

NEXT GEOSOLUTIONS EUROPE SPA

Financial Statements as at 31-12-2021

Company data	
Registered office in	VIA SANTA BRIGIDA 39 - 80133 NAPLES (NA)
Tax Code	05414781210
E.A.I. registration number	752588 NA - 752588
VAT No.	05414781210
Share Capital EUR	1,000,000 f.p.
Legal form	Public Limited Company
Core business sector (ATECO)	721909
Company in liquidation	no
Company with a sole shareholder	no
Company subject to management and coordination by others	no
Member of a group	yes
Name of the parent company	MARNAVI SPA

Balance Sheet

	31-12-2021	31-12-2020
Balance Sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
2) development costs	389,963	289,145
4) concessions, licences, trademarks and similar rights	61,464	33,670
6) fixed assets under construction and advances	0	167,000
7) other	659,127	273,300
Total intangible fixed assets	1,110,554	763,115
II - Tangible fixed assets		
1) land and buildings	1,878,718	0
2) plants and machinery	10,026	20,870
3) industrial and commercial equipment	431,303	387,281
4) other assets	32,024	29,237
Total tangible fixed assets	2,352,071	437,388
III - Financial fixed assets		
1) equity investments in		
a) subsidiaries	846,300	81,000
b) associates	5,500	5,500
Total equity investments	851,800	86,500
2) receivables		
a) from subsidiaries		
due beyond the next financial year	2,452,000	1,952,000
Total receivables from subsidiaries	2,452,000	1,952,000
d-bis) from others		
due beyond the next financial year	195,405	160,353
Total receivables from others	195,405	160,353
Total receivables	2,647,405	2,112,353
Total financial fixed assets	3,499,205	2,198,853
Total fixed assets (B)	6,961,830	3,399,356
C) Current assets		
I - Inventories		
1) raw, ancillary materials and consumables	429,475	260,885
3) contract work in progress	46,277,241	28,435,008
Total inventories	46,706,716	28,695,893
II - Receivables		
1) from customers		
due within the next financial year	16,083,157	4,050,956
Total receivables from customers	16,083,157	4,050,956
2) from subsidiaries		
due within the next financial year	771,781	13,566
Total receivables from subsidiaries	771,781	13,566
3) from associates		
due within the next financial year	-	718,535
due beyond the next financial year	581,387	-
Total receivables from associates	581,387	718,535
4) from parent companies		

due within the next financial year	26,555	186,630
due beyond the next financial year	738,000	1,290,859
Total receivables from parent companies	764,555	1,477,489
5-bis) tax receivables		
due within the next financial year	3,615,850	1,546,918
Total tax receivables	3,615,850	1,546,918
5-ter) prepaid taxes	0	0
5-quater) from others		
due within the next financial year	664,296	93,656
Total receivables from others	664,296	93,656
Total receivables	22,481,026	7,901,120
IV - Cash and cash equivalents		
1) bank and postal deposits	6,466,874	2,760,042
3) cash on hand and liquid assets	5,338	3,559
Total cash and cash equivalents	6,472,212	2,763,601
Total current assets (C)	75,659,954	39,360,614
D) Accruals and deferrals	1,015,046	1,006,423
Total assets	83,636,830	43,766,393
Liabilities		
A) Shareholders' equity		
I - Capital	1,000,000	500,000
IV - Legal reserve	163,055	163,055
VI - Other reserves, separately indicated		
Extraordinary reserve	5,991	5,991
Various other reserves	(500,000)	-
Total other reserves	(494,009)	5,991
VIII - Profits (losses) brought forward	6,389,286	5,253,305
IX - Profit (loss) for the year	6,044,363	1,135,982
Total shareholders' equity	13,102,695	7,058,333
B) Provisions for risks and charges		
2) for taxes, even deferred	934,179	49,903
Total provisions for risks and charges	934,179	49,903
C) Employee Severance Indemnities	706,164	593,179
D) Payables		
4) payables to banks		
due within the next financial year	13,109,704	2,634,223
due beyond the next financial year	5,262,527	2,537,500
Total payables to banks	18,372,231	5,171,723
6) advances		
due within the next financial year	33,455,392	20,329,177
Total advances	33,455,392	20,329,177
7) payables to suppliers		
due within the next financial year	13,240,509	4,505,294
Total payables to suppliers	13,240,509	4,505,294
9) payables to subsidiaries		
due within the next financial year	1	194,560
Total payables to subsidiaries	1	194,560
10) payables to associates		
due within the next financial year	589,863	2,487,122
Total payables to associates	589,863	2,487,122
11) payables to parent companies		

due within the next financial year	1,367,515	2,069,038
Total payables to parent companies	1,367,515	2,069,038
12) tax payables		
due within the next financial year	375,214	481,552
Total tax payables	375,214	481,552
13) payables to pension funds and social security institutions		
due within the next financial year	102,773	89,401
Total payables to pension funds and social security institutions	102,773	89,401
14) other payables		
due within the next financial year	295,925	289,223
Total other payables	295,925	289,223
Total payables	67,799,423	35,617,090
E) Accruals and deferrals	1,094,369	447,888
Total liabilities	83,636,830	43,766,393

Income Statement

	31-12-2021	31-12-2020
Income Statement		
A) Value of production		
1) revenues from sales and services	59,760,057	20,214,458
3) changes in contract work in progress	17,798,606	17,705,179
5) other revenues and income		
other	2,275,919	997,575
Total other revenues and income	2,275,919	997,575
Total value of production	79,834,582	38,917,212
B) Production costs		
6) for raw, ancillary materials and consumables	4,064,365	1,009,404
7) for services	34,565,076	20,948,237
8) for leased assets	28,169,053	11,508,030
9) for personnel		
a) wages and salaries	3,709,549	2,342,535
b) social security charges	883,502	628,302
c) severance indemnity	215,165	124,291
Total costs for personnel	4,808,216	3,095,128
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	404,149	242,039
b) depreciation of tangible fixed assets	237,055	429,224
Total amortisation, depreciation and write-downs	641,204	671,263
11) changes in raw, ancillary materials, consumables and goods	(168,591)	(194,115)
14) various operating charges	261,920	204,520
Total production costs	72,341,243	37,242,467
Difference between value of production and production costs (A - B)	7,493,339	1,674,745
C) Financial income and charges		
16) other financial income		
d) income other than above		
other	3,986	308
Total other financial income	3,986	308
17) interest and other financial charges		
other	550,302	213,937
Total interest and other financial charges	550,302	213,937
17-bis) exchange gains and losses	(174,110)	(10,500)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(720,426)	(224,129)
D) Adjustments to the value of financial assets and liabilities		
18) revaluations		
a) of equity investments	392,566	-
Total revaluations	392,566	-
Result before taxes (A-B + -C + -D)	7,165,479	1,450,616
20) Current, deferred and prepaid income taxes		
current taxes	289,318	364,501
taxes for the previous years	-	0
deferred and prepaid taxes	831,798	(49,867)
Total current, deferred and prepaid income taxes	1,121,116	314,634
21) Profit (loss) for the year	6,044,363	1,135,982

Cash flow statement, indirect method

	31-12-2021	31-12-2020
Cash flow statement, indirect method		
A) Financial flows arising from operating activities (indirect method)		
Profit (loss) for the year	6,044,363	1,135,982
Income taxes	1,121,116	314,634
Interest payable/(receivable)	720,426	224,130
1) Profit (loss) for the year before income taxes, interests, dividends and capital gains/losses deriving from disposals	7,885,905	1,674,746
Adjustments to non-monetary items that were not offset by the net working capital		
Allocations to provisions	215,165	124,291
Amortisation/depreciation of fixed assets	641,204	671,263
Total adjustments to non-monetary items that were not offset by the net working capital	8,742,274	2,470,300
2) Financial flow before changes in net working capital	856,369	795,554
Changes in net working capital		
Decrease/(Increase) in inventories	(18,010,823)	(17,890,900)
Decrease/(Increase) in receivables from customers	(12,032,201)	5,245,404
Increase/(Decrease) in payables to suppliers	21,861,430	11,446,642
Decrease/(Increase) in accrued income and prepaid expenses	(8,623)	125,334
Increase/(Decrease) in accrued expenses and deferred income	646,481	172,238
Other decreases/(Other increases) in net working capital	(5,010,348)	2,713,538
Total changes in net working capital	(12,554,084)	1,812,256
3) Financial flow after changes in net working capital	(3,811,810)	4,282,556
Other adjustments		
Interest collected/(paid)	(720,426)	(224,130)
(Paid income taxes)	(1,227,454)	48,052
Dividends collected	-	0
(Use of provisions)	-	(223,150)
Total other adjustments	(1,947,880)	(399,228)
Financial flow arising from operating activity (A)	(5,759,690)	3,883,328
B) Financial flows arising from investing activities		
Tangible fixed assets		
(Investments)	(2,151,738)	(158,765)
Intangible fixed assets		
(Investments)	(751,588)	(497,153)
Financial fixed assets		
(Investments)	(1,300,352)	(2,034,600)
Current financial assets		
(Investments)	(28,528)	(1,062,606)
Financial flow arising from investing activity (B)	(4,232,206)	(3,753,124)
C) Financial flows arising from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	9,350,508	(1,108,194)
Loans taken out	3,850,000	2,537,500
Equity		
Capital increase by payment	500,000	-
Financial flow arising from financing activity (C)	13,700,508	1,429,306
Increase (decrease) in cash and cash equivalents (A ± B ± C)	3,708,612	1,559,510

Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	2,760,042	1,204,090
Cash on hand and liquid assets	3,559	-
Total cash and cash equivalents at the beginning of the year	2,763,601	1,204,090
Cash and cash equivalents at the end of the year		
Bank and postal deposits	6,466,874	2,760,042
Cash on hand and liquid assets	5,338	3,559
Total cash and cash equivalents at the end of the year	6,472,212	2,763,601

Explanatory Notes to the Financial Statements for the year ended as at 31-12-2021

Explanatory Notes, initial part

The financial statements closed as at 31/12/2021, of which these Notes are an essential part pursuant to art. 2423, par.1, Italian Civil Code, were prepared with business continuity in mind and correspond to accounts held regularly. They are prepared in an ordinary form and in compliance with the principle of clarity and to present the Company's assets/liabilities, financial position, and the economic result for the year truthfully and correctly.

Specific references to the analysis of the nature of the Company's business, well known to you in general, can be found in the Report on Operations. The mention of tax regulations refers to the provisions envisaged by the (It.) Consolidated Income Tax Act (TUIR) Decree of the President of the (It.) Republic 917/1986, and subsequent amendments and additions. As a result of rounding the amounts up to the euro unit, in some statements, containing detailed data, the sum of details may differ from the amount shown in the total.

These Explanatory Notes were prepared in compliance with the limits set by the XBRL taxonomy currently in force.

Drafting principles

General principles for drafting the financial statements

The financial statements as at 31 December 2021 were prepared in accordance with the regulations of the Italian Civil Code, construed as per and supplemented by the accounting principles and criteria stated by the Italian Accounting Body (O.I.C.).

The financial statements were prepared on the going concern basis, as there are no significant uncertainties.

The financial statements consist of the balance sheet, the income statement, the cash flow statement (drafted in conformity with the templates, respectively, of articles 2424, 2424 bis of the (It.) CC, articles 2425 and 2425 bis of the (It.) CC and art. 2425 ter of the (It.) Civil Code) and these explanatory notes.

The explanatory notes illustrate, analyse and, in some case, supplement financial statement data and contain the information required by articles 2427 and 2427 bis of the (It.) Civil Code, by other Civil Code provisions regarding financial statements and other preceding laws. Furthermore, the explanatory notes provide all the supplementary information, which, although not required by specific legal provisions, is deemed necessary for the most transparent, complete representation.

The financial statements were prepared in compliance with the general principles below:

- items were assessed in accordance with prudence and on the assumption of a going concern; they only illustrate the profits registered at the closing date of the financial year;
- 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 Balance Sheet and the Income Statement have the following structure:
 - the Balance Sheet and the Income Statement reflect the provisions of articles 2423-ter, 2424, 2425 and 2435-bis of the (It.) Civil Code;
 - the amount of the corresponding item for the previous year was indicated for each item of the Balance Sheet and of the Income Statement;
 - the Balance Sheet and Income Statement items were entered in compliance with the principles of articles 2424-bis and 2425-bis of the (It.) Civil Code;
 - there are no heterogeneous elements included in the individual items;
 - the valuation criteria have not changed with respect to those adopted in the previous year;
 - the values of the items in the financial statements for the current year are perfectly comparable with the values of those in the financial statements for the previous year.

Valuation criteria

The national accounting standards formulated by the Italian Accounting Body (OIC) were used for the valuation of specific cases that are not expressly governed by the aforementioned regulations.

The following most significant valuation criteria were adopted to prepare the financial statements as at 31 December 2021 in compliance with art. 2426 of the (It.) Civil Code and with the aforementioned accounting standards:

Intangible fixed assets - They are entered at purchase or production cost, inclusive of accessory charges and of directly attributable costs and systematically amortised each year on a straight-line basis. Intangible fixed assets are entered with the consent of the Board of Statutory Auditors in the cases envisaged by law.

Multi-year costs were capitalised only on condition that they could be "recovered" thanks to and within the limits of the

company's future profitability. Should this condition fail to be applied in the years following the year of capitalisation, the fixed asset will be written down.

In the presence of multi-year charges not fully amortised, the Company proceeds with the distribution of profits only if the remaining reserves available are sufficient to cover the amount of costs not yet amortised.

The amortisation of intangible assets was carried out systematically and in each financial year, on the basis of the remaining future economic usefulness of each asset or cost. In fact, the cost of the fixed assets in question was amortised on the basis of a "plan" that is believed to ensure a correct distribution of such cost over the period of useful economic life of the asset to which it refers, which does not exceed five years in any case. The amortisation plan can be readjusted only if the ascertained remaining useful economic life is different from the one originally estimated. The amortisation plan applied "on a straight-line basis" does not differ from the one used for previous years.

In the event that, notwithstanding the amortisation already accounted for, a permanent impairment in value is registered, the fixed asset is accordingly written down; if, in subsequent years, the reasons that led to the write-down no longer apply, the original value is restored, within the limits of the value that the asset would have had if the value adjustment had never taken place, except for the item goodwill and "Multi-annual charges" referred to in number 5 of art. 2426 of the (It.) Civil Code.

On the basis of what is envisaged by OIC 9, (It.) Legislative Decree 139/2015, since no indicators of impairment are recognised in the financial statements as at 31 December 2021, it was not deemed necessary to further check additional impairment losses on tangible and intangible fixed assets.

Tangible fixed assets - They are entered at their purchase cost or internal construction cost, net of depreciation made in the current year and in the previous years. The cost includes accessory charges and direct and indirect costs, for the portion reasonably attributable to the asset, relating to the manufacturing period and up to the moment from which the asset can be used. Tangible fixed assets can be revalued only if required or allowed by special laws. Fixed assets recorded at cost in foreign currency are recognised at the exchange rate in force at the time of their purchase or at the lower year-end rate, in case the decrease is deemed to be permanent. Fixed assets are systematically depreciated, each year and on a straight-line basis, in accordance with the rates envisaged by tax regulations that are deemed to represent the residual possibility of use of the assets. The rates applied are shown in the section regarding notes commenting on assets. For fixed assets that came into operation during the year, the rates are considered 100% and the depreciation is parameterised to the number of days in which the assets were actually available to be used.

The amortisation criterion applied for the year ended on 31/12/2021 does not differ from the one used for amortisation/depreciation of the previous years. The amortisation plan will be readjusted only if the ascertained remaining useful economic life is different from the one originally estimated. In particular, besides the considerations on the material duration of the goods, all the other factors affecting the duration of their economic use such as, for example, technical obsolescence, intensity of use, maintenance policy, etc. are and will be taken into consideration. In the event that, notwithstanding the depreciation already registered, there is a permanent impairment in value, the asset is accordingly written down; if, in subsequent years, the reasons that led to the write-down no longer apply, the original value is restored, within the limits of the value that the asset would have had if the value adjustment had never taken place.

Ordinary maintenance and repair costs are charged in full to the income statement. Maintenance costs which increase the value of the asset are attributed to the assets to which they refer and amortised in relation to the residual possibility of use of the assets themselves. Costs incurred with the aim of expanding, modernising, or improving the structural elements of a tangible fixed asset can be capitalised if they produce a significant and measurable increase in the production capacity, safety, or useful life. Should these costs fail to produce such effects, they are treated as ordinary maintenance costs and charged to the income statement.

Tangible fixed assets held for sale are reclassified in a specific item under current assets and, therefore, they are valued at the lower of the net book value and the realisable value calculated on the basis of market trends. Assets held for sale are no longer subject to depreciation.

Spare parts are broken down into: parts with low unit cost, low total value and recurring use, which are recognised as costs at the time of purchase; spare parts of significant unit cost and non-recurring use, which are recognised among tangible fixed assets and depreciated over the period that appears to be shorter by comparing the residual useful life of the asset to which they refer and their useful life calculated on the basis of an estimate of times of use, and parts with significant unit cost and very recurring use, which are included in inventories and removed based on consumption.

On the basis of what is envisaged by OIC 9, (It.) Legislative Decree 139/2015, since no indicators of impairment are recognised in the financial statements as at 31 December 2021, it was not deemed necessary to further check additional impairment losses on tangible and intangible fixed assets.

Equity investments and securities (recognised as fixed assets) -- Equity investments and debt securities recognised as fixed assets are intended to be included in the Company's assets permanently. Equity investments were valued in the financial statements either at cost, adjusted for impairment losses, or with the equity method. Debt securities are valued by using the amortised cost method.

The cost method assumes that the balance sheet value is determined on the basis of the purchase or subscription price, inclusive of accessory costs. When a permanent impairment in value is detected, the carrying amount of the investment is reduced to its lower recoverable value, which is determined on the basis of the future benefits that are expected to flow to the investing company.

Inventories - Contract work in progress includes interim and medium-/long-term orders and is valued on the basis of the amounts accrued with reasonable certainty in accordance with the percentage of completion method. Any losses on orders, estimated with reasonable approximation, are fully deducted from the value of the contract work in progress for the year in which they become known. 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. Additional fees are included in contract revenue only when the customer formally accepted such additional fees within the balance sheet date; otherwise, even in the absence of formal acceptance, it is highly likely that the request for additional fees is accepted, on the basis of the most recent information and historical experience, at the balance sheet date. The sums received from the customer during the execution of the work, which represent forms of financial advances, are recognised in the liabilities of the financial statements under the specific item of advances from customers, whereas the sums paid to subcontractors are recognised under this item among advances.

Stocks of raw materials refer to fuel on board ships at the closing date of the financial year and are recognised at the lower between the purchase cost, determined in accordance with the FIFO method, and the presumed realisable value calculated on the basis of market trends.

Receivables -- Receivables are recognised according to their presumed realisable value. For this purpose, the nominal value of receivables is adjusted, where necessary, by means of a specific provision for doubtful receivables, exposed to direct reduction of the nominal value of receivables and aimed at adjusting them to their presumed realisable value.

In particular, the amortised cost criterion may not be applied to receivables/payables if the effects are not significant, pursuant to art. 2423 paragraph 4 of the (It.) Civil Code. It may be presumed that the effects are not significant if: the receivables are short-term (that is to say with a maturity of less than 12 months).

transaction costs, commission and any other differences between initial value and value at maturity are of little significance. Cash and cash equivalents -- Cash and cash equivalents at the end of the year are valued at nominal value. Cash and cash equivalents in foreign currencies are valued at the year-end exchange rate.

Accruals and deferrals -- Under the item accruals and deferrals, portions of costs and revenues pertaining to the year, but payable during the subsequent years, and portions of costs and revenues incurred within the end of the year but pertaining to subsequent years were recognised, in accordance with the accrual principle.

Provisions for risks and charges -- Provisions for risks and charges are set aside in order to cover losses or debts of a specific nature, of certain or probable existence, whose amount or date of occurrence, however, could not be determined at the end of the year. The provisions reflect the best possible estimate on the basis of the information available. Risks for which the occurrence of a liability is only possible are indicated in the notes commenting on the provisions, without allocating a provision for risks and charges.

Provision for employee severance indemnity -- The amount that employees would be entitled to receive in the event of termination of the employment relationship, at the balance sheet date, was recognised under the item employee severance indemnity. The seniority allowances composing the item above, that is to say the portion pertaining to the year and the annual revaluation of the pre-existing fund, are determined in compliance with the regulations in force, and with the employment agreement in force, pursuant to art. 2120 of the (It.) Civil Code .

Payables -- Payables are entered at their nominal value, which is deemed to represent their presumed extinction value. The amortised cost criterion may not be applied to payables if the effects are not significant, pursuant to art. 2423 paragraph 4 of the (It.) Civil Code. It may be presumed that the effects are not significant if: the payables are short-term (that is to say with a maturity of less than 12 months).

transaction costs, commission and any other differences between initial value and value at maturity are of little significance. Revenues -- Revenues from services are recognised upon their completion and/or maturity. Transactions with related parties were carried out at arm's length

Costs -- Costs are accounted for on an accrual basis, notwithstanding the date of collection and payment, net of returns, discounts, allowances, and premiums.

Financial income and charges -- Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for any reason (with and without recourse) and of any nature (commercial, financial, other) are recognised in the year to which they pertain. Income taxes for the year - They are recorded on the basis of the estimated taxable income in compliance with the regulations in force, considering applicable exemptions and the tax credits due. Deferred tax liabilities and assets are calculated on the temporary differences between the values of assets and liabilities that are determined in accordance with the statutory criteria and the corresponding values recognised for tax purposes. They are valued by taking into account the estimated tax rate that the Company is expected to incur during the year in which these differences will contribute to the formation of the tax result, by considering the rates in force or already issued at the balance sheet date and are respectively entered under the "provision for deferred taxes" recognised under liabilities among the provisions for risks and charges and under the item 4 ter) and under the item "receivables for prepaid taxes" of the current assets.

Deferred tax assets are recognised for all deductible temporary differences, in compliance with the principle of prudence and only if there is the reasonable certainty that, in the years when those differences will reverse, there is taxable income no lower than the amount of the differences that are to be written off. On the other hand, deferred taxes are recognised for all taxable temporary differences.

Obligations referred to in art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124

Pursuant to art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124 and art. 3-quater, paragraph 2, of (It.) Decree Law of 14 December 2018 no. 135, please note that the company benefits from aid measure that is subject to the obligation of publication in the National Register of State Aid.

The vessels IEVOLI COBALT, IEVOLI IVORY and IEVOLI AMBER are registered in the International Register established by (It.) Law no.30/1998 supplemented by (It.) Law no. 488/1999.

Current income taxes are determined on the basis of an analytical forecast of the taxable income for the year, taking into consideration the facilitated regime envisaged by (It.) Law no. 30/1998.

Italian Law no. 30/98 envisages, for income deriving from the use of vessels registered in the Italian international register for vessels, the exclusion from taxation of 80% of taxable income for IRES purposes and the total exemption from IRAP.

CRITERIA FOR CONVERTING FOREIGN CURRENCY ITEMS

Non-monetary assets and liabilities originally expressed in foreign currency are recognised in the balance sheet at the exchange rate in force at the time of their purchase, that is to say at the initial recognition cost. In order to establish whether this cost (possibly reduced by depreciation and amortisation in case of tangible and intangible fixed assets, respectively) can be maintained in the financial statements, it must be compared with the recoverable value (for fixed assets) or with the realisable value calculated on the basis of market trends (for non-monetary items in foreign currency recognised under current assets). Any exchange differences (positive or negative) contribute to determining the recoverable value. Therefore, during the preparation of the financial statements, the valuation criterion of the foreign currency item is applied first and, after that, the result obtained is converted into Euros. Assets and liabilities of a monetary nature, originally expressed in foreign currency, are converted in the financial statements at the spot exchange rate on the closing date of the financial year. At the end of the year, foreign currency assets and liabilities, except for fixed assets, are recognised at the spot exchange rates in force at the balance sheet date; the related exchange gains and losses are recognised in the income statement and any net profit is allocated to a special non-distributable reserve until realisation. Derogations pursuant to paragraph 4 of art. 2423 -

Please also note that there were no exceptional cases requiring derogations from the legal provisions concerning the financial statements pursuant to paragraph 4 of art. 2423 of the (It.) Civil Code.

Additional information

Obligations referred to in art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124

Pursuant to art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124 and to art. 3-quater, paragraph 2, of (It.) Decree Law of 14 December 2018 no. 135, please note that the company benefits from aid measure that is subject to the obligation of publication in the National Register of State Aid. Italian Law no. 30/98, supplemented by (It.) Law no. 488/1999, envisages, for income deriving from the use of vessels registered in the Italian international naval register, chartered by the company during 2021, the exclusion from taxation of 80% of taxable income for IRES purposes and the total exemption from IRAP. Furthermore, for just one ship it applies the so-called Tonnage Tax system by which the income from that ship is taxed on a lump sum basis. Current income taxes are determined on the basis of an analytical forecast of the taxable income for the year, taking into consideration the facilitated regime envisaged by (It.) Law no. 30/1998 and the Tonnage Tax.

Explanatory Notes, assets

Explanatory Notes Assets

In accordance with the structure dictated by the XBRL taxonomy and in compliance with the provisions of article 2427 of the (It.) Civil Code, this section of the Explanatory Notes provides comments on the items that compose the Income Statement in the financial statements for the year ended 31/12/2021.

Fixed assets

Intangible fixed assets

Intangible fixed assets are shown in the financial statements under the item B.I. of the Balance Sheet assets and amount to EUR 1,110,554 net of provisions.

As far as the individual items are concerned, please note that they were recognised among the balance sheet assets on the basis of a prudent evaluation of their multi-year usefulness and the details below are provided.

Development costs

The item includes costs for development activities for EUR 389,963.

Concessions, licences, trademarks, and similar rights

These costs are recognised under Balance Sheet assets for EUR 61,464 and are amortised on a straight-line basis. Other intangible fixed assets

Other intangible fixed assets amount to EUR 659,127.

In addition, it should be noted that, in accordance with what is envisaged by the provisions of art. 2426, first paragraph, no. 5, second sentence of the (It.) Civil Code, until amortisation of the costs indicated therein is full, profits can be distributed only if the remaining available reserves are sufficient to cover the amount of unamortised costs. On the basis of the assets/liabilities data shown in these financial statements, the company is not subject to this limitation.

Changes in intangible fixed assets

Changes in intangible fixed assets

B I - INTANGIBLE FIXED ASSETS

Balance as at 31/12/2021: 1,110,554

Balance as at 31/12/2020: 763,115

Changes: +347,439

The table below shows the changes in intangible fixed assets recognised under the item B.I of assets.

	Development costs	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	519,469	394,861	167,000	575,296	1,656,626
Revaluations	-	-	-	-	0
Amortisations (Amortisation fund)	230,324	361,191	0	301,996	893,511
Write-downs		-	-	-	0
Balance sheet value	289,145	33,670	167,000	273,300	763,115
Changes in the year					
Increases for acquisitions	255,890	68,492	0	594,204	918,587
Reclassifications (of the balance sheet value)	-	-	167,000	-	167,000
Decreases for sales and disposals (of the balance sheet value)		-	-	-	0
Revaluations carried out during the year	-	-		-	0
Amortisation for the year	155,072	40,699	0	208,378	404,149

	Development costs	Concessions, licences, trademarks, and similar rights	Intangible fixed assets under construction and advances	Other intangible fixed assets	Total intangible fixed assets
Write-downs carried out during the year	-	-	-	-	0
Other changes	-	-	-	-	0
Total changes	100,819	27,794	0	385,826	514,439
Value at the end of the year					
Cost	775,359	463,353	167,000	1,169,500	2,575,213
Revaluations	-	-	"	-	0
Amortisations (Amortisation fund)	385,395	401,890	167,000	510,374	1,464,659
Write-downs	-	-	-	-	0
Balance sheet value	389,963	61,464	0	659,127	1,110,554

The item "Development costs" for 2021 refers to the feasibility and design study for an oceanographic launch and recovery system with hybrid control functions. The item "Concessions, licences, trademarks, and similar rights" includes charges incurred for the acquisition of licences for software programs. The item "Fixed assets under construction and advances" includes investments for a feasibility and design study for an oceanographic launch and recovery system with hybrid control functions.

The item "Other Intangible Fixed Assets" includes costs relating to works and improvements on third-party assets, used in carrying out the company's business activities and amortised over 5 years in relation to the period of use.

It should be pointed out that, during the year under review and in previous years, no revaluation of the assets owned by the company was carried out and none of the intangible fixed assets existing in the financial statements was subject to a write-down, since there were no permanent impairments in value. In fact, it is reasonable to expect that the net book values entered in the Balance Sheet at the end of the financial year may be recovered by using or selling the goods or services to which they refer.

On the basis of what is envisaged by OIC 9, (It.) Legislative Decree 139/2015, since no indicators of impairment are recognised in the financial statements as at 31 December 2021, it was not deemed necessary to carry out further checks concerning additional impairment losses on intangible fixed assets.

Tangible fixed assets

Tangible fixed assets are entered at purchase or production cost, increased by the related accessory charges that are directly attributable to them.

Changes in tangible fixed assets

Changes in tangible fixed assets

Decreases for the year essentially refer to the disposal of machinery and electronic equipment, typical of the Company's sector, used on board to carry out the business activities.

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible Fixed Assets
Value at the beginning of the year					
Cost	0	189,429	2,126,684	98,647	2,417,567
Amortisations (Amortisation fund)	0	168,559	1,739,274	10,997	1,980,181
Balance sheet value	0	20,870	387,281	29,237	437,388
Changes in the year					
Increases for acquisitions	1,901,537	0	235,211	11,692	2,148,439
Depreciation during the financial year	22,818	10,845	193,842	9,549	237,055
Total changes	1,878,718	(10,845)	41,368	2,143	1,911,385
Value at the end of the year					

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible Fixed Assets
Cost	1,901,537	189,429	2,361,895	110,338	4,563,199
Amortisations (Amortisation fund)	22,818	179,404	1,930,592	39,892	2,172,706
Balance sheet value	1,878,718	10,026	431,303	32,024	2,352,071

Financial lease transactions

A) Assets: (Amounts in thousands of €)

Assets held under a financial lease at the end of the previous year, for a total of: EUR 2,654,800.00

Assets held under a financial lease at the end of the year, for a total of: EUR 3,209,392.75

Maxi lease instalments net of deferred expenses: EUR 364,902.27 Deferred expenses maxi lease instalments: EUR 69,450.40

B) Liabilities: (Amounts in thousands of €)

Implicit payables for financial leasing operations at the end of the previous year:

= EUR 1,394,662.10

Implicit payables for financial leasing operations at the end of the year: EUR 1,418,887.60

Income Statement: (Amounts in thousands of €)

Recognition of financial charges on financial lease transactions: EUR 29,425.88

Financial fixed assets

Financial fixed assets

Changes in financial fixed assets: Equity investments

The balance of equity investments, amounting to EUR 851,800, includes the value of the investment in the consortia under the name "Area Tech", "Cluster" and "MAR.TE.SCARL" and in the companies "SEASHIPTANKER SRL" and "PHOENIX OFFSHORE SRL"

Changes in financial fixed assets: Receivables

As at 31/12/2021 financial asset receivables amount to EUR 2,647,405 and include the value of the policies (life insurance and Directors' Severance Indemnity) and guarantees for a total of EUR 195,405, as well as the loan to the subsidiary SEASHIPTANKER SRL for a non-interest bearing loan of EUR 1,952,000, and a receivable from the parent company NEXT GEOSOLUTIONS UKCS LTD for a non-interest bearing shareholder loan of EUR 500,000.

Changes in investments, other securities, and fixed financial derivative assets

	Equity investments in subsidiaries	Equity investments in associates	Total Equity Investments
Value at the beginning of the year			
Cost	81,000	5,500	86,500
Balance sheet value	81,000	5,500	86,500
Changes in the year			
Increases for acquisitions	765,300	-	765,300
Total changes	765,300	-	765,300
Value at the end of the year			
Cost	846,300	5,500	851,800
Balance sheet value	846,300	5,500	851,800

Changes and maturity of long-term receivables

	Value at the beginning of the year	Changes in the year	Value at the end of the year	Portion falling due beyond the financial year
Total long-term receivables from subsidiaries	1,952,000	500,000	2,452,000	2,452,000
Long-term receivables from others	160,353	35,052	195,405	195,405
Total long-term receivables	2,112,353	535,052	2,647,405	2,647,405

Breakdown of long-term receivables by geographical area

The breakdown of long-term receivables by geographical area is not significant and, therefore, is not included in the explanatory notes.

Current assets

Current assets

Item C - Changes in the Current Assets

Under the letter “C”, current assets include the following items entered in the “assets” section of the balance sheet:

- Item I - Inventories;
- Item II - Receivables;
- Item IV - Cash and cash equivalents;

Current Assets as at 31/12/2021 amount to EUR 75,659,954

The item increased by EUR 36,299,340 in comparison with the previous year.

Details (valuation criteria, changes, etc.) relating to each of these items are shown below, in accordance with the structure dictated by the XBRL taxonomy.

Inventories

Inventories

VALUATION CRITERIA AND RECOGNITION IN THE FINANCIAL STATEMENTS

Inventories

Inventories consist of the value of contract work in progress and of the raw material inventories.

For the purposes of estimating the work in progress, the so-called “percentage of completion method” was used, in compliance with what is envisaged by OIC 23, even in the presence of interim orders.

	Value at the beginning of the year	Change in the year	Value at the end of the year
Raw, ancillary materials, and consumables	260,885	168,590	429,475
Contract work in progress	28,435,008	17,842,233	46,277,241
Total inventories	28,695,893	18,010,823	46,706,716

With reference to the valorisation of contract work in progress, the percentage of completion method was used in the presence of binding contracts with customers and in relation to the possibility of estimating the result of the contract with reasonable certainty. The state of progress (or percentage of completion) was determined on the basis of the physical/quantitative identification method of the works and/or service in progress at the balance sheet date for the orders completed subsequently. This method allowed us to allocate profits and costs, on an accrual basis, to the year in which they are actually earned/incurred.

The increase in inventories of work in progress is mainly determined by the existing orders not yet completed within the end of the year.

Receivables included in current assets

Current assets: receivables

VALUATION CRITERIA AND RECOGNITION IN THE FINANCIAL STATEMENTS

In 2020, the company obtained decree concession no. R000352 of 12/03/2020 with obligation deed signed on 05.02.2021 for the Project ARS01_00682 titled “Autonomous robotics for the extended ship - ARES” for a total of EUR 4,761,046.46 and EUR 2,329,375 as a company taking part in the project as a contribution to expenses, applied on the NOP “Research

and Innovation” Funds 2014-2020 and FDC pursuant to and for the purposes of art. 13 of the Notice.

For those activities in 2021 it obtained a contribution to expenses for EUR 196,243.00 and tax credit for Research and Development for EUR 46,301.61 as per art. 3 of (It.) Decree Law of 23 December 2013, no. 145 converted, with amendments into (It.) Law of 21 February 2014, no. 9 and in the related (It.) Ministerial Decree of 27 May 2015.

Amended by the 2020 Budget Law, no. 160/2019, (It.) Ministerial Decree 4.0 Transition of the (It.) Ministry for Economic Development of 26 May 2020 and subsequently by the 2021 Budget Law, 178/2020 in art. 1 paragraph 1064.

In 2021, for the Sustainable growth fund - Application sector “Smart Factory” Project proposal no. 1874, known as “NSS2023- Next Smart System in the marine filed” presented by the company NEXT GEOSOLUTIONS EUROPE S.P.A., pursuant to (It.) Ministerial Decree of 2 August 2019 and of the subsequent (It.) Management Decree of 2 October 2019, the company received the preliminary report of the Ministry and obtained a contribution to expenses of EUR 2,000,354.01 and a subsidised loan of EUR 1,286,278.85.

For those activities in 2021 it obtained a contribution to expenses amounting to EUR 189,163.43 and tax credit for Research and Development of EUR 68,618.03 as per art. 3 of (It.) Decree Law of 23 December 2013, no. 145 converted, with amendments into (It.) Law of 21 February 2014, no. 9 and in the related (It.) Ministerial Decree of 27 May 2015. Amended by the 2020 Budget Law, no. 160/2019, (It.) Ministerial Decree 4.0 Transition of the (It.) Ministry for Economic Development of 26 May 2020 and subsequently by the 2021 Budget Law, 178/2020 in art. 1 paragraph 1064.

The related contributions and credits calculated in accordance with the cumulation criterion pursuant to art. 1 paragraph 203 of (It.) Law 160/2019, as amended by (It.) Law 178/2020 amount to a total of EUR 500,326.07, reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and income” in the Income Statement, in compliance with the accounting principle OIC 24 and (It.) Law no. 232 of 11 December 2016.

On 28.02.2022 the company obtained authorisation to use the tax credit for investments in the South for EUR 138,647 notified on 31.01.2022 with protocol no. 22013139494737515-000001 for equipment investments amounting to EUR 554,590.

The related credit calculated pursuant to (It.) Law 208/2015 amounts to a total of EUR 138,647, reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and income” in the Income Statement, in compliance with the accounting principle OIC 24 and (It.) Law no. 232 of 11 December 2016.

In 2021, the company used the 4.0 loan for the purchase of goods required for the technological and digital transformation of enterprises in accordance with the “Industry 4.0” model included in (It.) Law of 11 December 2016, no.232 and subsequent amendments and additions, as per the appraisals of the expert tasked therewith. The related credit calculated pursuant to the law and amounting to Euro 744,429 is reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and income” in the Income Statement, in compliance with the accounting principle OIC 24 and (it>) Law no. 232 of 11 December 2016.

Generally speaking, daily engagement in research and development activities aimed at improving the business phases is a constant practice and a well-established company policy.

Changes and maturity of receivables included in current assets

	Value at the beginning of the year	Change during the financial year	Value at the end of the year	Portion falling due within the financial year	Portion falling due beyond the financial year
Receivables from customers included in current assets	4,050,956	12,032,201	16,083,157	16,083,157	-
Receivables from subsidiaries included in current assets	13,566	758,215	771,781	771,781	-
Receivables from associates included in current assets	718,535	(137,148)	581,387		581,387
Receivables from parent companies included in current assets	1,477,489	(712,934)	764,555	26,555	738,000
Tax receivables included in current assets	1,546,918	2,068,932	3,615,850	3,615,850	-
Deferred tax assets included in current assets	0	0	0		
Receivables from others included in current assets	93,656	570,640	664,296	664,296	-
Total receivables included in current assets	7,901,120	14,579,906	22,481,026	21,161,639	1,319,387

Trade receivables from customers that are due within the financial year refer to receivables deriving from normal sales operations and are to be received from national and international customers. In relation to those receivables, fully due within the subsequent financial year, the Company did not use the amortised cost method of valuation. Receivables from others include an insurance refund for damage to equipment on board the vessel, due within the subsequent financial year. The provision for receivable write-downs is cancelled as at 31/12/2021.

Breakdown of receivables included in current assets by geographical area

Geographical area	ITALY	ABROAD	Total
Receivables from customers included in current assets	52,270	16,030,887	16,083,157
Receivables from subsidiaries included in current assets	0	771,781	771,781
Receivables from associates included in current assets	0	581,387	581,387
Receivables from parent companies included in current assets	764,555	0	764,555
Tax receivables included in current assets	3,615,850	0	3,615,850
Deferred tax assets included in current assets		-	0
Receivables from others included in current assets	664,296	0	664,296
Total receivables included in current assets	5,096,971	17,384,055	22,481,026

Cash and cash equivalents

Current assets: cash and cash equivalents

Changes in cash and cash equivalents

VALUATION CRITERIA AND RECOGNITION IN THE FINANCIAL STATEMENTS

Cash and cash equivalents, shown in the “assets” section of the Balance sheet under item C.IV for EUR 6,472,212, correspond to the current account amounts held with banks and to the company’s cash and cheques at the end of the financial year and are valued at nominal value.

The table below shows details of the changes that occurred during the year covered by these financial statements, in the various types of liquid assets composing item C.IV.

	Value at the beginning of the year	Change in the year	Value at the end of the year
Bank and postal deposits	2,760,042	3,706,832	6,466,874
Cash on hand and other liquid assets	3,559	1,779	5,338
Total cash and cash equivalents	2,763,601	3,708,611	6,472,212

Accrued income and deferred expenses

VALUATION CRITERIA AND RECOGNITION IN THE FINANCIAL STATEMENTS

Art. 2424 of the (It.) Civil Code and OIC 18 require accrued income and prepaid expenses to be recognised as assets of the balance sheet under item D “Accruals and deferrals”. Art. 2424-bis, paragraph 6, of the (It.) Civil Code states that any income pertaining to the year but falling due during subsequent financial years and any costs incurred before the end of the year but pertaining to subsequent financial years should be entered under the item “accrued income and deferred expenses”.

Accrued income and deferred expenses, entered in the financial statements for the year ended on 31/12/2021, amount to EUR 1,015,046 and mainly refer to deferred payments of the advance leasing maxi-instalment and to the costs related to interim orders and the cost linked to the ship’s time-charter.

	Value at the beginning of the year	Change in the year	Value at the end of the year
Deferred expenses	1,006,423	8,623	1,015,046
Total accrued income and deferred expenses	1,006,423	8,623	1,015,046

Explanatory Notes, liabilities and shareholders' equity

Explanatory Notes Liabilities and shareholders' equity

In accordance with the structure dictated by the XBRL taxonomy and in compliance with the provisions of article 2427 of the (It.) Civil Code, this section of the Explanatory Notes provides the comment on the items forming the Shareholders' Equity and Balance Sheet Liabilities for the year ended 31/12/2021.

Shareholders' equity

The OIC 28 accounting principle, having defined shareholders' equity as the difference between the assets and liabilities of the financial statements that can express the company's ability to satisfy creditors and fulfil obligations "on a residual basis" through assets, specifies that: undistributed earnings generally consist of the allocation of the net profit arising from the approved financial statements, by means of explicit allocation to a reserve, or by means of a simple non-distribution resolution, so that any residual profit is allocated under item AVIII "Profits (losses) brought forward" of the liabilities of the Balance Sheet. Capital reserves represent the quotas of shareholders' equity that derive, for example, from additional shareholder contributions, from the conversion of bonds into shares, from monetary revaluations or from the waiver of receivables by the shareholders.

The changes that occurred in the consistency of the items of the shareholders' equity, as required by art. 2427 par. 4 of the (It.) Civil Code and the composition of the item "Various Other reserves" are shown below.

Changes in the shareholders' equity items

	Value at the beginning of the year	Other changes		Result for the year	Value at the end of the year
		Increases	Decreases		
Capital	500,000	500,000	-		1,000,000
Legal reserve	163,055	-	-		163,055
Other reserves					
Extraordinary reserve	5,991	-	-		5,991
Various other reserves	-	(500,000)	-		(500,000)
Total other reserves	5,991	(500,000)	-		(494,009)
Profits (losses) brought forward	5,253,305	1,135,982	-		6,389,286
Profit (loss) for the year	1,135,982		1,135,982	6,044,363	6,044,363
Total shareholders' equity	7,058,333	1,135,982	1,135,982	6,044,363	13,102,695

Availability and use of the shareholders' equity

Equity reserves can be used for different transactions depending on their restrictions and their nature. The notion of reserve distributability may not coincide with that of availability. The concept of availability concerns the possibility of using the reserve (for example for free capital increases), whereas the concept of distributability concerns the possibility of disbursing to shareholders (for example through dividends) sums that can be withdrawn, wholly or partially, from the related reserve. Therefore, availability and distributability may or may not coexist.

The origin, the possibility of use, and the distributability, as well as the use made in previous years, in relation to each item of the shareholders' equity, are shown in the table below.

	Amount	Origin / nature	Possibility of use	Available portion
Capital	1,000,000	CAPITAL		-
Legal reserve	163,055	PROFITS	B	-
Other reserves				
Extraordinary reserve	5,991	PROFITS	A,B	-
Various other reserves	(500,000)			(500,000)
Total other reserves	(494,009)			-

	Amount	Origin / nature	Possibility of use	Available portion
Profits brought forward	6,389,286	PROFITS	A,B,C	6,389,286
Total	7,558,332			5,889,286
Non-distributable portion				389,963
Residual distributable portion				5,999,323

Key: A: for capital increase B: for loss coverage c: for distribution to shareholders D: for other statutory restrictions E: other

Based on art. 2426, no. 5), of the (It.) Civil Code, until amortisation of development costs, recognised in assets under intangible fixed assets for EUR 389,963, has been completed dividends may only be distributed if there are sufficient reserves available to cover the non-amortised costs amount.

Provisions for risks and charges

The item includes deferred taxes calculated in 2021 after the temporary changes to the positive income components, expected to be fully absorbed during the next year. The main temporary difference, which determined the recognition of the aforementioned provision, is represented by the profits on orders, recognised on the basis of the percentage of completion method.

	Provision for taxes, even deferred	Total provisions for risks and charges
Value at the beginning of the year	49,903	49,903
Changes in the year		
Allocation for the year	934,179	934,179
Use in the year	49,903	49,903
Total changes	884,276	884,276
Value at the end of the year	934,179	934,179

Employee Severance Indemnities

Employee Severance Indemnities

Information on employee severance indemnities Employee Severance Indemnities

The provision corresponds to the total indemnities accrued in favour of employees at the closing date of the financial statements, net of the advances disbursed, and is equal to the amount that should have been paid to employees, in the event of termination of the employment relationship on that date, net of the advances already paid. The changes in that provision for the year is shown below.

	Employee Severance Indemnities
Value at the beginning of the year	593,179
Changes in the year	
Total changes	112,985
Value at the end of the year	706,164

The item employee severance indemnity includes the director's end-of-mandate indemnities for EUR 127,401.

Payables

The amount shown in the financial statements for payables to banks and to other lenders expresses the actual amount of principal, interest, and ancillary charges accrued as at 31/12/2021.

Other payables

The other payables in the financial statements include payables for accrued and not taken holidays by employees and for deferred remuneration, inclusive of the amount due to social security institutions, and are allocated on the basis of the amount that should be paid in the event of termination of the employment relationship at the balance sheet date.

Changes and maturity of payables

The total amount of payables is recognised in the “liabilities” section of the Balance sheet, under item “D”, for a total amount of EUR 67,799,423.

The table below shows details of the changes, occurred during the year covered by these financial statements, in the several types of payables composing the item D.

Changes and maturity of payables

	Value at the beginning of the year	Change during the financial year	Value at the end of the year	Portion falling due within the financial year	Portion falling due beyond the financial year
Payables to banks	5,171,723	13,200,508	18,372,231	13,109,704	5,262,527
Advances	20,329,177	13,126,215	33,455,392	33,455,392	-
Payables to suppliers	4,505,294	8,735,215	13,240,509	13,240,509	-
Payables to subsidiaries	194,560	(194,559)	1	1	-
Payables to associates	2,487,122	(1,897,259)	589,863	589,863	-
Payables to parent companies	2,069,038	(701,523)	1,367,515	1,367,515	-
Tax payables	481,552	(106,338)	375,214	375,214	-
Payables to pension funds and social security institutions	89,401	13,372	102,773	102,773	-
Other payables	289,223	6,702	295,925	295,925	-
Total payables	35,617,090	32,182,333	67,799,423	62,536,895	5,262,528

Please note that payables to banks with maturity after the following year relate to two loans signed during 2021 with two different banks.

Breakdown of payables by geographical area

Geographical area	ABROAD	ITALY	Total
Payables to banks	-	18,372,231	18,372,231
Advances	33,455,392	0	33,455,392
Payables to suppliers	6,613,529	6,626,980	13,240,509
Payables to subsidiaries	1	0	1
Payables to associates	589,863	0	589,863
Payables to parent companies	0	1,367,515	1,367,515
Tax payables	-	375,214	375,214
Payables to pension funds and social security institutions	-	102,773	102,773
Other payables	-	295,925	295,925
Payables	40,658,785	27,140,638	67,799,423

Accrued expenses and deferred income

Accrued expenses and deferred income amount to EUR 1,094,369 as at 31 December 2021.

As regulated by Accounting Principle no. 18, accrued expenses and deferred income include income and charges that pertain to several financial years and that, because of time, can be distributed with advanced or deferred accrual, with respect to the numerical and/or documentary manifestation, notwithstanding the payment or collection date.

The most significant item is that of deferred contributions in the year following obtaining the tax credit for investments in instrumental goods for the South pursuant to (It.) Law no. 208 of 28 December 2015 art.1 paragraph 98, which take part in results for the year related to amortisation of the assets they refer to described under Tax Receivables.

	Value at the beginning of the year	Change in the year	Value at the end of the year
Deferred income	447,888	646,481	1,094,369
Total accrued expenses and deferred income	447,888	646,481	1,094,369

Explanatory notes, income statement

In accordance with the structure dictated by the XBRL taxonomy and in compliance with the provisions of article 2427 of the (It.) Civil Code, this section of the Explanatory Notes provides the comment on the items that compose the Income Statement in the financial statements for the year ended 31/12 /2021.

Value of production

Revenues from sales and services

Income from services are recognised only when the performance of the service is complete, through the issuance of the invoice or through a specific “communication” sent to the customer.

In particular, the item in question includes only the revenues for which there is certainty of respective accrual, as they are definitively recognised by the customer in terms of consideration for works and services performed in compliance with the agreed contractual conditions.

As for revenues deriving from orders relating to works and services accounted for using the lump sum method, the invoices determined in the contract constitute financial advances and are entered as advances under liabilities.

Revenues and income were recognised net of returns, discounts, allowances, and premiums, and net of taxes directly connected to the provision of services, and amount to EUR 59,760,057.

The change in contract work in progress amounts to EUR 17,798,606.

The balance of other revenues and income amounts to EUR 2,261,720 and mainly refers to: - revenues relating to a research and development project implemented during 2021; - grants related to income calculated in accordance with the law in compliance with the accumulation criterion per contribution and tax receivable. Various revenues arising from the recognition of the use of tax receivable for investments in instrumental goods of the South as per (It.) Law no. 208 of 28 December 2015, art.1, paragraph 98; and contribution for 4.0 concession in accordance with (It.) Law of 11 December 2016, no. 232 and subsequent amendments and additions. The value of production is equal to EUR 79,811,963. For comments on revenue trends, please refer to the report on operations.

The value of production amounts to EUR 79,834,582.

For comments on revenue trends, please refer to the report on operations.

Breakdown of revenues from sales and services by business category

Revenues from sales and services are divided into the business categories below: 25% in construction support, 23% for UXO activities, 51% for geophysical-geotechnical-prelay survey activities and the remaining 1% for reporting activities.

Breakdown of revenues from sales and services by geographical area

Revenues from sales and services may be broken down into the following geographical areas: 10% in Italy, 65% in the European Union and the remaining 25% in the rest of the world.

Production costs

Costs are accounted for on an accrual basis, notwithstanding the date of collection and payment, net of returns, discounts, allowances, and premiums. Costs and charges of class B of the Income Statement, classified by nature, are shown net of returns, discounts, allowances, and premiums, while discounts of a financial nature were recognised as financial income under item C.16.

Costs for raw, ancillary materials, consumables, and goods include ancillary purchase costs (transport, insurance, loading and unloading, etc.) where the supplier included them in the purchase price of materials and goods. Otherwise, they are entered among costs for services (item B.7).

Please note that the non-recoverable VAT was incorporated into the purchase cost of goods.

Costs of a defined amount, resulting from invoices received from suppliers, and also costs of an estimated amount not yet documented, for which specific inspections are made, are charged to items B.6, B.7 and B.8. Overall, the production costs pertaining to the year ended on 31/12/2021, net of returns, discounts, and allowances, amount to EUR 72,341,243 and are as follows:

Costs for raw materials: 4,064,365

Costs for services: 34,565,076

Costs for leased goods: 28,169,053

Costs for personnel: 4,808,216

Amortisation/Depreciation: 641,204

Change in inventories: -168,591

Various operating charges: 261,920

Financial income and charges

Financial income and charges

All the positive and negative items of the economic result for the year connected to the financial activity of the company, characterised by transactions generating income, charges, bank accounts, receivables entered as fixed assets, loans of any kind receivable and payable, and foreign exchange gains and losses, are recognised under Class C of the Income Statement.

Income and charges of a financial nature are entered on an economic-accrual basis; interest and other financial charges are recognised under item C.17 of the Income Statement on the basis of the amounts accrued during the year, net of the related deferrals.

Breakdown of interest and other financial charges by type of payables

	Interest and other financial charges	
Other		550,302
Total		550,302

Current, deferred and prepaid income taxes

Taxes are recognised applying the accrual principle; therefore, they represent the taxes paid or to be paid for the year and are determined in accordance with the rates and the legislation in force. Taxes were calculated on the basis of the current tax legislation and represent the amount of taxes pertaining to the financial year to which the financial statements refer.

They amount to a total of EUR 1,121,116 and relate to:

a) current taxes;

b) deferred and prepaid taxes.

The main temporary differences that led to the recognition of deferred taxes and their related effects are indicated in the table below.

Determination of taxes for the year

Please note that deferred tax receivable and payable are calculated on the temporary differences between the values of assets and liabilities calculated in accordance with statutory criteria and the corresponding values recognised for tax purposes. They are valued by taking into account the estimated tax rate that the Company is expected to incur during the year in which these differences will contribute to the formation of the tax result, by considering the rates in force or already issued at the date of the financial statements and are respectively entered under the “provision for deferred taxes” recognised under liabilities among the provisions for risks and charges and under item 4 ter) and under the item “receivables for prepaid taxes” of the current assets.

Prepaid tax assets are recognised for all the deductible temporary differences, in compliance with the principle of prudence and only if there is the reasonable certainty that, in the years when those differences will reverse, there is taxable income no lower than the amount of the differences that are to be written off.

On the other hand, deferred taxes are recognised for all taxable temporary differences.

Deferred taxes relating to suspended tax reserves are not recognised if there is scarce probability that such reserves will be distributed to the shareholders.

Recognition of deferred and prepaid taxes and consequent effects

	IRES
A) Temporary differences	
Total deductible temporary differences	207,930
Total taxable temporary differences	3,673,753
Net temporary differences	(3,465,823)

	IRES
B) Tax effects	
Provision for deferred (prepaid) taxes at the beginning of the year	49,903
Deferred (prepaid) taxes for the year	884,276
Provision for deferred (prepaid) taxes at the end of the year	934,179

Breakdown of taxable temporary differences

Description	Amount at the end of the previous financial year	Changes that occurred during the year	Amount at the end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
INFRASTRUCTURE ORDERS	207,930	3,465,823	3,673,753	24.00%	881,701	0.00%	0

Reconciliation between theoretical tax charge and actual tax charge

Result before taxes: 7,165,479

Theoretical tax charge: (IRES 24%; IRAP 4.97%): 2,075,839

Temporary differences that are taxable in subsequent financial years: 3,673,753

Temporary differences that are deductible in subsequent financial years: 9,000

Reversal of the temporary differences of the previous years: 207,930

Tax readjustments: -6,701,033

Gross taxable income: 464,445

Previous losses: 0

ACE: 245,783

Taxable amount: 218,662

Explanatory notes, additional information

Employment data

Employment data are shown below:

	Average number
Middle managers	8.06
Office employees	29
Other employees	24
Total employees	61.06

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

With reference to the remuneration of the corporate bodies, please note that the total remuneration for Directors amounts to EUR 275,425; the remuneration for the Board of Statutory Auditors, also responsible for the statutory audit of the Company's financial statements, amounts to EUR 20,495.

	Directors	Statutory Auditors
Remuneration	275,425	20,495

Categories of shares issued by the company

The share capital is composed of 1,000,000 shares with a par value of 1 euro.

On 28/12/2021, the company decided to cancel its own shares, for an amount of EUR 500,000, realised by means of voluntary decrease of the share capital. The process is in the completion stage pursuant to art. 2445 of the (It.) Civil Code.

Commitments, guarantees, and potential liabilities not resulting from the balance sheet

There are no commitments, guarantees, and potential liabilities not resulting from the balance sheet.

Information on transactions with related parties

Transactions with related parties were carried out during the year, as properly described in the report on operations. The transactions were made at arm's length conditions and in the interest of the Company within ordinary business.

In particular, the transactions with related parties carried out by the Company mainly concern:

- a) the provision of services including the chartering of vessels;
- b) obtaining geotechnical and geophysical survey services;
- c) service contracts relating to the use of spaces inside offices and services pertaining to the IT systems;
- d) ship management agreement pertaining to crew management, technical management, operational and commercial management, refuelling, and the drafting of the ship budgets. For more details, please refer to the Report on Operations.

Information on significant events that occurred after the end of the year

With specific reference to the future performance of the company, particular attention must be paid to the ongoing armed conflict between Russia and Ukraine, whose consequences can have a marked effect on the stability of the general economic and social system; however, there are no particular effects on the reference sector in which the Company operates.

The aforementioned risks are, to the extent that this is possible, constantly monitored. The Company, despite the fact that it will be affected by the negative effects of the geopolitical scenario in evolution, has not found particular elements or a decrease in turnover that may undermine its business continuity in the next twelve months.

Information pursuant to art. 1, paragraph 125, of (It.) Law of 4 August 2017, no. 124

In 2021, the Company used the amount of EUR 26,248.00 relating to grants received as a tax credit connected to research and development projects carried out during 2020 for the purposes envisaged by article 3 of (It.) Decree Law 145/2013 converted with amendments by (It.) Law no. 9/2014, as amended by paragraph 35 of article 1 of (It.) Law no. 190/2014 and subsequent amendments and integrations. Those tax receivables were calculated on the basis of criteria illustrated in Circular 5E of 16 March 2016 by the Revenue Agency and subsequent amendments. During 2021, the Company used the quota of EUR 271,250.00 of the contributions received as tax credit for the South as per (It.) Law 208/2015 realised during 2021, it used the quota of EUR 99,872.52 as 4.0 loan for the purchase of the goods required for the technological and digital transformation of enterprises in accordance with the "Industry 4.0" model included in (It.) Law of 11 December 2016, no. 232 and subsequent amendments and additions, and EUR 14,923.48 of the contributions received as tax credit for the South as per (It.) Law 208/2015 realised during 2021, and used the quota of EUR 27,776.77 of the contributions received as PPE tax credit for the year 2020, and EUR 5,420.00 as PPE tax credit for the year 2021

Proposal for allocation of profits or coverage of losses

In light of the above, the proposal is to allocate the profit for the year, amounting to a total of EUR 6,044,363, as follows:
- the decision is postponed until the shareholders' meeting for the approval of the financial statements.

Explanatory Notes, final part

These financial statements consisting of the Balance Sheet, Income Statement, Cash Flow Statement, and Explanatory Notes represent, in a truthful and correct way, the assets/liabilities and financial position, as well as the economic result for the year, and correspond to the results of the accounting records.

Naples, 31 May 2022

Giorgio Filippi, President

Giuseppe Maffia, Managing Director

Giovanni Ranieri, Managing Director



Statement of compliance of the financial statements

The undersigned Mr Simone Andrea d'Aniello pursuant to art. 31 paragraph 2-quinquies of (It.) Law 340/2000, declares that this document is compliant with the original, deposited at the Company's registered office.