the value of financial assets	3,298,752	4,233,773
Result before taxes (A - B + - C + - D)	**19,532,936**	**6,671,395**
Income taxes for the year	2,041,794	207,974

Profit (loss) for the year	**17,491,142**	**6,463,421**

Information pursuant to art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124
During the financial year, the Company received subsidies, contributions, paid assignments and otherwise economic benefits pursuant to Italian Law 124/17, Article 1, Section 25.
Such aid is subject to mandatory publication in the National State Aid Register, to which please refer for further details.
The section "Research and Development Activities" in the Directors' Report on Operations and the section "Other Revenues and Income" in the Notes to the Financial Statements provide information on grants accrued during the year 2023.

Proposal for the allocation of the result for the year
In light of the above, the Board of Directors proposes that you approve the financial statements and that you allocate the profit for the year, amounting to EUR 29,043,447, as follows:

- for EUR 2,925,925, to the equity revaluation reserve, which includes the capital gains resulting from the application of the equity method;
- for the remainder, amounting to EUR 26,117,522, the decision is postponed to the Shareholders' Meeting.

Declaration of conformity
These financial statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement, Notes to the Financial Statements and accompanied by the Directors' Report on Operations, give a true and fair view of the Company's financial position and results of operations for the year and correspond to the accounting records.

Naples, 28 February 2024

Giorgio Filippi	**Giovanni Ranieri**	**Giuseppe Maffia**
Chairman of the Board of Directors	Chief Executive Officer	Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

NEXT GEOSOLUTIONS EUROPE SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

Independent auditor's report
in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Next Geosolutions Europe SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Next Geosolutions Europe SpA (the "Company"), which comprise the balance sheet as of 31 December 2023, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

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 this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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 laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

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 the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' 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;
- We evaluated 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 communicated 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 identified during our audit.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Next Geosolutions Europe SpA are responsible for preparing a report on operations of Next Geosolutions Europe SpA as of 31 December 2023, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Next Geosolutions Europe SpA as of 31 December 2023 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Next Geosolutions Europe SpA as of 31 December 2023 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Naples, 14 March 2024

PricewaterhouseCoopers SpA

Signed by

Pier Luigi Vitelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers