

# NEXT GEOSOLUTIONS EUROPE SPA

## Financial Statements as at 31-12-2022

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	500,000 f.p.
Legal form	Company limited by shares
Main 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

	31-12-2022	31-12-2021
<b>Balance Sheet</b>		
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets		
2) development costs	234.891	389.963
4) concessions, licences, trademarks and similar rights	42.574	61.464
6) fixed assets under construction and advances	165.000	0
7) other	1.402.399	659.127
<b>Total intangible fixed assets</b>	<b>1.844.864</b>	<b>1.110.554</b>
II - Tangible fixed assets		
1) land and buildings	2.117.762	1.878.718
2) plants and machinery	4.955	10.026
3) industrial and commercial equipment	1.865.608	431.303
4) other assets	4.887.247	32.024
5) fixed assets under construction and advances	5.598.458	0
<b>Total tangible fixed assets</b>	<b>14.474.029</b>	<b>2.352.071</b>
III - Financial fixed assets		
1) equity investments in		
a) subsidiaries	2.311.348	846.300
b) associates	5.000	5.500
d-bis) other undertakings	5.500	-
<b>Total equity investments</b>	<b>2.321.848</b>	<b>851.800</b>
2) receivables		
a) from subsidiaries		
due beyond one year	1.952.000	2.452.000
<b>Total receivables from subsidiaries</b>	<b>1.952.000</b>	<b>2.452.000</b>
d-bis) from others		
due beyond one year	217.316	195.405
<b>Total receivables from others</b>	<b>217.316</b>	<b>195.405</b>
<b>Total receivables</b>	<b>2.169.316</b>	<b>2.647.405</b>
<b>Total financial fixed assets</b>	<b>4.491.164</b>	<b>3.499.205</b>
<b>Total fixed assets (B)</b>	<b>20.810.057</b>	<b>6.961.830</b>
<b>C) Current assets</b>		
I - Inventories		
1) raw, ancillary materials and consumables	1.351.672	429.475
3) contract work in progress	58.973.515	46.277.241
<b>Total inventories</b>	<b>60.325.187</b>	<b>46.706.716</b>
II - Receivables		
1) from customers		
due within one year	18.059.463	16.083.157
<b>Total receivables from customers</b>	<b>18.059.463</b>	<b>16.083.157</b>
2) from subsidiaries		
due within one year	847.825	771.781
<b>Total receivables from subsidiaries</b>	<b>847.825</b>	<b>771.781</b>
3) from associates		
due within one year	0	-
due beyond one year	0	581.387

Total receivables from associates	0	581.387
4) from parent companies		
due within one year	347.061	26.555
due beyond one year	0	738.000
Total receivables from parent companies	347.061	764.555
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	3.303.052	3.615.850
Total tax receivables	3.303.052	3.615.850
5-ter) prepaid taxes	10.455	0
5-quater) from others		
due within one year	326.000	664.296
Total receivables from others	326.000	664.296
Total receivables	23.510.656	22.481.026
IV - Cash and cash equivalents		
1) bank and postal deposits	9.485.085	6.466.874
3) cash on hand and liquid assets	6.865	5.338
Total cash and cash equivalents	9.491.950	6.472.212
Total current assets (C)	93.327.793	75.659.954
D) Accruals and deferrals	2.348.404	1.015.046
Total assets	116.486.254	83.636.830
Liabilities		
A) Shareholders' equity		
I - Capital	500.000	1.000.000
IV - Legal reserve	163.055	163.055
VI - Other reserves, separately indicated		
Extraordinary reserve	5.991	5.991
Various other reserves	431.545	(500.000)
Total other reserves	437.536	(494.009)
VIII - Profits (losses) brought forward	12.041.084	6.389.286
IX - Profit (loss) for the year	7.225.668	6.044.363
X - Negative reserve for treasury shares in portfolio	(738.000)	-
Total shareholders' equity	19.629.343	13.102.695
B) Provisions for risks and charges		
2) for taxes, even deferred	808.341	934.179
Total provisions for risks and charges	808.341	934.179
C) Employee Severance Indemnities	927.924	706.164
D) Payables		
4) payables to banks		
due within one year	10.591.957	13.109.704
due beyond one year	12.494.618	5.262.527
Total payables to banks	23.086.575	18.372.231
6) advances		
due within one year	51.413.963	33.455.392
Total advances	51.413.963	33.455.392
7) payables to suppliers		
due within one year	12.620.641	13.240.509
Total payables to suppliers	12.620.641	13.240.509
9) payables to subsidiaries		

due within one year	1.478.364	1
Total payables to subsidiaries	1.478.364	1
10) payables to associates		
due within one year	657.682	589.863
Total payables to associates	657.682	589.863
11) payables to parent companies		
due within one year	3.342.431	1.367.515
Total payables to parent companies	3.342.431	1.367.515
12) tax payables		
due within one year	702.655	375.214
Total tax payables	702.655	375.214
13) payables to pension funds and social security institutions		
due within one year	124.036	102.773
Total payables to pension funds and social security institutions	124.036	102.773
14) other payables		
due within one year	374.930	295.925
Total other payables	374.930	295.925
Total payables	93.801.277	67.799.423
E) Accruals and deferrals	1.319.369	1.094.369
Total liabilities	116.486.254	83.636.830

## Income statement

	31-12-2022	31-12-2021
<b>Income statement</b>		
A) Value of production		
1) revenues from sales and services	48.737.509	59.760.057
3) changes in contract work in progress	12.739.901	17.798.606
5) other revenues and income		
operating grants	1.086.489	-
other	381.017	2.275.919
Total other revenues and income	1.467.506	2.275.919
Total value of production	62.944.916	79.834.582
B) Production costs		
6) for raw, ancillary materials and consumables	6.779.254	4.064.365
7) for services	30.843.586	34.565.076
8) for leased assets	12.717.253	28.169.053
9) for personnel		
a) wages and salaries	4.216.364	3.709.549
b) social security charges	526.636	883.502
c) severance indemnity	276.515	215.165
Total costs for personnel	5.019.515	4.808.216
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	614.436	404.149
b) depreciation of tangible fixed assets	385.156	237.055
Total amortisation, depreciation and write-downs	999.592	641.204
11) changes in raw, ancillary materials, consumables and goods	(922.197)	(168.591)
14) various operating charges	224.522	261.920
Total production costs	55.661.525	72.341.243
Difference between value of production and production costs (A - B)	7.283.391	7.493.339
C) Financial income and charges		
16) other financial income		
d) income other than above		
other	13.768	3.986
Total other financial income	13.768	3.986
17) interest and other financial charges		
other	485.953	550.302
Total interest and other financial charges	485.953	550.302
17-bis) exchange gains and losses	(137.553)	(174.110)
Total financial income and charges (15 + 16-17 + - 17-bis)	(609.738)	(720.426)
D) Adjustments to the value of financial assets and liabilities		
18) revaluations		
a) of equity investments	555.936	392.566
Total revaluations	555.936	392.566
Result before taxes (A - B + - C + - D)	7.229.589	7.165.479
20) Current, deferred and prepaid income taxes		
current taxes	92.977	289.318
deferred and prepaid taxes	(89.056)	831.798
Total current, deferred and prepaid income taxes	3.921	1.121.116
21) Profit (loss) for the year	7.225.668	6.044.363

## Cash flow statement, indirect method

	31-12-2022	31-12-2021
Cash flow statement, indirect method		
A) Financial flows arising from operating activities (indirect method)		
Profit (loss) for the year	7.225.668	6.044.363
Income taxes	3.921	1.121.116
Interest payable/(receivable)	472.185	720.426
1) Profit (loss) for the year before income taxes, interests, dividends and capital gains /losses deriving from disposals	7.701.774	7.885.905
Adjustments to non-monetary items that were not offset by the net working capital		
Allocations to provisions	276.515	215.165
Amortisation/depreciation of fixed assets	999.592	641.204
Other adjustments up/(down) for non-monetary items	(555.936)	-
Total adjustments to non-monetary items that were not offset by the net working capital	8.421.945	8.742.274
2) Financial flow before changes in net working capital	720.171	856.369
Changes in net working capital		
Decrease/(Increase) in inventories	(13.618.471)	(18.010.823)
Decrease/(Increase) in receivables from customers	(1.976.306)	(12.032.201)
Increase/(Decrease) in payables to suppliers	(619.868)	21.861.430
Decrease/(Increase) in accrued income and prepaid expenses	(1.333.358)	(8.623)
Increase/(Decrease) in accrued expenses and deferred income	225.000	646.481
Other decreases/(Other increases) in net working capital	21.858.001	(5.010.348)
Total changes in net working capital	4.534.998	(12.554.084)
3) Financial flow after changes in net working capital	12.956.943	(3.811.810)
Other adjustments		
Interest collected/(paid)	(472.185)	(720.426)
(Paid income taxes)	(241.839)	(1.227.454)
(Use of provisions)	(54.775)	-
Total other adjustments	(768.799)	(1.947.880)
Financial flow arising from operating activity (A)	12.188.144	(5.759.690)
B) Financial flows arising from investing activities		
Tangible fixed assets		
(Investments)	(12.507.114)	(2.151.738)
Intangible fixed assets		
(Investments)	(1.348.746)	(751.588)
Financial fixed assets		
(Investments)	(29.198)	(1.300.352)
Divestitures	2.288	-
Current financial assets		
(Investments)	-	(28.528)
Financial flow arising from investing activity (B)	(13.882.770)	(4.232.206)
C) Financial flows arising from financing activities		
Loan capital		
Increase/(Decrease) in short-term payables to banks	(4.756.815)	9.350.508
Loans taken out	10.600.000	3.850.000
(Repayment of loans)	(1.128.841)	-
Equity		
Capital increase by payment	-	500.000

Financial flow arising from financing activity (C)	4.714.344	13.700.508
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	3.019.718	3.708.612
Cash and cash equivalents at the beginning 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 beginning of the year	6.472.212	2.763.601
Cash and cash equivalents at the end 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 end of the year	9.491.950	6.472.212

# Nota integrativa al Bilancio di esercizio chiuso al 31-12-2022

## Explanatory Notes to the Financial Statements for the year ended as at 31-12-2022

### Explanatory Notes, initial part

The financial statements closed as at 31/12/2022, of which these Notes are an essential part pursuant to art. 2423, par.1, of the (It.) 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.

Analysis of the nature of the Company's business, well known to you in general, is specifically referred to in the Management Report. The mention of tax regulations refers to the provisions envisaged by the (It.) Consolidated Income Tax Act (TUIR) DPR 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.

This 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 2022 were prepared in accordance with the regulations of the Italian civil code, construed and integrated by the accounting principles and criteria stated by the Italian Accounting Body (Organismo Italiano di Contabilità - 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.) Civil Code, articles 2425 and 2425 bis of the (It.) Civil Code, Art. 2425 ter of the (It.) Civil Code and the accounting standard OIC 10) and these explanatory notes.

The Explanatory Notes illustrate, analyse and, in some case, integrate 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 laws and regulations in force. Furthermore, the explanatory notes provide all the supplementary information, though not required by specific legal provisions, deemed necessary for the most transparent, complete representation.

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

- items were valued according to prudence and on the assumption of a going concern; only illustrating the profits registered at the closing date of the financial year;
- the recognition and presentation of items is made taking into account the substance of the transaction or contract;
- 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 and 2425-bis of the (It.) Civil Code;
- the Statement of Cash Flows reflects the provisions of article 2425-ter of the (It.) Civil Code and has been prepared using the indirect method, using the format prescribed by the accounting standard OIC 10;
- in line with the provisions of article 2423-ter of the (It.) Civil Code, for each item in the Balance Sheet, Income Statement and Cash Flow Statement, the amount of the corresponding item of the previous year has been indicated;
- 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

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

The most significant valuation criteria adopted to prepare the financial statements as at 31 December 2022 in compliance with art. 2426 of the (It.) Civil Code and with the aforementioned accounting standards are listed below.



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 future profitability of the company. 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 fixed assets starts from the moment the fixed asset is available and ready for use and has been performed systematically and in each financial year, in relation to the residual possibility of future economic use of each individual fixed asset. In fact, the cost of the fixed assets in question was amortised on the basis of a “plan” that is deemed to ensure a correct distribution of the 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 accordance with OIC 9, in the presence of specific potential impairment indicators, the Company determines the recoverable amount of the asset, which is the greater of value in use and the fair value less costs to sell. Value in Use is the discounted value of the expected cash flows from an asset or cash-generating unit. Whereas fair value means the amount obtainable from the sale of an asset in an ordinary transaction between market participants at the valuation date.

If, irrespective of amortisation already accounted for, the fixed asset has a value that is permanently lower than the corresponding net book value, it is recorded at this lower value. The difference is charged to the income statement as an impairment loss. If, in subsequent years, the reasons for the write-down no longer apply, the original value, adjusted only for amortisation, is reinstated. In the absence of potential impairment indicators, it is not necessary to determine the recoverable amount.

In accordance with the provisions of OIC 9, as no indicators of potential impairment were recognised in the financial statements as at 31 December 2022, it was not necessary to determine the recoverable amount and no impairment loss was recognised.

Tangible fixed assets - They are entered at their purchase cost or production 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 recognised at cost in foreign currency are recorded at the exchange rate at the time of their acquisition (historical exchange rate). Fixed assets are systematically depreciated, each year and on a straight-line basis, according to the rates envisaged by tax regulations that are deemed to represent the residual possibility of use of the assets. The depreciation of tangible fixed assets begins from the moment the fixed asset is available and ready for use. For fixed assets that were available and ready for use during the financial year, the depreciation rates are considered to be 100%.

The amortisation criterion applied for the year ended on 31/12/2022 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, in addition to considerations of the physical life of the assets, all other factors affecting the economic life of the assets, such as technical obsolescence, intensity of use, maintenance policy, etc., have been and will be taken into account. Maintenance and repair costs of an ordinary nature 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. The 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 distinguished between: 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.

In accordance with the provisions of OIC 9, in the presence of specific indicators of potential impairment, the Company determines the recoverable value of the asset, which is the greater of value in use and fair value less costs to sell. Value in use means the

discounted value of the expected cash flows from an asset or cash-generating unit. Whereas fair value means the amount obtainable from the sale of an asset in an ordinary transaction between market participants at the valuation date.

If, irrespective of amortisation already accounted for, the fixed asset has a value that is permanently lower than the corresponding net book value, it is recorded at this lower value. The difference is charged to the income statement as an impairment loss. If, in subsequent years, the reasons for the write-down no longer apply, the original value, adjusted only for amortisation, is reinstated. In the absence of potential impairment indicators, it is not necessary to determine the recoverable amount.

In accordance with the provisions of OIC 9, as no indicators of potential impairment were recognised in the financial statements as at 31 December 2022, it was not necessary to determine the recoverable amount and no impairment loss was recognised.

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 at purchase or incorporation cost, including ancillary costs.

The equity investment in the subsidiary Next Geosolutions UKCS Ltd, which carries out activities similar to those of the Company, is valued using the equity method, as this is considered more representative of the value of the equity investment.

The result for the year of the investee company, valued using the equity method, appropriately adjusted to bring it in line with the Company's accounting principles and following consolidation adjustments in accordance with paragraph 167 of OIC 17, is charged to the income statement in class D "Value Adjustments to Financial Assets and Liabilities". If the investee company's equity increases or decreases for reasons other than the result for the year, pursuant to paragraph 175 of OIC 17, the value of the equity investment and the value of the non-distributable reserve are correspondingly increased or decreased in the company's balance sheet. These changes are not recognised in the profit and loss account of the investor.

In the presence of impairment indicators, the Company compares the carrying value of the investment with its recoverable value, determined on the basis of the future benefits that are expected to flow to the economy 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 security is increased up to a maximum of the original cost.

As there were no potential impairment indicators in the financial statements as at 31 December 2022, it was not necessary to determine the recoverable amount and no impairment loss was recognised.

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. The percentage of completion is determined by the method of physical measurements. 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 client 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. Amounts received from the client by way of advances and payments on account are recognised as liabilities under the item "D.6 Advances", while those paid to subcontractors by way of advances and payments on account are recognised as assets under the item "C.I.5 Advances".

Stocks of raw materials are represented by fuel on board ships at the closing date of the financial year and are recognised at the lower of the purchase cost, determined according to 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.

As allowed by paragraph 33 of the accounting standard OIC 15, the amortised cost criterion has not been applied if the effects of applying this criterion are insignificant compared to the value determined according to the criterion of estimated realisable value. Effects can be assumed not to be significant if:

- the receivables are short-term (that is to say with a maturity of less than 12 months);
- the 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 financial year are valued at nominal value if they relate to cash on hand and at estimated realisable value if they relate to bank account balances.

Liquid assets denominated in foreign currencies are valued at the spot exchange rate on the balance sheet date.

Accrued income and deferred expenses - The item "Accrued income and deferred expenses" records any income pertaining to the year falling due during subsequent financial years and any costs incurred before the end of the year but pertaining to subsequent financial years. Any costs pertaining to the year but falling due during subsequent financial years and any income collected before the end of the year but pertaining to subsequent financial years is entered under the item "accrued expenses and deferred income".

Provisions for risks and charges -- Provisions for risks and charges are set aside in order to cover liabilities of a determined 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. The risks for which the occurrence of a liability is only possible are indicated in the notes commenting on the provisions, without proceeding to the allocation of a provision for risks and charges.

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 entered under the item employee severance indemnity.

The indemnities 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, 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. As allowed by paragraph 42 of the accounting standard OIC 19, the amortised cost criterion has not been applied if the effects of applying this criterion are insignificant compared to the value determined according to the nominal value criterion. Effects can be assumed not to be significant if:

- the payables are short-term (that is to say with a maturity of less than 12 months);
- the transaction costs, commission and any other differences between initial value and value at maturity are of little significance.

Revenues - Revenues for services are recognised on an accrual basis when the service is rendered, i.e. when the service is performed. Revenues from the sale of goods are recognised on an accrual basis when the substantive and not formal transfer of title has occurred, taking the transfer of risks and rewards as the benchmark for the substantive transfer. They are stated in the balance sheet net of returns, discounts, rebates and premiums, as well as taxes directly related to the sale of products and the provision of services.

Transactions with related parties were carried out at normal market conditions.

Costs - Costs are accounted for on an accrual basis, regardless of the date of collection and payment. Costs for services are recognised on an accrual basis when the service is rendered, i.e. when the presentation is made. The costs for the purchase of assets are recognised on an accrual basis when the substantial and non-formal transfer of title has occurred, taking the transfer of risks and rewards as the benchmark for the substantial transfer. They are entered in the balance sheet net of returns, discounts, allowances and premiums.

Transactions with related parties were carried out at normal market conditions.

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 - Current taxes are recorded on the basis of the estimated taxable income in compliance with the regulations in force, taking into account the tax rates applicable on the date of the financial statements, applicable exemptions and tax credits due. 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.

Deferred tax liabilities and assets are calculated on the temporary differences between the values of assets and liabilities that are determined according to the statutory criteria and the corresponding values recognised for tax purposes. They are assessed 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 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.

#### 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 (historical exchange rate). 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). Assets and liabilities of a monetary nature, originally expressed in foreign currency, are converted at the spot exchange rate on the closing date of the financial year in the financial statements. At the end of the year, foreign currency monetary assets and liabilities 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 note that there were no exceptional cases requiring derogations to the legal provisions concerning the financial statements pursuant to paragraph 4 of art. 2423 of the (It.) Civil Code.

#### Significant events during the year

For a description of the significant events that occurred during the financial year 2022, please refer to the Report on Operations.

## Explanatory Notes, assets

### Explanatory Notes Assets

According to 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 assets of the Income Statement in the financial statements for the year ended 31/12/2022.

## 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 1,844,864 net of provisions.

### Changes in intangible fixed assets

#### Changes in intangible fixed assets

#### B I - INTANGIBLE FIXED ASSETS

Balance as at 31/12/2022: 1,844,864

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

Changes: +734,310

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
<b>Value at the beginning of the year</b>					
<b>Cost</b>	775,359	463,353	0	1,169,500	2,408,212
<b>Amortisations (Amortisation fund)</b>	385,396	401,890	0	510,374	1,297,660
<b>Balance sheet value</b>	389,963	61,464	0	659,127	1,110,554
<b>Changes in the year</b>					
<b>Increases for acquisitions</b>	-	10,863	165,000	1,172,885	1,348,748
<b>Depreciation during the financial year</b>	155,072	29,752	0	429,612	614,436
<b>Total changes</b>	(155,072)	(18,889)	165,000	743,273	734,312
<b>Value at the end of the year</b>					
<b>Cost</b>	775,359	474,216	165,000	2,342,385	3,756,960
<b>Amortisations (Amortisation fund)</b>	540,468	431,642	0	939,986	1,912,096
<b>Balance sheet value</b>	234,891	42,574	165,000	1,402,399	1,844,864

The item "Development costs", amounting to EUR 234,891, refers to a research project for the "Design and implementation of a system for measuring the thermal resistivity of marine sediments in situ" and the execution of functional tests of this measurement system.

The item "Concessions, licences, trademarks, and similar rights" amounting to EUR 42,574 includes charges incurred for the acquisition of licences for software programs.

The item "Fixed assets under construction and advances" amounting to EUR 165,000 refers to investments in progress for the development of a patent for measuring the thermal conductivity and temperature of marine sediments.

The item "Other Intangible Fixed Assets", amounting to EUR 1,402,399, mainly refers to 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.

Please note that no revaluation of assets owned by the company was carried out in the year under review or in previous years.

In addition, it should be noted that, according to what is envisaged by the provisions of art. 2426 of the Italian Civil Code, first paragraph, no. 5, second sentence, until amortisation of the startup and expansion costs and development 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 subject to this limitation for the amount of EUR 234,891.

In accordance with the provisions of OIC 9, as no indicators of potential impairment were recognised in the financial statements as at 31 December 2022, it was not necessary to determine the recoverable amount and no impairment loss was recognised.

## 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  
B II - TANGIBLE FIXED ASSETS

Balance as at 31/12/2022: 14,474,029

Balance as at 31/12/2021: 2,352,071

Changes: +12,121,958

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

	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
<b>Value at the beginning of the year</b>						
<b>Cost</b>	1,901,537	189,429	2,361,895	110,338	0	4,563,199
<b>Depreciation (Depreciation fund)</b>	22,818	179,404	1,930,592	39,892	0	2,172,706
<b>Balance sheet value</b>	1,878,718	10,026	431,303	32,024	0	2,352,071
<b>Changes in the year</b>						
<b>Increases for acquisitions</b>	289,016	0	1,765,424	4,835,084	5,598,457	12,487,981
<b>Depreciation during the financial year</b>	49,973	5,070	292,233	18,283	0	365,559
<b>Total changes</b>	239,043	(5,070)	1,473,191	4,816,801	5,598,457	12,122,422
<b>Value at the end of the year</b>						
<b>Cost</b>	2,190,553	189,429	4,091,087	4,945,422	5,598,457	17,014,948
<b>Depreciation (Depreciation fund)</b>	72,791	184,474	2,225,479	58,175	0	2,540,919
<b>Balance sheet value</b>	2,117,762	4,955	1,865,608	4,887,247	5,598,458	14,474,029

The item “Development costs”, amounting to EUR 234,891, refers to a research project for the “Design and implementation of a system for measuring the thermal resistivity of marine sediments in situ” and the execution of functional tests of this measurement system.

The item “Concessions, licences, trademarks, and similar rights” amounting to EUR 42,574 includes charges incurred for the acquisition of licences for software programs.

The item “Fixed assets under construction and advances” amounting to EUR 165,000 refers to investments in progress for the development of a patent for measuring the thermal conductivity and temperature of marine sediments.

The item “Other Intangible Fixed Assets”, amounting to EUR 1,402,399, mainly refers to 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.

Please note that no revaluation of assets owned by the company was carried out in the year under review or in previous years. Please also note that, pursuant to the provisions of art. 2426 of the (It.) Civil Code, para. 1, no. 5, second period, until the

assets owned by the company.

In accordance with the provisions of OIC 9, as no indicators of potential impairment were recognised in the financial statements as at 31 December 2022, it was not necessary to determine the recoverable amount and no impairment loss was recognised.

### Financial lease transactions

#### Assets

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

Assets held under a financial lease at the end of the year: EUR 2,065,592.75

Balloon lease payments net of deferred expenses: EUR 257,037.67

Balloon lease payments deferred expenses: EUR 107,864.60

#### Liabilities

Implicit payables for finance lease operations at the end of the previous year: EUR 1,418,887.60

Implicit payables for finance lease operations at the end of the year: EUR 1,006,170.35

#### Income Statement:

Recognition of financial charges on finance lease transactions: EUR 31,206.14

### Financial fixed assets

#### Equity investments

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

	Investments in subsidiaries	Investments in associates	Equity investments in other undertakings	Total Equity investments
<b>Value at the beginning of the year</b>				
<b>Cost</b>	453,734	5,500	-	459,234
<b>Revaluations</b>	392,566	-	-	392,566
<b>Balance sheet value</b>	846,300	5,500	-	851,800
<b>Changes in the year</b>				
<b>Increases for acquisitions</b>	864,892	5,000	-	869,892
<b>Reclassifications (of the balance sheet value)</b>	-	(5,500)	5,500	0
<b>Revaluations carried out during the year</b>	600,156	-	-	600,156
<b>Total changes</b>	1,465,048	(500)	5,500	1,470,048
<b>Value at the end of the year</b>				
<b>Cost</b>	1,318,626	5,000	5,500	1,329,126
<b>Revaluations</b>	992,722	-	-	992,722
<b>Balance sheet value</b>	2,311,348	5,000	5,500	2,321,848

Increases for the year, in the amount of EUR 869,892, refer to (i) EUR 864,892 for the capital contribution of the subsidiary Next Geosolutions UKCS Ltd. (of which EUR 500,000 was realised through the utilisation of the financial receivable from this counterparty and EUR 364,892 through the conversion of other receivables) and (ii) EUR 5,000 for the costs of setting up the associate Next Poli Srl.

Reclassifications from the item equity investments in associated companies to the item equity investments in other companies refer to the equity investments in the companies Mar.te Scavi, Consortiu Cluster Tecnologico Nazionale Blue Italian Growth and Consortium Area T Coroglio.

Revaluations refer to the effect of valuing the investment in the subsidiary Next Geosolutions UKCS 1 using the equity method. This valuation resulted in effects of EUR 555,936 under item D.18 "Revaluations of equity investments" of the Company's income statement (the investee company's economic result for the year, after consolidation adjustments) and effects of EUR 44,220 under item "A.VI Various other reserves" of shareholders' equity (changes in the investee company's net equity that did not contribute to the formation of the economic result for the year).

Pursuant to the provisions of no. 5, paragraph 1 of article 2427 of the (It.) Civil Code, the data of the investee companies are reported below

Company	Tax code	Registered office	% of invest.	Share capital	Profit (loss) for the year	Shareholders' equity	Shareholders' equity for the period (A)	Value of equity investment (B)	
Next Geosolutions UKCS Ltd	GB 923395514	London (England)	100	1,127	580,207	149,221	149,221	1,857,615	(1,701)
Next Geosolutions BV	NL822569711B01	Ijmuiden (The Netherlands)	100	20,000	(69,671)	367,215	367,215	372,733	(
Seashiptanker Srl	IT08300230961	Naples	80	10,000	149,602	346,856	277,485	56,000	22
Phoenix Off-shore Srl	00558170643	Naples	100	10,329	22,057	87,497	87,497	25,000	6
Next Poli Srl	IT10102971214	Naples	50.	10,000	81,291	91,291	45,646	5,000	4
Mar.Te. Scavi	07522871214	Naples	n/a	81,000	n/a	n/a	n/a	4,000	
Consortium Cluster Blue Italian Growth	95252310636	Naples	n/a	106,000	n/a	n/a	n/a	1,000	
Consortium Area Tech Bagnoli	05978091212	Naples	n/a	n/a	n/a	n/a	n/a	500	
Total								2,321,848	

The excess of the value of the equity investment in the subsidiary Next Geosolutions UKCS Ltd over the value of the relevant shareholders' equity derives from the goodwill implicit in the value of the equity investment (valued using the equity method); the excess of the value of the equity investment in the subsidiary Next Geosolutions BV over the value of the relevant shareholders' equity was assessed as not material and, in light of the subsidiary's economic-financial prospects, not indicative of impairment.

Taking into account the data shown in the table above and the above comments, the carrying value of the investments is deemed fully recoverable and, therefore, no impairment loss was recognised.

#### 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
<b>Total long-term receivables from subsidiaries</b>	2,452,000	(500,000)	1,952,000	1,952,000
<b>Long-term receivables from others</b>	195,405	21,911	217,316	217,316
<b>Total long-term receivables</b>	2,647,405	(478,089)	2,169,316	2,169,316

The reduction in the item refers for EUR 500,000 to the capital contribution of the subsidiary Next Geosolutions UKCS Ltd through the utilisation of the financial receivable from the subsidiary.

#### Breakdown of long-term receivables by geographical area

With reference to the breakdown of long-term receivables by geographical area, it should be noted that all receivables recorded under financial fixed assets are due from Italian counterparties.

Please note that pursuant to article 2427 paragraph 1 no. 6 of the (It.) Civil Code, there are no receivables with a residual term of more than 5 years.

## 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;

The amount of Current Assets as at 31/12/2022 is equal to EUR 93,327,793

The item increased by EUR 17,667,839 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 consist of the value of contract work in progress and of the raw, ancillary material and consumable inventories.

The “percentage of completion method” was used to estimate work in progress, as indicated in the valuation criteria.

	Value at the beginning of the year	Change in the year	Value at the end of the year
<b>Raw, ancillary materials, and consumables</b>	429,475	922,197	1,351,672
<b>Contract work in progress</b>	46,277,241	12,696,274	58,973,515
<b>Total inventories</b>	46,706,716	13,618,471	60,325,187

The item “Raw, ancillary and consumable materials” refers mainly to the value of bunker inventories on board ships.

The item “Contract Work in Progress” refers to orders for geophysical analysis at sea and related activities.

With reference to the valorisation of contract work in progress, 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 percentage of completion method was used.

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.

The use of this method made it possible to allocate the results of orders on an accrual basis.

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

Changes and maturity of receivables included in current assets

	Value at the beginning of the year	Change in the year	Value at the end of the year	Portion falling due within the financial year	Portion falling due beyond the financial year
<b>Receivables from customers included in current assets</b>	16,083,157	1,976,306	18,059,463	18,059,463	-
<b>Receivables from subsidiaries included in current assets</b>	771,781	76,044	847,825	847,825	-
<b>Receivables from associates included in current assets</b>	581,387	(581,387)	0	0	0
<b>Receivables from parent companies included in current assets</b>	764,555	(417,494)	347,061	347,061	0
<b>Receivables from undertakings subject to the control of the parent companies recorded as current assets</b>	-	616,800	616,800	-	616,800
<b>Tax receivables included in current assets</b>	3,615,850	(312,798)	3,303,052	3,303,052	-
<b>Deferred tax assets included in current assets</b>	0	10,455	10,455		
<b>Receivables from others included in current assets</b>	664,296	(338,296)	326,000	326,000	-
<b>Total receivables included in current assets</b>	22,481,026	1,029,630	23,510,656	22,883,401	616,800

Trade receivables from customers that are due within the year refer to receivables deriving from normal sales operations and are to be received from national and international customers.

Receivables from subsidiaries, amounting to EUR 847,825, refer to trade receivables from Next Geosolutions

UKCS Ltd for EUR 734,229, from Next Geosolutions BV for EUR 71,850 and from Phoenix Offshore Srl for EUR 41,746.

Receivables from parent companies refer to trade receivables from Marnavi SpA.

Receivables from undertakings subject to the control of the parent companies refer to trade receivables from Next Geosolutions Ltd. It should be noted that the receivable from Next Geosolutions Ltd in the amount of EUR 616,800 was reclassified in 2022 from the item Receivables from affiliated companies to the item Receivables from undertakings subject to the control of the parent companies.

Tax credits, amounting to EUR 3,303,052, mainly refer to direct taxes for EUR 390,861, Withholding Tax credits for EUR 218,419, EU VAT credits for EUR 62,191 and various tax credits (It. Law 208 /2015, research and development and Industry 4.0 credits) for EUR 2,630,738.

Deferred tax assets refer to temporary differences deductible in future years for foreign exchange losses at 31 December 2022.

Receivables from others, amounting to EUR 326,000, mainly include an insurance refund for damage to equipment on board the vessel, due within the subsequent financial year.

As of 31/12/2022, the receivables recognised in the financial statements were fully recoverable and, therefore, no provision for bad debts was set aside to adjust their nominal value.

#### Breakdown of receivables included in current assets by geographical area

Geographical area	ITALY	ABROAD	Total
Receivables from customers included in current assets	16,386,665	1,672,798	18,059,463
Receivables from subsidiaries included in current assets	41,476	806,349	847,825
Receivables from associates included in current assets	0	0	0
Receivables from parent companies included in current assets	347,061	0	347,061
Receivables from undertakings subject to the control of the parent companies recorded as current assets	0	616,800	616,800
Tax receivables included in current assets	3,303,052	0	3,303,052
Deferred tax assets included in current assets	10,455	0	10,455
Receivables from others included in current assets	326,000	0	326,000
<b>Total receivables included in current assets</b>	<b>20,414,709</b>	<b>3,095,947</b>	<b>23,510,656</b>

Please note that pursuant to article 2427 paragraph 1 no. 6 of the (It.) Civil Code, there are no receivables with a residual term of more than 5 years.

#### Tax Credits

In 2020, the company obtained 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 company taking part in the project as a contribution to expenses, applied on the PON "Research and Innovation" Funds 2014-2020 and FSC pursuant to and for the purposes of art. 13 of the Notice.

For those activities in 2022 it obtained a contribution to expenses for EUR 176,743.71 and tax credit for Research and Development for EUR 45,157.47 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 the related Ministerial Decree of 27 May 2015, as amended by (It.) Law 160/2019 (Budget Law 2020), the MISE Transition 4.0 DM of 26 May 2020 and subsequently by Art. 1 para. 1064 of (It.) Law 178/2020 (Budget Law 2021). For companies operating in the south of Italy, the Decree-Law of 19/05/2020 no. 34, confirmed by the Finance Act 2021 (Act 178/2020), Art. 1 paragraph 185, provided for the increased Research and Development Tax Credit. The Budget Law 2022 (Law no. 234/2021 in art. 1 para. 45 extended and rescheduled the credit.

In the year 2021, for the Sustainable Growth Fund - Application Area "Intelligent Factory" Project Proposal No. 1874, called "NSS2023- Next Sistema Smart in the marine environment" submitted by the company NEXT GEOSOLUTIONS EUROPE S.P.A., pursuant to the ministerial decree of 2 August 2019 and the subsequent directorial decree of 2 October 2019, the company received the preliminary report from the Ministry with obtaining a contribution to expenditure of EUR 2,000,354.01 and a subsidised loan of EUR 1,286,278.85.

For those activities in 2022 it obtained a contribution to expenses for EUR 447,272.20 and tax credit for Research and Development for EUR 96,407.62 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 the related Ministerial Decree of 27 May 2015, as amended by (It.) Law 160/2019 (Budget Law 2020), the MISE Transition 4.0 DM of 26 May 2020 and subsequently by Art. 1 para. 1064 of (It.) Law 178/2020 (Budget Law 2021). For companies operating in the south of Italy, (It.) Decree-Law of 19/05/2020 no. 34, confirmed by the Finance Act 2021 (Act 178/2020), Art. 1 paragraph 185, provided for the increased Research and Development Tax Credit. The Budget Law 2022 (It. Law no. 234/2021 in art. 1

paragraph 45 extended and rescheduled the credit.

The related contributions and credits calculated in accordance with the criterion of cumulation pursuant to art. 1 paragraph 203 of (It.) Law 160/2019, as amended by (It.) Law 178/2020 are a total of EUR 765,581.00, reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and proceeds” in the Income Statement, in compliance with the accounting principle OIC 24 and (It.) Law no. 232 of 11 December 2016.

On 22/12/2022, the company submitted the request, received with registration number 22122238211041225- 000001, for the tax credit for investments in the south of Italy in the amount of EUR 276,772, related to investments in equipment of EUR 1,107,089.00. The related credit calculated pursuant to (It.) Law 208/2015 amounts to a total of EUR 276,772, reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and proceeds” in the Income Statement, in compliance with the accounting principle OIC 24 and (It.) Law no. 232 of 11 December 2016.

In 2022, the Company took advantage of the 4.0 credit for the purchase of assets functional to the technological and digital transformation of companies in accordance with the “Industry 4.0” model annexed to (It.) Law of 11 December 2016, no. 232 as amended as per affidavits issued by the Appointed Surveyor. The related credit calculated in accordance with the law amounts to EUR 332,562.52 for an investment of EUR 831.406.30, reported under “Tax Credits” in Balance Sheet Assets and “Other revenue and proceeds” in the Income Statement, in compliance with the accounting principle OIC 24 and (It.) Law no. 232 of 11 December 2016. Generally speaking, it is a constant practice and a well-established company policy that of daily engaging in research and development activities aimed at improving corporate processes and activities.

### Cash and cash equivalents

Cash and cash equivalents, shown in the “assets” section of the Balance sheet under the item C.IV for Euro 9,491,950, correspond to the current account amounts held with banks and to the liquidity existing in the company’s cash and cheques at the end of the financial year.

The table below shows details of the changes, occurred during the year covered by these financial statement, in the various types of liquid assets composing the 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	6,466,874	3,018,211	9,485,085
Cash on hand and other liquid assets	5,338	1,527	6,865
<b>Total cash and cash equivalents</b>	<b>6,472,212</b>	<b>3,019,738</b>	<b>9,491,950</b>

### **Accrued income and deferred expenses**

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 the 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 31/12/2022, amount to EUR 2,348,404 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
<b>Deferred expenses</b>	<b>1,015,046</b>	<b>1,333,358</b>	<b>2,348,404</b>
<b>Total accrued income and deferred expenses</b>	<b>1,015,046</b>	<b>1,333,358</b>	<b>2,348,404</b>

## **Explanatory Notes, liabilities and shareholders' equity**

### Explanatory Notes Liabilities and shareholders' equity

According to 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 Shareholders' Equity and Balance Sheet Liabilities for the year ended 31/12/2022.

### **Shareholders' equity**

The national accounting standard OIC 28, having defined the Shareholders' equity as the difference between assets and liabilities in the balance sheet, able to express the company's capacity of covering creditors' claims and of fulfilling its obligations "residually" through the assets, points out that:

- profit reserves are generally constituted while allocating the net profit resulting from the approved financial statements, by explicit allocation to the reserve or by simple resolution of non-distribution, so that any residual profit is allocated under the item AVIII "Profits (losses) carried forward" among the liabilities of the Balance sheet;
- the capital reserves represent the portions of shareholders' equity that derive, for example, from additional contributions from shareholders, from the conversion of bonds into shares, from monetary revaluations or from waiving of receivables by 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	1,000,000	-	500,000		500,000
Legal reserve	163,055	-	-		163,055
<b>Other reserves</b>					
Extraordinary reserve	5,991	-	-		5,991
Various other reserves	(500,000)	431,545	500,000		431,545
<b>Total other reserves</b>	(494,009)	431,545	500,000		437,536
Profits (losses) brought forward	6,389,286	5,651,795	-		12,041,084
Profit (loss) for the year	6,044,363	-	6,044,363	7,225,668	7,225,668
Negative reserve for treasury shares in portfolio	-	738,000	-		(738,000)
<b>Total shareholders' equity</b>	<b>13,102,695</b>	<b>5,345,340</b>	<b>6,544,363</b>	<b>7,225,668</b>	<b>19,629,343</b>

### **Details of the various other reserves**

Description	Amount
Extraordinary reserve	5,991
Reserve ex art. 2426, paragraph 1, no.4	431,544
Total	431,545

During the financial year 2022, in execution of the resolution of the Extraordinary Shareholders' Meeting held on 28 December 2021 (volume no. 41.354, file 25.201, Notary Giancarlo Iaccarino) and after the 90-day period set forth in Art. 2445 of the (It.) Civil Code without any creditor objecting, the Company cancelled the treasury shares in its portfolio in the amount of EUR 500,000, with a corresponding reduction of the share capital by the same amount.

On 22 November 2022, with deed volume no. 42.392, file no. 25.920, notary Giancarlo Iaccarino, Next Geosolutions Europe SpA completed the purchase of 100,000 treasury shares. As required by OIC 28, the purchase cost of the treasury shares was charged to the appropriate "Negative reserve for treasury shares in

portfolio”.

Pursuant to article 2427 para. 1, no. 4 of the (It.) Civil Code below please find details of the changes in Shareholders' equity.

	Share capital	Legal reserve	Extraordinary reserve	Various other reserves	Total other reserves	Profits (losses) brought forward	Profit (loss) for the year	Negative reserve for treasury shares in portfolio	Total
<b>At the beginning of the previous year</b>	<b>500,000</b>	<b>163,055</b>	<b>5,991</b>	<b>-</b>	<b>5,991</b>	<b>5,253,305</b>	<b>1,135,982</b>	<b>-</b>	<b>7,058,333</b>
Allocation of the result for the year						1,135,982	(1,135,982)		-
Purchase of treasury shares				(500,000)	(500,000)				(500,000)
Increases	500,000								500,000
Decreases									-
Other changes						(1)			(1)
Result of the previous financial year							6,044,363		6,044,363
<b>At the close of the previous year</b>	<b>1,000,000</b>	<b>163,055</b>	<b>5,991</b>	<b>(500,000)</b>	<b>(494,009)</b>	<b>6,389,286</b>	<b>6,044,363</b>	<b>-</b>	<b>13,102,695</b>
Allocation of the result for the year						6,044,363	(6,044,363)		-
Purchase of treasury shares								(738,000)	(738,000)
Cancellation of treasury shares	(500,000)			500,000	500,000				-
Increases									-
Decreases									-
Other changes				431,544	431,544	(392,565)			38,979
Result of the current financial year							7,225,668		7,225,668
<b>At the close of the current financial year</b>	<b>500,000</b>	<b>163,055</b>	<b>5,991</b>	<b>431,544</b>	<b>437,535</b>	<b>12,041,084</b>	<b>7,225,668</b>	<b>(738,000)</b>	<b>19,629,342</b>

### Availability and use of the shareholders' equity

Shareholder's 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
<b>Capital</b>	500,000	CAPITAL		-
<b>Legal reserve</b>	163,055	PROFITS	A.B	163,055

	Amount	Origin / nature	Possibility of use	Available portion
<b>Other reserves</b>				
Extraordinary reserve	5,991	PROFITS	A.B	5,991
Various other reserves	431,545	PROFITS	A.B	431,545
<b>Total other reserves</b>	437,536			-
Profits brought forward	12,041,084	PROFITS	A.B.C	12,041,084
Negative reserve for treasury shares in portfolio	(738,000)	CAPITAL	AND	0
<b>Total</b>	12,403,675			12,641,675
<b>Non-distributable portion</b>				835,481
<b>Residual distributable portion</b>				11,806,194

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 234,891, 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

This item includes deferred taxes relating to temporary differences taxable in subsequent years. 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	934,179	934,179
<b>Changes in the year</b>		
Allocation for the year	0	0
Use in the year	(125,838)	(125,838)
<b>Total changes</b>	(125,838)	(125,838)
Value at the end of the year	808,341	808,341

## Employee Severance Indemnities

The provision corresponds to the total indemnities accrued in favour of employees at the balance sheet date, 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	706,164
<b>Changes in the year</b>	
Allocation for the year	276,515
Use in the year	54,755
<b>Total changes</b>	221,760
Value at the end of the year	927,924

## Payables

The total amount of payables is recognised in the “liabilities” section of the Balance sheet, under the item “D”, for a total amount of EUR 93,801,278.

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

### Changes and maturity of payables

	Value at the beginning of the year	Change in the year	Value at the end of the year	Portion falling due within the financial year	Portion falling due beyond the financial year
<b>Payables to banks</b>	18,372,231	4,714,344	23,086,575	10,591,957	12,494,618
<b>Advances</b>	33,455,392	17,958,571	51,413,963	51,413,963	-
<b>Payables to suppliers</b>	13,240,509	(619,868)	12,620,641	12,620,641	-
<b>Payables to subsidiaries</b>	1	1,478,363	1,478,364	1,478,364	-
<b>Payables to associates</b>	589,863	67,819	657,682	657,682	-
<b>Payables to parent companies</b>	1,367,515	1,974,916	3,342,431	3,342,431	-
<b>Tax payables</b>	375,214	327,441	702,655	702,655	-
<b>Payables to pension funds and social security institutions</b>	102,773	21,263	124,036	124,036	-
<b>Other payables</b>	295,925	79,005	374,930	374,930	-
<b>Total payables</b>	67,799,423	26,001,854	93,801,277	81,306,659	12,494,618

As allowed by paragraph 42 of the accounting standard OIC 19, the amortised cost criterion was not applied as the effects of applying this criterion are insignificant compared to the value determined according to the nominal value criterion.

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 31/12/2022. Bank debts due beyond the next financial year in the amount of EUR 12,494,618 were recognised. During the year, the Company obtained new medium- and long-term loans in the amount of EUR 10,600,000.

The item “Advances”, amounting to EUR 51,413,963, refers to advances and payments on account received from customers for the execution of job orders.

The item “Trade payables” amounting to EUR 12,620,641 refer to trade payables for the purchase of goods and services. Payables to subsidiaries, amounting to EUR 1,478,364, refer to trade payables of EUR 352,785 to Next Geosolutions UKCS Ltd, EUR 473,033 to Next Geosolutions BV, EUR 400,000 to Phoenix Offshore Srl, and EUR 252,546 to Seashiptanker Srl.

Payables to affiliated companies, amounting to EUR 657,682, refer entirely to trade payables to the affiliated company Next Poli Srl.

Payables to parent companies, amounting to EUR 3,342,431, refer entirely to trade payables to the parent company Marnavi SpA.

Taxes payable, in the amount of EUR 702,655, mainly refer to VAT payable in the amount of EUR 515,457 and EUR 159,681 in payables to the tax authorities for withholding taxes on employee and self-employed income. These debts are regularly paid when due.

Payables to social security institutions, in the amount of EUR 124,036, refer to payables for INPS contributions in the amount of EUR 120,128 and payables to INAIL in the amount of EUR 3,908. These debts are regularly paid when due.

Other payables, in the amount of EUR 374,930, mainly refer to payables to employees in the amount of EUR 370,719. They 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.

### Breakdown of payables by geographical area

Geographical area	ITALY	ABROAD	Total
<b>Payables to banks</b>	23,086,575	0	23,086,575
<b>Advances</b>	33,124,079	18,289,884	51,413,963
<b>Payables to suppliers</b>	5,698,261	6,922,380	12,620,641
<b>Payables to subsidiaries</b>	652,548	825,816	1,478,364
<b>Payables to associates</b>	657,682	0	657,682

<b>Payables to parent companies</b>	3,342,431	0	3,342,431
<b>Tax payables</b>	702,655	0	702,655
<b>Payables to pension funds and social security institutions</b>	124,036	0	124,036
<b>Other payables</b>	374,930	0	374,930
<b>Payables</b>	67,763,197	26,038,080	93,801,277

Please note that pursuant to article 2427, paragraph 1, no. 6 of the (It.) Civil Code, payables with a residual duration of more than 5 years amount to EUR 1,308,940

#### Financial covenants

Please note that there are two financial covenants on one of the Bank Loans, to be calculated annually. The financial covenants are based on a procurement policy that integrates environmental considerations and the introduction of internal training programmes for all employees on sustainability culture issues aimed at promoting good sustainability practices in the workplace. In detail, we specify the following:

For 2022, Next Geosolutions has confirmed a Group Policy on Sustainability (PLC-BUS-02-GR), 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) choosing the least impactful travel solutions, c) GO (or GoO, Guarantee of Origin) labelled energy procurement. With regard to local and sustainable purchasing, the entire supply chain for coastal activities in various countries is local and sustainable, worth about EUR 3 million.

In accordance with the Group's policy for the Road Safety of its personnel (PLC-IMS-04) and the company's DVR, 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 chosen supplier of EE, Ennergia A2A, for the contract signed, provides 100% renewable energy certified with a guarantee of origin under the current ARERA [Italian Regulatory Authority for Energy, Networks and Environment] regulation.

Regarding the second Covenant, Next Geosolutions Europa SpA dedicated a quota of 3 hours of training for the entire number of workers in the company, on environmental/social sustainability issues.

In this context, it also promoted sustainability campaigns aimed at saving natural resources, under the "Make the Right Choice" programme.

As at 31 December 2022, the financial covenants were met.

## Accrued expenses and deferred income

Accrued expenses and deferred income amount to EUR 1,319,369 as at 31 December 2022.

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 and contributions for investments according to the 4.0 facilitation provided for by art. 1 paragraphs 8 and 13 Industry 4.0 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
<b>Deferred income</b>	1,094,369	225,000	1,319,369
<b>Total accrued expenses and deferred income</b>	1,094,369	225,000	1,319,369



## 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 31/12/2022.

### Value of production

The value of production as at 31 December 2022 and 31 December 2021 is detailed below:

Description	31/12/2022	31/12/2021	Change
1) revenues from sales and services	48,737,509	59,760,057	(11,022,548)
3) changes in contract work in progress	12,739,901	17,798,606	(5,058,705)
5) other revenues and income			
operating grants	1,086,489	-	1,086,489
other	381,017	2,275,919	(1,894,902)
Total other revenues and income	1,467,506	2,275,919	(808,413)
<b>Total value of production</b>	<b>62,944,916</b>	<b>79,834,582</b>	<b>(16,889,666)</b>

The item “Revenues from sales and services” 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 under the liabilities of the balance sheet in the item “D.6 Advances”.

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 48,737,509. For further comments on revenue trends, please refer to the report on operations.

The change in contract work in progress amounts to EUR 12,739,901.

The balance of other revenues and income amounts to EUR 1,467,506 and mainly refers to:

- revenues for operating grants, in the amount of EUR 1,086,489, referring to:
  - revenues for IRPEF relief pursuant to (It.) Law 30/98 in the amount of EUR 316,587;
  - revenues for other grants in the amount of EUR 769,902 related to (i) a research and development project carried out in 2022; (ii) operating grants calculated in accordance with the law according to the cumulation criterion per grant and tax credit; (iii) miscellaneous revenues from the recognition of the tax credit for investments in capital goods in the south of Italy as per (It.) Law No. 208 of 28 December 2015, art.1, paragraph 98 and (iv) contribution for 4.0 concession in accordance with (It.) Law of 11 December 2016, no. 232 as amended.
- other sundry revenues amounting to €381,017 related mainly to tax credits for Southern Italy claims for insurance indemnities.

Please note that, in the financial year 2022, INPS contributions under (It.) Law 30/1998 were reclassified from item “A.5 Other revenues and income” to item “B.9.b Social security charges”. The decrease in item “A.5 Other revenues and income” is therefore mainly attributable to this reclassification.

### Breakdown of revenues from sales and services by business category

Revenues from sales and services are divided into the business categories below: 54% in offshore renewable, 32% subsea cables, 11% offshore oil and gas and the remaining 1% in other 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: 48% in Italy, 52% in the European Union.

## Production costs

Below is a breakdown of production costs as at 31 December 2022 and 31 December 2021:

Description	31/12/2022	31/12/2021	Change
6) for raw, ancillary materials and consumables	6,779,254	4,064,365	2,714,889
7) for services	30,843,586	34,565,076	(3,721,490)
8) for leased assets	12,717,253	28,169,053	(15,451,800)
9) for personnel			-
a) wages and salaries	4,216,364	3,709,549	506,815
b) social security charges	526,636	883,502	(356,866)
c) severance indemnity	276,515	215,165	61,350
Total costs for personnel	5,019,515	4,808,216	211,299
10) amortisation, depreciation and write-downs			-
a) amortisation of intangible fixed assets	614,436	404,149	210,287
b) depreciation of tangible fixed assets	385,156	237,055	148,101
Total amortisation, depreciation and write-downs	999,592	641,204	358,388
11) changes in raw, ancillary materials, consumables and goods	(922,197)	(168,591)	(753,606)
14) various operating charges	224,522	261,920	(37,398)
<b>Total production costs</b>	<b>55,661,525</b>	<b>72,341,243</b>	<b>(16,679,718)</b>

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 materials, ancillaries, consumables and goods include ancillary purchase costs too (such as transport, insurance, loading and unloading, etc.) in case 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 provisions are made, are charged to items B.6, B.7 and B.8.

The costs of raw materials, supplies and consumables, amounting to EUR 6,779,254, mainly refer to the purchase of fuel and oils for ships. The increase in the financial year was mainly due to the increase in prices also related to inflationary pressure caused by the conflict between Russia and Ukraine.

Costs for services, amounting to EUR 30,843,586, mainly refer to costs for subcontracts within the scope of job order management, offshore personnel hire and related personnel management costs, ordinary maintenance costs, and consulting. The decrease from the previous year is related to the reduction in the value of production.

Lease and rental costs of EUR 12,717,253 refer to the chartering of vessels used in the Company's core business. The decrease from the previous year is related to the lower use of ships due to the reduction in the value of production. Personnel costs, amounting to EUR 5,019,515, increased due to both an increase in company personnel and an increase in salaries. Please also note that, in the financial year 2022, INPS contributions under (It.) Law 30/1998 were reclassified from item "A.5 Other revenues and income" to item "B.9.b Social security charges". The increase in personnel costs is therefore partially offset by the above reclassification. Amortisation of intangible assets amounted to EUR 614,436 as at 31 December 2022, while depreciation of tangible assets amounted to EUR 385,156 as at 31 December 2022. For details on amortisation and depreciation, please refer to the paragraphs on "Intangible Assets" and "Tangible Assets" in the Notes to the Financial Statements.

The change in inventories of raw, ancillary and consumable materials and goods relates mainly to inventories of fuels and lubricants on board ships. For details of the change, please refer to the section "Inventories" in the Notes to the Financial Statements.

Sundry operating expenses of EUR 224,522 mainly refer to losses on receivables in the amount of EUR 142,828 and contributions, gifts, other taxes and miscellaneous charges for the remainder.

## Financial income and charges

Financial income and expenses as at 31 December 2022 and 31 December 2021 are detailed below:

Description	31/12/2022	31/12/2021	Change
16) other financial income			
d) income other than above			
other	13,768	3,986	9,782
Total other financial income	13,768	3,986	9,782
17) interest and other financial charges			
other	485,953	550,302	(64,349)
Total interest and other financial charges	485,953	550,302	(64,349)
17-bis) exchange gains and losses	(137,553)	(174,110)	36,557
<b>Total financial income and charges (15 + 16 - 17 + - 17-bis)</b>	<b>(609,738)</b>	<b>(720,426)</b>	<b>110,688</b>

Class C of the Income Statement includes all positive and negative components of the economic result for the year related to the financial activities of the company, characterised by transactions that generate income, expenses, foreign exchange gains and losses.

The income and charges of a financial nature are entered on an economic-accrual basis, and the interests and other financial charges are recognised under item C.17 of the Income Statement on the basis of the amounts accrued during the year.

The reduction in financial expenses compared to the previous year stems from a more efficient management of financial debt by the Company. In fact, during 2022, short-term financial debt was replaced with medium- to long-term forms of financing, which were less costly.

### Breakdown of interest and other financial charges by type of payables

	Interest and other financial charges
Other	485,953
Total	485,953

## Value adjustments to financial assets and liabilities

The result of class D of the income statement, positive and amounting to EUR 555,936, refers entirely to the valuation of the investment in the subsidiary Next Geosolutions UKCS Ltd using the equity method. For further details, please refer to the section "Financial Fixed Assets" in the Notes to the Financial Statements.

## 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 according to 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 3,921 and relate to:

- current taxes in the amount of EUR 92,977;
- deferred and prepaid taxes in the amount of EUR (89,056).

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 liabilities and assets are calculated on the temporary differences between the values of assets and liabilities calculated according to 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 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 are distributed to shareholders.

## Recognition of deferred and prepaid taxes and consequent effects

	IRES
<b>A) Temporary differences</b>	
Total deductible temporary differences	(43,562)
Total taxable temporary differences	3,368,088
Net temporary differences	3,324,526
<b>B) Tax effects</b>	
Provision for deferred (prepaid) taxes at the beginning of the year	934,179
Deferred (prepaid) taxes for the year	(136,293)
Provision for deferred (prepaid) taxes at the end of the year	797,886

## Breakdown of taxable temporary differences

Description	Amount at the end of the previous year	Changes that occurred during the year	Amount at the end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
INTERIM ORDER	3,673,753	(543,772)	3,129,981	24.00%	(130,505)	0.00%	0
Foreign exchange gains	-	188,471	188,471	24.00%	45,233	0.00%	0
Revaluation of equity investment	-	49,636	49,636	24.00%	11,913	0.00%	0

## Breakdown of excluded temporary differences

Description	Changes that occurred during the year	Amount at the end of the year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Exchange losses	43,563	43,563	24.00%	10,455	0.00%	0

Reconciliation between theoretical tax charge and actual tax charge

Description		IRES taxable
Result before taxes	7,229,589	
Theoretical tax charge (rate 24%)		1,735,101
Temporary differences that are taxable in subsequent financial years	(3,359,944)	(806,387)
Temporary differences that are deductible in subsequent financial years	43,562	10,455
Reversal of the temporary differences of the previous years	3,673,753	881,701
Differences that will not be reversed in subsequent years (tax adjustments)	(7,199,555)	(1,727,893)

<b>Taxable</b>	<b>387,405</b>	
<b>IRES</b>		<b>92,977</b>

## Determination of IRAP taxable income

<b>Description</b>		<b>IRAP taxable</b>
Difference between value of production and production costs	7,283,391	
Costs not relevant for IRAP purposes	5,019,515	
<b>Total</b>	<b>12,302,906</b>	
<b>Theoretical tax charge (rate 4.97%)</b>		611,454
Differences that will not be reversed in subsequent years (tax adjustments)	(12,515,738)	(622,032)
<b>IRAP taxable</b>	-	
<b>IRAP</b>		-

## **Explanatory notes, additional information**

### **Employment data**

Employment data are shown below:

	Average number
Middle managers	8
White-collar workers	32
Other employees	28
Total employees	68

### **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 346,076; the remuneration for the Board of Statutory Auditors, also responsible for the statutory audit of the Company's financial statements, amounts to EUR 24,440.

	Directors	Statutory Auditors
Remuneration	346,076	24,440

### **Categories of shares issued by the company**

The share capital is composed of 500,000 shares with a par value of 1 euro.

### **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**

During the year, transactions with related parties were carried out, 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**

For a description of significant events after the end of the financial year, please refer to the Report on Operations.

### **Enterprises that prepare the financial statements of the largest/smallest group of enterprises of which it is part as a subsidiary**

In accordance with the law, we provide information pursuant to article 2427, paragraph 1, no. 22 quinquies and sexies), of the (It.) Civil Code.

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

## Summary statement of the financial statements of the company exercising management and coordination activities

Please note that the company is not subject to management and coordination.

## Information pursuant to 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 that is subject to the obligation of publication in the National Register of State Aid, to which reference is made for details. 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 2022, the exclusion from taxation of 80% of taxable income for IRES purposes and the total exemption from IRAP. Furthermore, for just one ship the company benefits from 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.

Disclosure European Law 23 December 2021 no. 238

In 2022, 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 et seq. 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 7,225,668, as follows:

- EUR 549,264, to the reserve pursuant to art. 2426, paragraph 1, no. 4, which includes capital gains arising from the application of the equity method;
- EUR 109,993, to the reserve pursuant to art. 2426, paragraph 1, no. 8-bis, which includes the net profit from the translation of monetary items in foreign currencies;
- for the remainder, amounting to EUR 6,566,411, the decision is postponed to the Shareholders' Meeting for approval of the financial statements.

## **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.



## **Explanatory Notes, final part**

These financial statements composed 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 March 2023

Giorgio Filippi, President

Giuseppe Maffia, Managing Director

Giovanni Ranieri, Managing Director

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